
Internal Audit Charter for Dignity¹

Purpose

The primary purpose of the Internal Audit (IA) function is to strengthen Dignity's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The IA function enhances Dignity's:

- 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.

Dignity's IA function is most effective when:

- Internal Auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards which are set in the public interest.
- The IA function is independently positioned with direct accountability to the board.
- Internal Auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global IA Standards

The Dignity's IA function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global IA Standards and Topical Requirements. The Head of Assurance (HOA) will report to the Audit Committee and senior management regarding the IA

¹ Dignity refers to Dignity Group Holdings Limited and its operating subsidiaries including but not limited to: Dignity Funerals Limited; and Crematoria and Memorials Group (CMG).

function's conformance with the Standards, which will be assessed through a Quality Assurance and Improvement Programme (QAIP).

The IA function will also apply the principles of the Chartered Institute of Internal Auditors' Internal Audit Code of Practice, and the HOA will report annually to the Audit Committee on how these have been applied.

Mandate

Authority

The Dignity Board grants the IA function the mandate to provide the Audit Committee and senior management with objective assurance, advice, insight, and foresight.

The IA function's authority is created by its direct reporting relationship to the Audit Committee. Such authority allows for unrestricted access to the Audit Committee.

The Audit Committee authorises the IA function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out IA 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.
- Obtain assistance from IA's co-source partner and other specialised services from within or outside Dignity to complete IA services as required.

Independence, Organisational Position, and Reporting Relationships

The Head of Assurance will be positioned at a level in the organisation that enables IA services and responsibilities to be performed without interference from management, thereby establishing the independence of the IA function. (See "Mandate" section.) The Head of Assurance will report functionally to the Chair of the Audit Committee and administratively (for example, day-to-day operations) to the Chief Executive Officer. This positioning 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 Head of Assurance will confirm to the Audit Committee, at least annually, the organisational independence of the IA function. If the governance structure does not support organisational independence, the Head of Assurance will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Head of Assurance will disclose to the Audit Committee any interference Internal Auditors encounter related to the scope, performance, or communication of IA work and results. The disclosure will include communicating the implications of such interference on the IA function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of Assurance, Audit Committee, and senior management on the IA mandate or other aspects of the IA charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the Head of Assurance, 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 IA services.

Audit Committee Oversight

To establish, maintain, and ensure that Dignity's IA function has sufficient authority to fulfill its duties, the Audit Committee will:

- Discuss with the Head of Assurance and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the IA function.
- Ensure the Head of Assurance has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the Head of Assurance and senior management other topics that should be included in the IA charter.
- Participate in discussions with the Head of Assurance and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective IA function.

- Approve the IA function's charter, which includes the IA mandate and the scope and types of IA services.
- Review the IA charter annually with the Head of Assurance to consider changes affecting the organisation, such as the employment of a new Head of Assurance or changes in the type, severity, and interdependencies of risks to the organisation; and approve the IA charter annually.
- Approve the risk-based IA plan.
- Approve the IA function's resourcing and budgets.
- Collaborate with senior management to determine the qualifications and competencies the organisation expects in a Head of Assurance, as described in the Global Internal Audit Standards.
- Authorise the appointment and removal of the Head of Assurance.
- Approve the remuneration of the Head of Assurance.
- Review the Head of Assurance's performance.
- Receive communications from the Head of Assurance about the IA function including its performance relative to its plan.
- Ensure a Quality Assurance and Improvement Programme (QAIP) has been established and review the results annually.
- Make appropriate inquiries of senior management and the Head of Assurance to determine whether scope or resource limitations are inappropriate.

Head of Assurance Roles and Responsibilities

Ethics and Professionalism

The Head of Assurance 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.

Objectivity

The Head of Assurance will ensure that the IA 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 the Head of Assurance 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 have no direct operational responsibility or authority over any of the activities they review. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Dignity or its affiliates.
- Initiating or approving transactions external to the IA function.
- Directing the activities of any Dignity employee that is not employed by the IA function, except to the extent that such employees have been appropriately assigned to IA teams or to assist Internal Auditors.

Internal Auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of Assurance, Audit Committee, 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.

Managing the IA Function

The Head of Assurance has the responsibility to:

- At least annually, develop a risk-based IA plan that considers the input of the Audit Committee and senior management. Discuss the plan with the Audit Committee and senior management and submit the plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the IA plan to the Audit Committee and senior management.

- Review and adjust the IA plan, as necessary, in response to changes in Dignity's business, risks, operations, programmes, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the IA plan.
- Ensure IA engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the completion of recommendations to the Audit Committee and senior management.
- Ensure the IA 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 IA mandate.
- Monitor IA staff's engagement in continuing professional development (CPD). However, if the knowledge, skills and competencies required to perform an engagement are not available within IA, any necessary specialist professional assistance from within the organization or from external providers will be obtained and utilized.
- Identify and consider trends and emerging issues that could impact Dignity 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 IA function.
- Ensure adherence to Dignity's relevant policies and procedures unless such policies and procedures conflict with the IA charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Have an open and co-operative relationship with regulators that supports the sharing of information relevant to carrying out respective responsibilities.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Assurance cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

Communication with the Audit Committee and Senior Management

The Head of Assurance will report to the Audit Committee and senior management regarding:

- The IA function's Mandate and Charter.
- The IA plan, budget and resource requirements, including significant revisions and performance relative to the plan.

- Any potential impairments to independence, including relevant disclosures as applicable.
- Results from the QAIP, which include the IA function's conformance with The IIA's Global Internal Audit Standards and action plans to address the IA 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, including insights on areas: where governance, risk management and internal controls are effective; where IA has identified efficiencies (including but not limited to removal of duplicative or redundant controls); and where significant risk exposures and control issues, including fraud risks, governance issues and other areas of Audit Committee focus are noted.
- Management's responses to risk that the IA function determines may be unacceptable or acceptance of a risk that is beyond Dignity's risk appetite.

Quality Assurance and Improvement Programme (QAIP)

The Head of Assurance will develop, implement, and maintain a QAIP that covers all aspects of the IA function. The programme will include external and internal assessments of the IA function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the Internal Audit function's progress toward the achievement of its objectives and promotion of continuous improvement. Results of Quality Assurance reviews (hot and cold file reviews) are undertaken regularly and results are reported to Audit Committee. In addition, KPIs agreed as part of the Internal Audit Strategy are monitored and assessed by the Head of Assurance and results are reported to each Audit Committee meeting. The programme will also assess, if applicable, compliance with laws and/or regulations relevant to Internal Auditing. Also, if applicable, the assessment will include plans to address any deficiencies and opportunities for improvement, required to support the achievement of the Internal Audit Strategy.

The Head of Assurance will communicate with the Audit Committee and senior management about the IA function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will aim to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Dignity; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and Types of IA Services

The scope of IA services covers the entire breadth of the organisation, including all Dignity's activities, assets, and personnel as set out in the Internal Audit Universe. The scope of IA 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 Dignity.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the IA 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.

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

Simplicity Cremations is a trading name for Dignity Funerals Limited. Dignity Funerals Limited is registered in England No. 00041598. VAT No. 486 6081 14. Registered office is: 4 King Edwards Court, King Edwards Square, Sutton Coldfield B73 6AP. Dignity Funerals Limited is authorised and regulated by the Financial Conduct Authority under Firm Reference Number 967130.