



Internal Audit Charter

CMC Markets

March 2025

March 2025: *This version of the Charter has been updated based on the Model Internal Audit Charter as published by the Chartered Institute of Internal Auditors and to comply with the Global Internal Audit Standards published January 9, 2024.*

Contents

Purpose and Mandate	2
Role and responsibilities	5
Scope and Nature of Work	9
Internal audit engagement with stakeholders	11
Audit Planning and Reporting	12
Oversight and Monitoring	14
Non-conformance	15
Approval	16

Aim

The aim of this Charter is to set out the management by all parties of the internal audit process. The Charter sets out the context of the internal audit function, including responsibility of the Audit Committee, Senior Management, Audit Sponsor, and Engagement Director at Grant Thornton UK LLP. The Charter also outlines timescales and processes to be followed for internal audit annual planning and each internal audit review.

Purpose and Mandate

Purpose

The purpose of the internal audit function is to strengthen CMC Markets' ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances CMC Markets:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

CMC Markets internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditors (IIA)'s Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The internal audit function is established by the Audit Committee, on behalf of CMC Markets. The Audit Committee has outsourced the Internal Audit function to Grant Thornton UK LLP (Grant Thornton). The prescribed responsibilities of the Senior Manager Function 5 role (Head of Internal Audit) are maintained by the Chair of the Audit Committee. As such, Grant Thornton and CMC Markets are responsible for adhering to the Global Internal Audit Standards (the Standards), as published by the IIA. The Standards refer to the Chief Audit Executive. For the purposes of an outsourced service, Grant Thornton is responsible for the delivery of internal audit services and will appoint a named Engagement Director to be responsible for the delivery of services to CMC Markets. The Engagement Director will report to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards. Grant Thornton will assess its conformance through a quality assurance and improvement program.

The Grant Thornton Internal Audit methodology has been designed to adhere to the Standards, published January 9, 2024. Grant Thornton and CMC Markets are responsible for implementing the methodology in line with the working practices in the Charter and are also jointly responsible for adhering to the CIIA Code of Practice.

Any areas where CMC Markets has agreed the Standards or Code of Practice will not be fully conformed with, are detailed in the 'Non-Conformance' section of this Charter (see "Non-Conformance" section) and will be subject to review and agreement by the Audit Committee.

Mandate

Authority

The CMC Markets board grants the internal audit function the mandate to provide the board and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the board. Such authority allows for unrestricted access to the board.

The board authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives. Resources and budget will be approved by the Audit Committee and any changes required will be presented to the Audit Committee for their approval.
- Obtain assistance from the necessary personnel of CMC Markets and other specialized services from within or outside CMC Markets to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

While the Audit Committee Chair will assume the responsibility of SMF5, CMC Markets has appointed the Deputy CEO as Senior Manager Function responsible for the outsource of this material service.

The Engagement Director will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.) The Engagement Director will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the Group Head of Risk (GHoR). This position provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Engagement Director will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the GHoR will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The GHoR will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. CMC Markets is responsible for advising Grant Thornton on a timely basis of any changes to its business that are of interest to the internal audit function, or that may impact on the scope and delivery of internal audit services.

Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganization within the organisation.

- Significant changes in the chief audit executive, Audit Committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Role and responsibilities

Managing the outsourced Internal Audit services

The GHoR is responsible for day-to-day oversight of the outsourced service.

Grant Thornton will be accountable to the Audit Committee and will report administratively to GHoR, who may delegate day to day management of the Internal Audit plan to members of the Executive team as appropriate. An Audit Sponsor should be named for all audits in the plan and should be the senior role of an area or department subject to internal audit. In the event the GHoR is the Audit Sponsor for a particular assignment, consideration should be given to a secondary point of contact to ensure the conflict-of-interest risk is managed. The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the outsourced Internal Audit function.

The Engagement Director will communicate and interact directly with the Audit Committee, including between committee meetings as appropriate.

The Audit Committee is responsible for ensuring that appropriate internal control systems exist within the Firm. The Audit Committee has overall responsibility for ensuring that prompt and effective action is taken on recommendations, and that the risks resulting from inaction are recognised and accepted. Engagement Director should have the right of direct access to the Board and Audit Committee.

The Chair of the Audit Committee will act as an independent arbiter on any disagreement between Internal Audit and CMC Markets and has the final decision on whether CMC Markets should implement audit findings and recommendations.

The board, its committees and executive management should set the right 'tone at the top' to ensure support for, and acceptance of, internal audit at all levels of the organisation.

Grant Thornton's Role

Ethics and Professionalism

Grant Thornton, through appointment of your Engagement Director, will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

Grant Thornton will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If Grant Thornton determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, Audit Committee, board, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.
- If Grant Thornton provides additional services to the Firm, any such services will be contracted under a separate Letter of Engagement and the team deployed will be independent of the Internal Audit team. Internal Audit should not review any areas where additional services have been delivered for a period of at least 12 months.

Managing the Internal Audit Function

Grant Thornton has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the board and senior management. Discuss the plan with the board and senior management and submit the plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in CMC Markets business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan and obtain Audit Committee approval.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management, c. quarterly and monthly, respectively, and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact CMC Markets and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.

