



# **INTERNAL AUDIT CHARTER**

**Inversis Group**

30 November 2023  
(version 4)



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## 0. CHANGE LOG

| Section (page)   | Comments   | Date       |
|--|--|------------|
| -  | Document creation  | 17/11/2017 |
| -  | Approval by the Board of Directors   | 30/11/2017 |
| 4 (page 5)<br>5 (page 6)<br>7 (page 7)   | <ul style="list-style-type: none"> <li>Extension of the attributions specified in section 4 "Position in the Organization and Attributions".</li> <li>Extension of the functions specified in section 5 "Duties".</li> <li>Details of the rules affecting section 7.1 (section 7 "Responsibilities").</li> </ul>   | 28/05/2018 |
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| 1 (page 3)<br>2 (page 4)<br>5 (page 6)<br><br>7 (page 7)<br>8 (page 8)<br>9 (page 8) | <ul style="list-style-type: none"> <li>Incorporation of current legislation.</li> <li>Updated definition of Internal Audit.</li> <li>Modification of one of the overall classifications of the internal audit report from "room for improvement" to "unsatisfactory", as agreed in the Joint Audit and Risk Committee dated 20/05/2020 (section 5 "Duties").</li> <li>Modification of titles of rules 1200 and 1300.</li> <li>Incorporation of the Core Principles.</li> <li>Incorporation of the Code of Ethics of The Institute of Internal Auditors.</li> </ul> | 15/11/2022 |
|  | Approval by the Board of Directors   | 20/12/2022 |
| 2 (page 4)<br><br>10 (page 11)<br><br>4 (page 5 & 6)                                 | <ul style="list-style-type: none"> <li>Annual independence ratification by the Head of Internal Audit at the Joint Audit and Risk Committee formalizing this action through the corresponding minutes.</li> <li>Definition of the scope of the internal audit function inside Inversis Group, clarifying which entities are covered by Internal Audit.</li> <li>Description of the administrative dependence of internal audit function.</li> </ul>  | 30/11/2023 |
|  | Approval by the Board of Directors   | 30/01/2024 |



## 1. INTRODUCTION

Credit institutions must have an internal audit function in place which ensures that the systems of internal information and control operate correctly (article 43 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions).

They must have sound and sufficient procedures in place, established in writing, to ensure that in the exercise of the internal audit function, the policies, procedures and systems designed for risk assessment, management and reporting are complied with, and are consistent and appropriate (rule 28 of Bank of Spain Circular 2/2016).

This Charter informs the whole Organization of the decision by the Board of Directors of Grupo Inversis (hereinafter, "the Group") to implement the management of Internal Audit at corporate level under the control of the Joint Audit and Risk Committee.

This management shall be carried out in accordance with the mission, objectives, organization and powers, functions, competences and responsibilities which are set out below.

The Charter applies to all the companies in the Group, whether the Group has a majority holding in them or is responsible for their actual management.

It has been written taking specific consideration of the European Banking Authority's Guidelines on Internal Audit (EBA/GL/2017/11) and the references to the internal audit function included in the Regulation of the Joint Audit and Risk Committee.

## 2. MISSION

The Board of Directors considers there must be an independent function within the Organization which can provide continuous identification of the most relevant risks for the entity and analyse, verify and assess the procedures established to mitigate them and the practices and activities which constitute the Organization's system of internal control; thus providing reasonable assurance of the efficient and effective use of resources, the reliability and consistency of the accounting and management information, and legal compliance. The aim of this is to help safeguard the assets and interests of both customers and shareholders, and to support the Organization by making recommendations and monitoring their implementation, to help achieve its strategic objectives and improve the control framework.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Head of Internal Audit annually ratifies the independence of the internal audit function at the Joint Audit and Risk Committee's, formalizing this action through the corresponding minutes.

Internal Audit must follow a risk-based approach to review and ensure objectively that all the activities and units in the entity, including outsourced activities, comply with both the entity's policies and procedures and external regulations. Each entity within the Group must be covered by the scope of Internal Audit.

Internal Audit shall operate within a general internal control framework characterised by the existence of three lines of defence, of which Internal Audit is the third one, and in accordance with the principles and recommendations of the guidelines on internal governance published by the European Banking Authority.





### 3. OBJECTIVES

The basic objectives of the internal audit function, designed to provide a reasonable level of security, are:

- 3.1 Guarantee that the internal control system, which is the responsibility of management, is adequate and sufficient.
- 3.2 Assist the Board of Directors through the Joint Audit and Risk Committee, to comply objectively with its responsibilities. It may also support the management of the Group and Organization to improve and consolidate the internal control system, procedures applied and control activities.
- 3.3 Verify that the efficient application of the policies and procedures making up the system of internal control results in adequate risk control and management, thus supporting the achievement of the Group's strategic objectives.
- 3.4 Review and verify that the operational processes of the Organization are appropriate and comply with approved policies and procedures.
- 3.5 Ensure the integrity of the internal and external management information, i.e. that it is complete and correct.
- 3.6 Ensure compliance with the law.
- 3.7 Anticipate and detect situations of internal fraud.

