



## **INTERNAL AUDIT CHARTER**

Scope: Bank Wide

Issuer: Head of Internal Audit

**Contents**

- 1. Introduction ..... 4
  - 1.1. Purpose of the IA Charter ..... 4
  - 1.2. Standards ..... 4
  - 1.3. Core Values and Principles ..... 4
  - 1.4. The Three Lines of Defence Model ..... 4
- 2. Scope, Objectives, and Mission ..... 5
  - 2.1. Scope and Objectives ..... 5
  - 2.2. Mission Statement ..... 5
- 3. Role and Responsibility of Internal Audit ..... 6
  - 3.1. Role of the IA function..... 6
  - 3.2. Responsibility of the IA function ..... 6
  - 3.3. Responsibility of the Head of Internal Audit..... 7
- 4. IA Reporting Structure ..... 7
- 5. Independence and Objectivity ..... 8
- 6. Responsibility of the Board and Board Audit Committee ..... 8
- 7. Responsibility of the Senior Management ..... 9
- 8. Miscellaneous Items ..... 9
  - 8.1. Access..... 9
  - 8.2. Consulting and Advisory Services..... 9
  - 8.3. Co-sourcing and Outsourcing of IA services..... 10
  - 8.4. Communication and Awareness ..... 10
  - 8.5. Annual review..... 10

## INTERNAL AUDIT CHARTER

### Policy issuance and approval history:

Document Title	Internal Audit Charter	Document Owner	Head of Internal Audit
Version	Approved By	Date	Description of Changes
1.0	Board Audit Committee	16th June 2022	New Policy Created
2.0	Board Audit Committee	27th January 2023	Update to existing policy
3.0	Board Audit Committee	5 <sup>th</sup> December 2024	Update to existing policy to include the new IIA Standards, including: <ul style="list-style-type: none"><li>• Editing to remove non-essential information for website display</li><li>• Inclusion of core values and principles</li><li>• Clarification on HoIA reporting to CEO</li><li>• Senior Management responsibilities</li><li>• Introduction of Quality Assurance</li><li>• Inclusion of Anti-fraud and Whistleblowing</li></ul>

### Policy Governance

#### Ownership and Approving Authority

This Policy shall be owned by the Head of Internal Audit and approved by the Board Audit Committee (BAC). The Internal Audit (IA) function at Wio is responsible for communicating and distributing any revisions to this Policy and its version control. Any substantial updates/changes to the Policy shall be submitted by the Head of IA for review and endorsement and subsequently to the BAC. For any changes that are not substantive but incidental or administrative in nature, the Head of IA shall have the authority to approve the changes.

#### Deviations

Any deviations, including addenda, shall be exceptional and must be documented by the requesting Internal Audit head and approved by the Issuer. Any changes to the deviations/addenda that are not substantive but incidental or administrative in nature do not require a sign-off by the Issuer.

#### Review and Update

This document shall be reviewed every year, or as appropriate, and approved by the BAC to ensure continued relevance.

## INTERNAL AUDIT CHARTER

### 1. Introduction

#### 1.1. Purpose of the IA Charter

- This Charter describes the roles, responsibilities, authorities, scope and objectives of the Wio Internal Audit function (Wio IA).
- Wio IA is an independent and objective function that supports the Group in achieving its objectives. It assists the Board of the Wio (the Board), the Wio Board Audit Risk Committee (BAC), in discharging their responsibilities.
- The Institute of Internal Auditors (IIA) revised International Professional Practices Framework (IPPF) with the 2024 Global Internal Audit Standards Activities including reporting and communication, Responsibilities and Quality Assurance and Improvement program

#### 1.2. Standards

- Wio IA must adhere to the best professional and ethical practices, such as the mandatory elements of the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, including the IIA's Code of ethics, and must comply with all legal and regulatory requirements affecting an internal audit function within UAE.
- Wio IA defines its policies, working procedures and methods in the Audit Standards Manual and related documents. Together, they provide comprehensive guidance regarding the internal auditing processes, such as the annual risk assessment and planning, individual audit engagement planning, execution, reporting, quality assurance, and improvement programs and training requirements.

