

# Audit Committee Terms of Reference

The Audit Committee (the “Committee”) is a Committee of the IG Group Holdings plc (“IGGH”, the “Company”) Board from which it derives its authority and to which it regularly reports.

The Committee should carry out the duties below for IGGH, where applicable, IG Markets Limited (“IGM”), IG Index Limited (“IGI”) and IG Trading and Investments Limited (“IG T&I”), and where appropriate, the wider Group.

The Committee oversees financial reporting, maintains an appropriate relationship with the internal and external auditors and monitors our internal controls.

## 1. Duties

### 1.1. IGGH Corporate Reporting

The Committee shall:

- 1.1.1. monitor the integrity of the financial and narrative statements of IGGH, including IGGH’s annual and half yearly reports and results announcements and other formal announcement relating to its financial performance, and review and report to the IGGH Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor;
- 1.1.2. provide advice to the IGGH Board on whether IGGH’s Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess IGGH’s position and performance, business model and strategy and whether it informs the IGGH Board’s statement in the IGGH Annual Report as required under the UK Corporate Governance Code;
- 1.1.3. review and recommend to the IGGH Board summary financial statements, and any financial information contained in certain other documents for IGGH, such as announcements of a price sensitive nature, and report to the IGGH Board on any material findings, provided that such monitoring and review is not inconsistent with any requirement for prompt reporting under the UK Listing Rules. Wherever practicable, sufficient time should be given between meetings of the Committee and the publication of financial information so that any issues which may have arisen can be resolved.
- 1.1.4. where required, in order to support the availability of distributable profits for the purposes of payment of dividends to shareholders, to review and recommend to the IGGH Board the half-year accounts or interim accounts of IGGH and report to the IGGH Board on the availability of such distributable profits;
- 1.1.5. review the clarity, completeness and appropriateness of disclosure in IGGH’s financial statements and the context in which statements are made, including the Going Concern Statement and the Viability Statement and make recommendations to the IGGH Board on the adoption of the Going Concern Statement and Viability Statement;
- 1.1.6. review the consistency of, and any changes to, accounting policies both on a year-on-year basis and across IGGH;

- 1.1.7. review the methods used to account for significant or unusual transactions for IGGH where different approaches are possible, including any off-balance sheet activities/accounting;
- 1.1.8. review whether IGGH has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 1.1.9. review all material information presented with the IGGH financial statements, such as the strategic report (including the reporting of non-financial information) and the corporate governance statement (insofar as it relates to the audit and risk management);
- 1.1.10. review the basis of reporting and the key judgements relating to external Sustainability related disclosures;
- 1.1.11. Review and provide oversight of all elements of the sustainability strategy that are reported in the Company's Annual Report and other public reporting, including:
  - a. Regulatory reporting of emissions and energy usage (SECR regulation);
  - b. Climate-related risk reporting (TCFD regulation);
  - c. Reporting of Diversity and Inclusion data;
  - d. Reporting of Brighter Future Fund impact (to the extent required); and
- 1.1.12. Where the Committee is not satisfied with any aspects of the proposed financial reporting by IGGH, it shall report its views to the IGGH Board.

## 1.2. **IGM, IGI, IG T&I Corporate Reporting**

The Committee shall:

- 1.2.1. monitor the integrity of the financial and narrative statements of IGM, IGI and IG T&I including IGM, IGI and IG T&I's annual reports and inform each of the IGM, IGI and IG T&I Boards respectively of significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor;
- 1.2.2. provide advice to the each of the IGM, IGI and IG T&I Boards on whether each of the IGM, IGI and IG T&I Annual Report and Accounts respectively taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess IGM, IGI and IG T&I's position and performance, business model and strategy.

Wherever practicable, sufficient time should be given between meetings of the Committee and the publication of financial information so that any issues which may have arisen can be resolved.