### 4. POSITION WITHIN THE ORGANIZATION AND ATTRIBUTIONS

Within the Group's organizational structure, the internal audit management depends functionally on the chairman of the Joint Audit and Risk Committee. Its independence and the development of the functions assigned to it are guaranteed, with access to all of the bank's areas and departments through their corresponding managers.

Internal Audit shall support the Board of Directors in the development of its supervisory functions of Governance, Risk Management and Internal Control, channelling this activity through the Joint Audit and Risk Committee.

Internal Audit shall be the main support for the Joint Audit and Risk Committee's compliance with its supervisory functions and approve the Annual Internal Audit Plan.

Moreover, the internal audit management has an administrative dependence on the Chief Executive Officer (CEO) who provides him/her with the status and required authority to comply with his responsibilities. That means that the CEO:

- Provides support to the internal audit function inside the Organization.
- Supplies a direct and open communication with all the management team, inviting the internal audit management to the different Committees (with voice but without vote).
- Establishes adequate flow of information in order to keep internal audit management up to date in respect of activities, plans and initiatives of the organization.
- Ensures the compliance with the administrative aspects of policies and procedures approved by the Group, including those referred to performance and compensation reviews, as well as accounting and budgetary controls about the activities of the internal audit function.

Internal Audit shall maintain ongoing communication and collaboration projects with the Internal Audit of Banca March, especially in internal audit works, which may be carried out in collaboration with both.





The internal audit management must have the appropriate knowledge and experience available for their functions, making use of the appropriate internal or external resources.

The Internal Audit team will be subject to the same rules as those established for the Organization as a whole. The Head of Internal Audit is responsible for the objectives, professional plans and evaluation of the personnel under his or her guidance.

The rest of the departments in the Organization do not have authority over the internal audit management or its members.

The internal audit management shall maintain independence with respect to the activities it assesses, and not assume responsibility for the operations. This implies that it is not an executive body and does not have any authority or competence over the Group's business areas or activities, except for monitoring and controlling the implementation of the improvements and recommendations it makes. For this reason, Internal Audit shall participate in the design, selection, establishment and implementation of specific internal control policies, mechanisms and procedures, or risk limits.

Any circumstance that may compromise the independence or objectivity of the internal audit management or any of the internal auditors must be notified to the Joint Audit and Risk Committee.

## 5. DUTIES

Internal Audit shall have its own risk map of the entity and establish a verifiable working methodology and model for the reports which it submits to the Joint Audit and Risk Committee. They must include the purpose of the work, a description of the applicable internal and external regulations, a summary of the actions carried out (notwithstanding the detailed information in the annexes), as well as any limitations as to scope (due to lack of access to information, inadequate explanations or the complexity of the material), and the conclusions reached, with a general opinion in four possible categories: good, acceptable, insufficient and deficient. It must also determine any recommendations it may consider necessary and submit them to the corresponding responsible people. They will be subject to a follow-up and report to the Joint Audit and Risk Committee.

Internal Audit shall establish an annual work schedule to be approved by the Joint Audit and Risk Committee, notwithstanding any actions which may be assigned to it at any time by the Committee or its chairman. The internal audit management must also act on its own initiative.

The CEO may ask for specific work to be done through the Joint Audit and Risk Committee. Acting on a report from the Head of Internal Audit, the Committee must deliberate and decide whether to carry out this work, as well as its scope and timeline.

Internal audit management may arrange a collaboration with external experts in the case of work which requires specialist knowledge.

In any event, the internal audit function shall:

- Execute the Annual Audit Plan in line with the established scope and guidelines, by planning and implementing audit, research and advisory activities.
- Notify the Joint Audit and Risk Committee and the relevant departments and keep them informed of the results of all the audit, research and advisory work. Also, report periodically to the Joint Audit and Risk Committee on the application of audit plans and other relevant activities.
- Collaborate on the risk management process as an advisory body, in the implementation of risk management and control methodology, without forgetting that risk management is the responsibility of management.



- Examine and assess the systems and procedures established to ensure compliance with relevant laws, rules and regulations.
- Discuss the results of the work with those responsible in the departments assessed before issuing the final reports.
- Assess the degree of implementation and the efficiency of the recommendations in virtue of the reports issued, and report on this matter to the Joint Audit and Risk Committee.
- Check that all the corrective measures recommended in the audit reports have been implemented in practice.
- When drafting the Annual Audit Plan, reflect any concerns expressed by the members of management with respect to the risks observed and controls which may mitigate them, and report this to the Joint Audit and Risk Committee.
- Work with external auditors or supervisory authorities when asked by them.
- Participate in and/or carry out advisory work when requested, if it can be assumed within its competences or objectives.
- Include among its verifications the reliability of information systems and the internal control of economic and financial information.