#### 1.3. Core Values and Principles

- **Core Values** of internal audit are Integrity, Care, Ambition, Respect, Discipline, and Risk focus.
- **Core Principles:** Wio IA shall adhere to the principles for the Professional Practice of Internal Auditing:
  - 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 Bank.
  - Is appropriately positioned and adequately resourced.
  - Demonstrates quality and continuous improvement.
  - Communicates effectively.
  - Provides risk-based assurance.

#### 1.4. The Three Lines of Defence Model

- **The first line of defence** includes the business and process units as they are expected to undertake risks within assigned limits of risk exposure and are responsible and accountable for identifying, assessing and controlling the risks of their businesses.
- **The second line of defence** includes the control functions, such as risk management, compliance, legal, and financial control, which ensures that the risks in the business and process units have been appropriately identified and managed.
- **The third line of defence** is the Internal Audit function that independently assesses the effectiveness of the processes created in the first and second lines of defence and provides assurance on these processes as well as value added recommendations to improve the process and promote best practice.

## INTERNAL AUDIT CHARTER

### 2. Scope, Objectives, and Mission

#### 2.1. Scope and Objectives

- **IA Scope:**  
Wio IA performs the internal auditing function across all Wio departments and risks.
- **IA Objective:**  
To support the achieving the objectives, Wio IA independently, objectively, and systematically assesses the:
  - Effectiveness of processes to define strategy and risk appetite and the overall adherence to the approved strategy
  - Effectiveness of governance processes
  - Effectiveness of risk management, including whether risks are appropriately identified and managed
  - Effectiveness of internal controls, specifically whether these are commensurate with the risks taken
  - Effectiveness of management's ability and timeliness to self-identify issues and drive business improvements.
  - The soundness of the risk and control culture.
  - Effectiveness and sustainability of remediation activities originating from any source.
  - Reliability and integrity of financial and operational information, i.e., whether activities are correctly, accurately and completely recorded, and the quality of underlying data and models.
  - Effectiveness of processes to comply with legal, regulatory and statutory requirements and internal policies and contracts, i.e., assessing whether such requirements are met and the adequacy of procedures to meet them sustainably.
- The Board may order special audits to be conducted. Separately, other Board members, Committees, and Shareholders may also request such audits in consultation with the Board.

#### 2.2. Mission Statement

The mission of the Wio IA is to:

- Provide sufficient, timely and independent assurance to the Boards and senior management over the design and operating effectiveness of the:
  - Risk management framework, strategy and risk appetite statement
  - Key business processes including operations, product, sales and finance among others
  - Key compliance and governance processes including the risk and compliance functions
  - Key controls over Wio Bank's material risks
- Review existing and proposed processes, and implementation of improvements, whilst providing assurance and assistance to management and their contribution to Wio's vision, mission, goals, and values
- To act as a catalyst and an agent of change to improve the governance, risk management and control environment of Wio Bank including assessing compliance with regulatory requirements issued by the Central Bank of UAE
- Providing value-added consulting services and proactive strategic advice to the bank well beyond the effective and efficient execution of the audit plan
- Taking a more proactive role in suggesting meaningful improvements and providing assurance around the management of risk
- Bringing analysis and perspective on root causes of issues identified in audit findings, to help business units take corrective action and monitor closure of internal audit issues
- Provide advice and insight as core elements of the IA's mission in addition to risk-based assurance (in line with IIA's International Standards for the Professional Practice of Internal Auditing).