- 1.2.3. where required, in order to support the availability of distributable profits for the purposes of payment of dividends to shareholders, to review the interim accounts of IGM, IGI and IG T&I and inform the IGM, IGI and IG T&I Boards respectively on the availability of such distributable profits;

- 1.2.4. review the methods used to account for significant or unusual transactions for IGM, IGI and IG T&I where different approaches are possible, including any off-balance sheet activities/accounting;
- 1.2.5. review whether IGM, IGI and IG T&I have followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; and
- 1.2.6. review all material information presented with the IGM, IGI and IG T&I financial statements, such as the strategic report (including the reporting of non-financial information) and if applicable the corporate governance statement (insofar as it relates to the audit and risk management).

Where the Committee is not satisfied with any aspects of the proposed financial reporting by IGM, IGI or IG T&I, it shall inform the IGM, IGI or IG T&I Board respectively.

### 1.3. **Risk Management and Internal Control Framework**

The Committee shall:

- 1.3.1. receive a report from the Board Risk Committee in order to gain comfort that an appropriate and effective risk framework exists to ensure the accurate production of the financial results;
- 1.3.2. receive on an annual basis, a report from the Board Risk Committee on the effectiveness of the Group's risk management and internal control framework;
- 1.3.3. review and recommend to the IGGH Board for approval, the Group's Tax Risk Management Framework and Policy;
- 1.3.4. review and recommend to the IGGH Board, the statements to be included in the IGGH Annual Report concerning internal controls.
- 1.3.5. annually receive and review a report on the effectiveness of the Group's control environment relating to the safeguarding and holding of the Group's Client Money and Assets ("CASS");
- 1.3.6. review an assessment of the control environment via internal audit reports and the progress on implementation of audit recommendations via the Control Action List; and
- 1.3.7. review the findings of the CASS Audit Reports. This shall include, but not be limited to the following:
  - 1.3.7.1. a discussion of any major issues, including any significant breaches, with the CASS Auditor; and
  - 1.3.7.2. a review and recommendation to the respective Boards of IGM, IGI and IG T&I, the management response to the findings contained in the CASS Audit Report.

#### 1.4. **Whistleblowing**

The Committee shall:

- 1.4.1. review and recommend for Board approval any changes as needed the Group's arrangements and Policy for its workforce to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

#### 1.5. **Internal Audit**

The Committee shall:

- 1.5.1. approve the appointment, line reporting arrangements and removal of the Global Head of Internal Audit;
- 1.5.2. consider and approve the charter of the Internal Audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the Internal Audit function has unrestricted scope, adequate standing and is free from management or other restrictions;
- 1.5.3. monitor and review the effectiveness of the Internal Audit function in the overall context of the Group's internal controls and risk management systems and in doing so determine whether the quality, experience and expertise of internal audit is appropriate for the business;
- 1.5.4. review and approve the Group's Internal Audit plans ensuring they are aligned to the key risks of the business and the risk taxonomy;
- 1.5.5. review all reports on the Group from the Internal Audit function, including the annual review of the overall effectiveness of the governance, and risk and control framework of the Group;
- 1.5.6. review and monitor management's responsiveness to the findings and issues raised by the Internal Audit function;
- 1.5.7. receive a summary report on the results of the core assurance work of the Internal Audit function on a periodic basis and monitor the consolidated Control Action List and themes arising;
- 1.5.8. meet the Global Head of Internal Audit at least once a year, without management being present, to discuss their remit and any issues arising from the Internal Audits carried out. In addition, the Global Head of Internal Audit shall be given the right of direct access to the Chair of the IGGH, IGM, IGI and IG T&I Boards and its Committees, providing independence from the executive and accountability to the Committee;
- 1.5.9. obtain an independent external assessment of the Internal Audit function at an appropriate interval and at least once every five years. The results of the assessment will be considered by the Committee; and
- 1.5.10. to receive periodic update on general developments in Internal Audit practice.

For the avoidance of doubt reporting on advisory / consultancy work conducted by the Internal Audit Function is a matter for the Board Risk Committee.