To carry out its functions, Internal Audit may require the participation of experts from other departments, or the collaboration of external experts, provided that this is duly justified in terms of compliance with the Audit Plan, and that the proper independence is maintained between their activities.

## 6. COMPETENCES

To carry out their activities, the members of the internal audit management are authorised to review and examine all the documents and records considered relevant, with free access (having given advance notice to those responsible) to all the areas and levels of the Organization, as established in the specific work plan. If the information is restricted in nature, express authorisation will be required from the Joint Audit and Risk Committee.

Moreover, the members of internal audit management must be duly informed of all the relevant aspects for the performance of their activity. For this purpose, they may attend all the meetings, committees and forums at which their presence is requested, as well as those in which the auditors consider their presence is appropriate, following advance notice to the person calling the meeting. Any requests by supervisors shall be sent to Internal Audit and answered by it.

Internal Audit shall have access to all the persons, files, data, systems and goods which it considers necessary for the performance of its duties and the execution of the annual work plan. The information requested must be provided within a reasonable period and must be accurate and complete. In this regard, internal audit management may also request continuous view access to data and computer systems. Internal audit management shall immediately inform the Joint Audit and Risk Committee of any attempt to hinder the performance of its functions.

Within the framework of this Charter, the Head of Internal Audit shall define the operational principles of its management activities in an Internal Audit Manual.



## 7. RESPONSIBILITIES

The members of internal audit management have the obligation to safeguard and protect the interests of the Group, and assume the following responsibilities:

7.1 Comply with the rules for the professional exercise of Internal Audit; in particular, taking as a reference the International Professional Practices Framework issued by The Institute of Internal Auditors:

a) Attribute Standards:

- 1200: Proficiency and due professional care - The workers of the internal audit function meet the levels of knowledge, skills and other competences necessary to comply with their individual responsibilities.
- 1300: Quality Assurance and Improvement Programme - The Head of the internal audit function shall develop and maintain a quality assurance and improvement programme which covers all the aspects of its activity. This process includes both internal and external assessments.

b) Performance Standards:

- 2200: Engagement planning - The internal audit function shall develop a plan for each engagement it carries out.

7.2 Maintain an attitude that encourages a state of independence and objectivity with respect to the activities assessed and the Organization; and avoid actions or situations which may impair their professional activity, generate conflicts of interest or harm.

7.3 Keep up to date with respect to the law applicable to the entity, as well as the methodologies and procedures of the audited areas.

7.4 Possess and develop the professional qualities necessary to establish good relations with their work environment and have a good capacity for verbal and written communication, to ensure clear and effective expression of the objectives, assessments, conclusions and recommendations.

7.5 Comply with the objectives and scope defined by the Joint Audit and Risk Committee as formalized in the audit plans and issue the relevant reports as soon as possible.

7.6 Prepare the annual activity report and obtain approval for it from the Joint Audit and Risk Committee.

7.7 Manage correctly the budget assigned, as well as the resources available to Internal Audit.

## 8. CORE PRINCIPLES

The Core Principles, taken as a whole, synthesise the effectiveness of Internal Audit. For Internal Audit to be effective, all the Principles must be in place and operate correctly.

Internal Audit shall:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organization.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.





- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organizational improvement.

## 9. CODE OF ETHICS OF THE INSTITUTE OF INTERNAL AUDITORS

The purpose of The Institute's Code of Ethics is to promote an ethical culture in the profession of internal auditing.

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control. The Institute's Code of Ethics extends beyond the definition of Internal Auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing.
2. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

### APPLICABILITY AND ENFORCEMENT

This Code of Ethics applies to both entities and individuals that perform internal audit services.

The fact that particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable.

### PRINCIPLES

Internal auditors are expected to apply and uphold the following principles:

- **Integrity**

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

- **Objectivity**

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

- **Confidentiality**

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

- **Competency**

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.





## RULES OF CONDUCT

### 1. Integrity

Internal auditors:

- 1.1 Shall perform their work with honesty, diligence, and responsibility.
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.
- 1.3 Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organization.

### 2. Objectivity

Internal auditors:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

### 3. Confidentiality

Internal auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 Shall not use the information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

### 4. Competency

Internal auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2 Shall perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.

## 10. ENTITIES INVERISIS GROUP

Inversis Group is composed of the following entities:

- Banco Inversis, S.A.
- Banco Inversis, S.A. - Sucursal en Luxemburgo
- Inversis Gestión, S.A.U., S.G.I.I.C.
- Openfinance S.L.U.