## INTERNAL AUDIT CHARTER

### 3. Role and Responsibility of Internal Audit

#### 3.1. Role of the IA function

- Wio IA have a professional duty to provide an unbiased and objective view.
- Effective risk management, control and governance processes are the responsibility of the respective business management and risk control functions, i.e. the first two “lines of defence”. As the “third line of defence”, Wio IA independently assesses and evaluates:
  - Effectiveness and efficiency of internal control, risk management, and compliance systems.
  - Reliability and integrity of management information systems and processes.
  - Compliance with laws, regulations, standards and the instructions of the Central Bank of the UAE.
  - Safeguarding of assets.
- Therefore, internal audit deals with issues that are fundamentally important to the survival and prosperity of any organization. Unlike external audits, Internal audits look beyond financial risks and statements to consider wider issues such as the organization’s reputation, growth, its impact on the environment and the way it treats its employees.
- Internal audit will also assess whether risk management, control and governance processes are designed and operate sustainably and effectively in line with Central Bank of UAE’s Internal Controls, Compliance, and Internal audit regulations and standards.
- Wio IA also evaluates the independence of the risk control functions. Remediating issues is the responsibility of management. Wio IA assures whether management has effectively and sustainably addressed relevant issues raised from all sources (i.e. material issues, self-identified by business management, by control functions, Wio IA, external audit or regulators). Internal audit reports contain issue logs, that contain the auditee’s responses clearly indicating whether the auditee accepts or rejects the internal audit findings.
- Accepted findings will include context and rationale for the issue, justifiable reasons(s) for non-performance with a corresponding **SMART** (Specific, Measurable, Attainable, Relevant, and Time bound) management action plans including the completion timeframe and responsible body for implementation. Rejected IA findings will be provided with rationale and supporting evidence for the finding’s re- consideration through an escalation procedure.
- The existence of an internal audit does not relieve management of its responsibility regarding the risk management and control processes.

#### 3.2. Responsibility of the IA function

Wio IA is responsible for:

- Developing and maintaining an agile, flexible, and independent internal auditing function that considers the changing environment, matters of regulatory interest, and emerging risks.
- Developing a three-year Internal Audit plan based on an independent risk assessment, considering input from senior management, external parties, and the members of the BAC.
- Continuously assessing the fund's risk profile and audit universe, including new or emerging risks, business changes, new initiatives and business trends. The outcomes of the assessments are used to determine changes required to the Internal Audit plan.
- Meeting with the external auditors, internal audit partners and actuaries to exchange relevant information and coordinate activities on the Internal Audit plan and individual audits.
- Implement the Internal Audit Plan, as approved, including as appropriate any particular tasks or projects requested by management and the BAC
- Planning, conducting, and reporting on all Internal Audit engagements according to the procedures defined in the Audit Standards Manual that is aligned with the Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing
- Ensuring internal audit documentation sufficiently meets the Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and audit reports can be supported by audit

## INTERNAL AUDIT CHARTER

work undertaken. The sufficiency of documentation standards is peer-reviewed by an external party once every five years.

- Providing concise, impactful reporting to the BAC, ensuring that high-risk issues are communicated as soon as they are confirmed, and providing comprehensive reporting on open, closed, overdue, reopened and non-adopted issues.
- Providing internal audit reports with performance ratings based on the effectiveness of the control environment, along with commentary on management's attitude and overall culture.
- Ensuring matters of regulatory interest receive due attention in the internal audit plan, including the internal capital and liquidity adequacy assessment processes, quality of risk reporting to the Board and Senior Management, regulatory compliance, and reporting to the CBUAE.
- Independent validation, verification and reporting over management's timeliness and effectiveness of issue remediation on all issues raised. This includes reporting to the BAC on the status of findings that have not (yet) been rectified by Senior Management.
- Issuing annual activity reports providing a broad overview of significant audit results and critical issues, control themes and trends based on individual audit results, continuous risk assessment and quality assurance results.
- Suitably respecting and managing the confidentiality of information acquired during their duties.
- Maintaining and developing a professional audit team with sufficient knowledge, skills and experience to meet the requirements of this Charter and future challenges.