Communication with the Audit Committee and Senior Management

Grant Thornton will report quarterly and monthly, respectively, to the Audit Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.

- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee.
- Results of assurance and advisory services.
- Management's responses to the risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond CMC Markets' risk appetite.

Quality Assurance and Improvement Program

Grant Thornton will perform an annual self-assessment to confirm its conformance with the Standards and will develop, implement, and maintain a quality assurance and improvement program that covers the delivery of internal audit services. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Engagement Director will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, as it is relevant to your internal audit services.

Board Oversight Role

To establish, maintain, and ensure that CMC Markets internal audit function has sufficient authority to fulfill its duties, the board, through delegation to the Audit Committee, will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the chief audit executive has unrestricted access to, communicates, and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit chart.
- Participate in discussions with the chief audit executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Approve the internal audit function's human resources administration and budgets.
- Approve the internal audit function expenses.
- Collaborate with senior management to determine the qualifications and competencies the organisation expects in an audit function, as described in the Standards.
- Authorise the appointment and removal of the chief audit executive.

- Approve the remuneration of the chief audit executive.
- Review the chief audit executive's performance.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.

Scope and Nature of Work

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all CMC Markets activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for CMC Markets.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of CMC Markets' strategic objectives are appropriately identified and managed.
- The actions of CMC Markets officers, directors, management, employees, and contractors or other relevant parties comply with CMC Markets policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact CMC Markets.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Internal Audit is responsible for determining a risk based internal audit plan. Internal Audit may perform assurance or advisory services related to governance, risk management and control. It may also evaluate specific operations at the request of the Audit Committee or management.

Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by CMC Markets.

The scope of Internal Audit's work should be regularly reviewed to take account of new and emerging risks. Where relevant, Internal Audit should assess not only the process followed by the organisation's first and second lines, but also the quality of their work.

To comply with the Internal Audit Code of Practice, Internal Audit should include within its scope the following areas:

- Purpose, strategy and business model
- Internal Governance
- Information presented to the Audit Committee and management to inform decision making
- Setting and adherence to risk appetite
- Organisational culture
- Capital and liquidity risks
- Key corporate and external events

- Outcomes of processes
- Risk of poor customer treatment, giving rise to conduct or reputational risk
- Environmental sustainability, climate change risks and social issues
- Financial crime, economic crime and fraud
- Technology, cyber, digital and data risks
- Risk management, compliance, finance and control functions

Nature of Work

Internal Audit should evaluate the design and operating effectiveness of the organisation's policies and processes. In doing so, it should not adopt a 'tick box' approach based purely on the design of processes and controls and should always consider the actual outcomes which result from their application, assessed against the espoused values, ethics, risk appetite and policies of the organisation. Internal Audit activity may be assurance or consulting in nature:

Assurance - An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.

Advisory - intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training. The objectives of consulting assignments are agreed in advance with senior management.

Internal audit engagement with stakeholders

Engagement with the Audit Committee

The Audit Committee meets four times a year. Dates for Audit Committee meetings will be provided to Internal Audit as soon as they are agreed. The Engagement Director will attend all meetings of the Audit Committee. Internal Audit will schedule its work to spread Internal Audit reports reasonably over the Audit Committee meetings. Internal Audit reports will be electronically circulated to the Audit Committee members once finalised and tabled for discussion at the subsequent Audit Committee meeting.

Engagement with management

Internal audit aims to work closely with senior and operational managers to develop and deliver a programme of internal audit work that adds value to CMC Markets and encourages continuous process improvement. This includes but is not limited to the members of Executive Committee and heads of second line functions namely Compliance, Risk Management and Credit Risk. Internal Audit will work closely with management during the audit planning and reporting stages, as described below. Internal Audit may also attend executive management or staff meetings, as appropriate.

Internal audit should have the right to attend and observe all or part of executive committee meetings, including the Board Risk Committee (BRC) and any other key management decision making or board committees. A request to attend should be made to the Chair of the relevant committee. Meeting packs for BRC should be made available to Internal Audit. Internal Audit should also have the right to request periodic meetings with key stakeholders and be granted physical access to the premises. This enables internal audit to understand better the strategy of the business, key business issues and decisions, and to adjust internal audit priorities where appropriate. It also facilitates a better working relationship with executive management.

Engagement with risk management, compliance and finance

Internal Audit should exercise informed judgement as to what extent it is appropriate to take account of relevant work undertaken by others, such as Risk Management, Compliance or Finance in either its risk assessment or determination of the level of audit testing of the activities under review. Internal Audit should collaborate and integrate with risk management, compliance and finance while remaining independent. This can be achieved through coordination by your day-to-day contact, or by Internal Audit meeting with the CRO, CFO and Head of Compliance during the audit year. It is important that the work of each control function is considered in the planning stage. Any judgement which results in less intense internal audit scrutiny should only be made after an evaluation of the effectiveness of that function in relation to the area under review.

Engagement with External Audit

Close working relationships should be established and maintained between internal and external auditors. The two functions should consult each other and co-operate in order to seek opportunities to avoid duplication of work and achieve an efficient use of audit resources.