## **1.6. External Audit**

The Committee shall:

- 1.6.1. review and approve the annual IGGH audit plan and ensure that it is consistent with the scope of the audit engagement;
- 1.6.2. if the external auditor resigns, investigate the issue leading to this and decide whether any action is required;
- 1.6.3. annually review and approve the Group's policy on the supply of non-audit services by the external auditor including approval of non-audit services by the Committee and specifying the types of trivial non-audit service to be pre-approved. Together with an assessment of whether the non-audit services have a direct or material effect on the audited financial statements to ensure that the supply of such services does not impair auditor independence or objectivity, taking into account any relevant law, regulation, the Ethical Standard and other professional requirements. The IGGH Annual Report to shareholders should explain how, if the external auditor supplies non-audit services, auditor independence and objectivity is safeguarded;
- 1.6.4. approve the remuneration of the external auditor, and determine whether fees for audit or non-audit services (and that the level of fees) are appropriate to enable an adequate audit to be conducted;
- 1.6.5. approve the terms of engagement of the external auditor, including any engagement letter issued at the start of each audit and the scope of the audit;
- 1.6.6. approve and monitor the Group's policy that the Committee must give its prior approval of the employment of any individual who has been engaged by the external auditor in the audit of IGGH or the Group;
- 1.6.7. consider and make recommendations to the IGGH Board (to be put to shareholders for approval at the Annual General Meeting) in relation to the appointment, re-appointment and removal of the Group's external auditor. The Committee shall oversee the selection process for new auditors;
- 1.6.8. ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other firms and in respect of such tender conduct the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- 1.6.9. review and recommend to the IGGH, IGM, IGI and IG T&I Boards any representation letter(s) requested by the external auditor before they are signed by management;
- 1.6.10. review and recommend to the respective Boards IGGH, IGM, IGI and IG T&I's management letters and management's response to the external auditor's findings and recommendations;

- 1.6.11. meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year without management being present, to discuss their remit and any issues arising from the audit;
- 1.6.12. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 1.6.12.1. a discussion of any major issues which arose during the audit;
  - 1.6.12.2. the auditor's explanation of how the risks to audit quality were addressed;
  - 1.6.12.3. key accounting and audit judgements;
  - 1.6.12.4. the auditor's view of their interaction with senior management;
  - 1.6.12.5. levels of errors identified during the audit; and
  - 1.6.12.6. reviewing the effectiveness of the audit.
- 1.6.13. annually assess the external auditor's qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures, taking into consideration relevant UK professional and regulatory requirements;
- 1.6.14. annually assess the external auditor's independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the external auditor as a whole (including any threats to the external auditor's independence and the safeguards applied to mitigate those threats) and including the provision of any non-audit services and the impact this may have on their independence;
- 1.6.15. satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Group (other than in the ordinary course of business) which could adversely affect the external auditor's independence and objectivity; and
- 1.6.16. consider the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners and other related requirements as part of the year-end process.

## 1.7. **Other**

The Committee shall:

- 1.7.1. have regard to, or consider in the reporting to the Committee, management's compliance with the (twelfth) FCA Principle introduced by the FCA's Consumer Duty regulation which requires firms "to act to deliver good outcomes for retail clients" in respect of UK regulated entities. Consumer Duty creates a higher and more exacting standard of conduct.
- 1.7.2. Monitor and review the effectiveness of the Group's sustainability reporting controls

and processes.

#### 1.8. Sustainability Oversight

The Committee shall:

- 1.8.1. Oversee sustainability regulation horizon scanning, including upcoming reporting requirements related to environmental matters and Diversity & Inclusion;
- 1.8.2. Review and monitor the Company's compliance with sustainability reporting regulations and requirements; and
- 1.8.3. Provide oversight of the implementation of sustainability reporting frameworks to ensure accurate and timely disclosure.