### 3.3. Responsibility of the Head of Internal Audit

The Head of Internal Audit is responsible for the organization's internal audit service, including drawing up the internal audit strategy and annual plan and giving the audit opinion. This includes:

- Championing best practices in governance, objectively assessing the adequacy of control and management of existing risks, commenting on responses to emerging threats and proposed developments
- Giving an objective and evidence-based opinion on all aspects of governance, risk management and internal control
- Developing and maintaining up to date audit methodology and procedures documents that are presented to the BAC for review and approval
- Ensuring that the IA staff acquire appropriate ongoing training
- Owning and implementing the Wio Whistleblower Policy and associated reporting

## 4. IA Reporting Structure

- Wio IA maintains an adequate organization structure in compliance with the applicable regulations and is capable of effectively fulfilling its objectives.
- The Head of Wio IA reports directly to the BAC and administratively to the Chief Executive Officer. The internal audit function staff have direct access to the BAC.
- The Head of IA shall report administratively to the CEO for resolution of day-to-day activities, which may include the following:
  - Resolution of audit observations of significant nature.
  - Special investigation of fraudulent activities (where applicable).
  - Administrative and day-to-day operation matters.
  - Resolution of conflict between internal audit and line management.
  - Perform special assignments advised by the CEO

## INTERNAL AUDIT CHARTER

### 5. Independence and Objectivity

- Wio IA is independent in determining its activities (e.g. when defining audit scope and executing audit engagements).
- The Board and Senior Management promote the independence of the IA function by ensuring that all IA reports are provided to the Board or BAC without management filtering. Wio IA reports are not subject to any instructions or restrictions, and its audit authority is unrestricted.
- To maintain objectivity, Wio IA has no operational responsibility or authority over any business activities, day-to-day risk management or control process. The Internal Audit function and its staff should:
  - Have no conflicts of interest, and any potential conflicts should be documented and communicated in the conflicts of interest register and communicated after being suitably disclosed to compliance and the BAC so that the disputes can be properly managed
  - Not engage in auditing activities for which they had previous responsibility before a cooling off period of at least one full financial year has elapsed
  - Collectively be competent to examine all areas in which the bank operates including accounting, treasury, compliance, information technology and strategic thinking
  - Apply the care and skill expected of a reasonably prudent and competent professional and in case of limited competence and experience in a particular area, must be supervised by a more senior and experienced IA staff.

### 6. Responsibility of the Board and Board Audit Committee

- The Board is responsible for the Company's overall governance, including ensuring the continuity of the Company's business and the long-term viability of the Company. The Board has established the BAC to provide an objective, non-executive review of the effectiveness of the Company's financial reporting and risk management framework.
- The BAC's specific objectives and responsibilities over Wio Internal Audit are as follows:
  - Ensure the Head of Internal Audit is a person of integrity and seniority in the Bank to credibly challenge the business units, support and other control functions and is suitably qualified in line with the CBUAE's regulation and standards.
  - Review and approve IA risk assessment and risk-based audit plan.
  - Ensure that IA has full access to the Bank's information, records, and data while ensuring adequate safeguards are in place to limit impairments to the Head of Internal Audit's independence or objectivity from their responsibilities as the Bank's Internal Audit function.
  - Review and approve amendments to the IA Charter.
  - Review internal audit reports, including the response and follow-up by senior management and ensure that timely and effective actions are taken to address internal audit findings, particularly control weaknesses or deficiencies in risk management and compliance.
  - Monitor and review critical audit findings; the actions planned for resolution.
  - Assess, at least annually, the performance of Wio IA and make recommendations to the Board on the performance appraisal of the Head of Internal Audit.
  - Review and make recommendations to the Board for the appointment, succession, promotion, and termination of the Head of Internal Audit, the metrics, job description, and succession plan for the role.



## INTERNAL AUDIT CHARTER

### 7. Responsibility of the Senior Management

- Senior Management is responsible for informing Wio IA of new developments, initiatives, products, projects and operational changes. The Wio Executive Committee may request Wio IA for advice on matters related to risk and internal controls.
- The Senior Management assumes the responsibility for establishing a network of processes with the objective of facilitating smooth and efficient workflow within all functions of the bank.
- The Senior Management's responsibilities are as follows:
  - Identify and evaluate the exposures to loss or other inherent risks which relate to their particular sphere of operations.
  - Establish policies, procedures, frameworks, plans, or other measures to minimize and mitigate the risks associated with the identified risks and ensure that the same are in compliance with the relevant and applicable laws and regulations.
  - Ensure data and information published either internally or externally (including websites) is accurate, reliable, and timely.
  - Ensure the effectiveness of the controlling processes and foster continuous improvement to these processes.
  - Providing full support to IA to assist Management in identifying gaps and major risk areas of the business.
  - Ensuring timely and effective resolution of internal audit recommendations.
  - Informing IA Function in a timely manner of any potential or existing significant internal control matters (including any changes to the bank's overall governance framework), thefts, frauds, defalcations, unauthorized transactions, accounting breakdowns, major bad debts, etc.