Entities or individuals involved in the external audit of an organisation should only undertake non-external audit related work for the same organisation in exceptional circumstances. This separation of external audit and non-external audit related work safeguards against conflicts of interest and the possible loss of objectivity and independence.

Engagement with Regulators

Internal audit will participate in meetings with the Regulator, as required, and will grant access to internal audit reports upon request.

Audit Planning and Reporting

Annual internal audit plan

The audit year runs from 1 April to 31 March. At least annually, the Engagement Director will submit to the Audit Committee an internal audit plan for review and approval. The Audit Sponsor for each audit activity has shared responsibility for ensuring timely delivery of the audit plan. The Internal Audit Plan will detail, for each subject review area:

- The outline scope for the review;
- The number of days allocated;
- The timing and Audit Sponsor.
- The Internal Audit Plan will be developed using a risk-based methodology, including input of senior management. Prior to submission to the Audit Committee for approval, the plan will be discussed with senior management. Any significant deviation from the approved Internal Audit Plan will be communicated through the periodic activity reporting process.

Internal audit plans, and material changes to internal audit plans, should be approved by the Audit Committee. They should have the flexibility to deal with unplanned events to allow internal audit to prioritise emerging risks. Changes to the audit plan should be considered in light of internal audit's ongoing assessment of risk

Assignment planning and conduct

Terms of reference (audit planning brief) will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment. As part of planning, the Audit Sponsor and the internal auditor should explicitly consider and agree the nature of the audit assignment e.g. control checking, regulatory requirements, process improvement, data analytics. The Audit Sponsor is then jointly responsible, with Internal Audit, for the timely delivery of the audit.

Specifically, the terms of reference will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The terms of reference will also include the name of the staff member who will be responsible for the audit (Audit Sponsor) and the name of any key staff members to be contacted during the review (key audit contacts). The terms of reference will be agreed with the Audit Sponsor and the key audit contacts before the audit commences.

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the key contact and/or Audit Sponsor, as appropriate. For each audit, a close-out meeting will be held to discuss the initial audit findings within five days of completion of the audit fieldwork.

Reporting and monitoring

A written report will be prepared and issued by Grant Thornton following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the terms of reference for management responses and comments.

Draft reports will be issued by email within 10 working days of fieldwork concluding. The covering email will specify the deadline for management responses, which will normally be within a further 10 working days. The management comments and response to any report will be overseen by the Audit Sponsor. Internal Audit will meet with the Audit Sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

Grant Thornton will issue the final report to the Audit Sponsor. The final report will be issued within five working days of the management responses being received. Finalised internal audit reports will be presented to the Audit Committee. The working days set out above are maximum timescales and tighter timescales may be set out in the terms of reference, as required.

Follow up of management actions

The second line risk function is responsible for tracking the completion of internal audit findings and recommendations and will provide a status update to Internal Audit on a real-time basis. Internal Audit will report progress in implementing recommendations quarterly to the Audit Committee. For significant or high rated findings, Internal Audit will corroborate managements assertions to supporting evidence and confirm to the Audit Committee that the action has been implemented as expected.

Oversight and Monitoring

Reporting and monitoring

The Head of Internal Audit will generally present specific reports to the Audit Committee as follows:

Output

Internal Audit Risk Assessment

Internal Audit Plan

Progress report, incl. summaries of reports issued

The Audit Committee will meet privately with the internal auditors at least once each year.

Periodic assessment

Grant Thornton is responsible for providing a periodic self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan. In addition, the Engagement Director will communicate to senior management and the Audit Committee on the internal audit activity's quality assurance and improvement programme.

The Audit Committee is responsible for monitoring the performance (time, cost, quality) of Internal Audit and may wish to introduce performance indicators to inform performance management. Indicative performance measures might include:

- Progress against plan (% complete)
- No. of issues by rating, no. of issues falling due within certain time periods (1m, 3m, 6m, 12m+) by rating
- No of overdue issues by rating, # issues closed on time
- Audit completion against stated timescales (i.e. delivered on time and on budget)
- Demonstrable evidence of value-add
- Annual stakeholder feedback.

Review of Charter

This Charter will be reviewed by Grant Thornton and the Audit Committee each year and amended if appropriate.

Non-conformance

Internal Audit Strategy

As a provider of outsourced services, we do not have a client specific internal audit strategy. Rather, our strategy is driven by the outcome of our annual self-assessment and the points raised in our quality assurance and improvement plan.

Annual Internal Audit Report

Grant Thornton does not provide an annual report for the Audit Committee that concludes upon an assessment of the overall effectiveness of the governance, and risk and control framework of CMC Markets, and its conclusions on whether the CMC Markets risk appetite framework is being adhered to. Neither is an analysis of themes and trends emerging from internal audit work and their impact on the organisation's risk profile undertaken.

Approval

**Approved by the Audit Committee at its meeting on
19th March 2025.**

Acknowledgments/Signatures

Chief Audit Executive

Date

Audit Committee Chair

Date

Chief Executive Officer (optional)

Date