### 2. Membership

- 2.1. Members of the Committee shall be appointed by the IGGH Board, on the recommendation of the Nomination Committee in consultation with the Committee Chair.
- 2.2. The Committee shall be comprised of at least three independent Non-Executive Directors. At least one Committee member shall have recent and relevant financial experience. The Chair of the IGGH Board shall not be a member of the Committee. The Committee as a whole shall have competence relevant to the sector in which the Group operates.
- 2.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals, including the Board Chair, Chief Executive Officer, Chief Financial Officer, other directors of IGGH, IGM, IGI and IG T&I, the Chief Risk Officer, Head of Legal and the Global Head of Internal Audit and representatives from the finance function or any employee of the Group may be invited to attend all or part of any meeting as and when appropriate.
- 2.4. The Group's external auditors will be invited to attend meetings of the Committee on a regular basis.
- 2.5. The IGGH Board shall appoint the Committee Chair who shall be an independent Non-Executive Director. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.
- 2.6. There should be some cross-membership between the Committee and the Board Risk Committee.

### 3. Secretary

- 3.1. The Group Company Secretary (the "Secretary") or their nominee shall act as the Secretary of the Committee and attend all meetings. The Secretary will ensure that the Committee receives information and papers in a timely manner to enable full consideration to be given to all matters by the Committee.

### 4. Quorum

- 4.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present (in person or virtually) shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **5. Conflicts of Interest**

- 5.1. Each member of the Committee should consider whether they have any conflicts of interest prior to participating in meetings of the Committee and contributing to decisions.

## **6. Frequency of Meetings**

- 6.1. The Committee shall meet at least four times a year at appropriate times in the financial reporting and audit cycle and as required.

## **7. Notice of Meetings**

- 7.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or by any of its members or at the request of external or internal auditors if they consider it necessary.
- 7.2. Notice of each meeting confirming the venue, time and date, together with an agenda, shall be sent to Committee members and any other attendees, no later than five working days before the date of the meeting, or as otherwise agreed with the Committee Chair. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

## **8. Minutes of Meetings**

- 8.1. The Secretary shall minute the proceedings and decisions of all Committee meetings, including the names of those present and in attendance.
- 8.2. Draft minutes of Committee meetings shall be circulated to all members of the Committee in the next meeting pack, unless a conflict of interest exists.
- 8.3. Where required due to urgency or expediency, a decision may be recorded and agreed by all the members of the Committee electronically and will be as effective as a resolution passed at a Committee meeting.

## **9. Engagement with Shareholders**

- 9.1. The Committee Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matter related to the Committee's areas of responsibility.

## **10. Reporting Responsibilities**

- 10.1. The Committee Chair shall report formally to the Boards after each meeting on the content of its discussion, recommendations and actions to be taken.
- 10.2. The Committee shall produce a report to be included in the IGGH Annual Report describing its work as set out in the UK Corporate Governance Code and the Financial Reporting Council's Minimum Standards for Audit Committees and the External Audit. This will include an explanation of how the Committee has addressed the effectiveness and independence of the external audit process, the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, an explanation of the application of the Group's accounting policies, having regard to matters communicated to it by the external auditor, and the approach taken to the appointment or reappointment of the



external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans. Membership of the Committee and attendance shall also be noted in the IGGH Annual Report.

## **11. Authority**

The Committee shall:

- 11.1. To investigate any activity within its terms of reference and to seek any information it requires from any employee of the Group to perform its duties. The Committee shall have access to all records of the Group and any relevant internal or external reports;
- 11.2. to obtain, at the Group's expense, outside legal or other independent professional advice on any matter within its terms of reference; and
- 11.3. to ask any employee to attend a Committee meeting if required.

## **12. Other Matters**

- 12.1. have access to sufficient resources in order to carry out its duties, including access to the services of the Company Secretary for advice and assistance as required;
- 12.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 12.3. give due consideration to all applicable laws and regulations, in particular the Directors' duties contained in the Companies Act 2006, the UK Corporate Governance Code and associated guidance, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook, Market Abuse Regulation and any other applicable rules, as appropriate;
- 12.4. monitor the progress of any relevant corporate governance or regulatory developments that may impact the Committee and recommend any action or changes it considers necessary to the IGGH Board for approval;
- 12.5. consider the Group's Sustainability strategy and any implications during its discussions and decision making;
- 12.6. work and liaise as necessary with all Board committees; and
- 12.7. at least annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any necessary changes to the IGGH Board for approval.