### 8. Quality Assurance and Improvement Program (QAIP)

- Wio IA will maintain a QAIP that covers all aspects of the internal audit activity.
- The program will include an evaluation of the internal audit activity's conformance with the definition of Internal Auditing, the Code of Ethics and the Standards.
- The program will also assess the efficiency and effectiveness of Wio IA and identify opportunities for improvement.
- The Head of Internal Audit will communicate to the BAC on Wio IA's QAIP, including results of ongoing internal assessments and external assessments conducted at least once every five years by a qualified, independent assessment firm the selection of which shall be approved by the BAC. The results of internal and external assessments shall be presented to the BAC and the Senior Management.

### 9. Miscellaneous Items

#### 9.1. Access

Wio IA possesses unrestricted auditing rights within Wio, it has access to all accounts, books, records, systems, property and personnel to fulfil its auditing responsibilities. Wio IA is authorized to obtain the assistance of specialists from within or outside of Wio when necessary to achieve its objectives

#### 9.2. Consulting and Advisory Services

Wio IA may provide consulting services relating to operations for which they had previous responsibilities. If the Head of Internal Audit determines that the internal audit function or its staff have potential impairments to independence or objectivity relating to the proposed consulting services, disclosure must be made to the BAC prior to accepting the engagement.

## INTERNAL AUDIT CHARTER

### 9.3. Co-sourcing and Outsourcing of IA services

- Outsourcing of the IA function is prohibited, and the bank will not outsource IA activities to their external audit firm.
- Outsourcing of IA activities on a limited and targeted basis may be used to provide access to specialised knowledge and expertise for an IA engagement where expertise is not available in-house or there are resourcing constraints.
- The Head of Internal Audit must preserve independence by ensuring that a co-sourced provider has not been previously engaged in a consulting engagement in the same area within the bank unless one full financial year has elapsed.

### 9.4. Anti-Fraud and Whistleblowing

- Wio Bank is committed to detect and mitigate corrupt, illegal behaviours, or other misconduct and wrongdoing. Accordingly, Wio Bank has developed a Whistleblowing Policy.
- The purpose of the Whistleblowing Policy is to:
  - Encourage individuals to raise concerns if they witness or have reasonable grounds to suspect misconduct.
  - Provide information about how and to whom whistleblowing disclosures can be made.
  - Outline how Wio Bank will protect whistleblowers and investigate whistleblower reports.
  - Reiterate that the bank has zero risk tolerance for any misconduct and ensure that the process for investigating and resolving instances of wrongdoing is fair, prompt, and thorough.
- It is important that Wio Bank is aware of any information that allows it to appropriately and effectively manage key
- risks to its employees, customers, suppliers, its property, business and reputation. If there are reasonable grounds to suspect any of the following, it is considered a disclosable matter.
- Wio Bank expects all employees, officers, contractors, intermediaries and agents to report any disclosable matters.
- One should report any suspected or potential wrongdoing or concerns as soon as possible, via Ethix360 (<https://wio.ethix360ae.com> or **Toll-Free Number: 800 06512094**).
- Whether anonymous or not, all reports of concern will be handled in a confidential manner.

### 9.5. Communication and Awareness

The Wio Internal Audit Charter is distributed to all Wio employees in addition to being published on the bank's website.

### 9.6. Annual review

Wio IA will review annually whether the purpose, authority, responsibility and performance criteria, as defined in this Charter, continue to enable Wio IA to accomplish its role.