Energy for generations

ESB Group

Group Internal Audit Charter

Approved: September 2026

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1. Board Policy Statement

ESB subscribes to best practice corporate governance and complies with the Code of Practice for the Governance of State Bodies. It is the policy of the Board of ESB to have and support a Group Internal Audit ("GIA") function that governs itself by adherence to the mandatory elements of The Institute of Internal Auditor's International Professional Practices Framework ("IPPF") including the Global Internal Audit Standards ("GIAS"), Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and the Institute of Internal Auditors ("IIA's") mandatory Topical Requirements, as issued and updated by the IIA.

2. Vision and Purpose

GIA's vision is to support the delivery of the Net Zero 2040 strategy by being a trusted business partner, leveraging its expertise to provide independent assurance, and to enhance ESB's culture of governance, accountability, and compliance.

GIA's purpose is to strengthen the organisation's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

3. Scope and Authority

GIA is an independent, objective assurance and consulting function charged with reviewing company activities across all areas within ESB Group, as a service to the Board and management. It helps the organisation accomplish its objectives by examining and reporting on the management of risk, the adequacy of internal control and the effectiveness of governance processes that support decision-making, and on the achievement of proper, efficient, and effective use of resources.

GIA derives its authority from the Board through the Audit & Risk Committee and the Chief Executive. The internal audit activity is authorised with full, free, and unrestricted access to all ESB Group records, physical properties, and personnel including the Chairman of the Board, the Chief Executive, and the Chair of the Audit & Risk Committee.

4. Organisational Positioning and Administration

The Group Internal Auditor will report functionally to the Chair of the Audit & Risk Committee and administratively to the Deputy Chief Executive and will meet regularly with the Deputy Chief Executive to discuss all audits. Both the Chair of the Audit & Risk Committee and the Deputy Chief Executive are responsible for reviewing the Group Internal Auditor's performance on an annual basis. The Deputy Chief Executive is responsible for approving the Group Internal Auditor's expenses, in line with ESB Group policies and procedures.

5. Independence, Objectivity, and Integrity

GIA will remain free from conditions that may impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, or report content to support a necessary independent attitude. Internal auditors, including the Group Internal Auditor, will have no direct operational responsibilities and will remain independent of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records for the activities audited, or engage in any other activity that may impair the internal auditor's judgment.

As the Group Internal Auditor has one or more ongoing roles beyond internal auditing (Trustee of the DC Pension Scheme), the responsibilities, nature of work, and established safeguards must be documented. Note, if these areas are subject to internal auditing, alternative processes to obtain assurance must be established.

Internal auditors will perform their work displaying behaviours characterised by adherence to moral and ethical principles, including demonstrating honesty and professional courage to act based on relevant facts. They will display professional scepticism by questioning and critically assessing the reliability of information and will communicate truthfully and take appropriate action, even when confronted by dilemmas and difficult situations. This includes disclosing all material facts known to them that if not disclosed could affect the organisation's ability to make well-informed decisions. Internal auditors will 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. Internal auditors will encourage and promote an ethics-based culture in the organisation. If internal auditors identify behaviour within the organisation that is inconsistent with the organisation's ethical expectations, they will report the concern according to applicable policies and procedures.

If internal auditors determine that a member of Senior Management has behaved in a manner that is inconsistent with the organisation's ethical expectations, the Group Internal Auditor will report the violation to the Board. If an ethics-related concern involves the Chairman of the Board, the Group Internal Auditor will report the concern to the entire Board. Internal auditors will follow up on ethics-related issues involving the Board or Senior Management to validate that appropriate actions were taken to address the concern.

Internal auditors will display an unbiased attitude that allows them to make professional judgments, fulfil their responsibilities and achieve the purpose of Internal Auditing without compromise. The Internal Audit function should ensure that there are safeguards to objectivity and independence, including processes for addressing potential impairments, and the frequency with which those safeguards are re-evaluated to ensure they are achieving the desired result. Internal auditors will exhibit the highest level of professional objectivity and integrity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal auditors will not accept any tangible or intangible item, such as a gift, reward, or favour, that may impair or be presumed to impair objectivity. Internal auditors will avoid conflicts of interest and will not be unduly influenced by their own interests or the interests of others, including Senior Management or others in a position of authority, or by the political environment or other aspects of their surroundings. If objectivity is impaired in fact or appearance, the details of the impairment will be disclosed promptly to the appropriate

parties and appropriate actions will be taken to resolve the situation according to applicable policies and procedures.

The Group Internal Auditor will confirm the organisational independence, and appropriate resourcing of the internal audit activity to the Audit & Risk Committee on an annual basis.

6. Legal and Ethical Behaviour

Internal auditors will not engage in or be a party to any activity that is illegal or discreditable to the organisation or the profession of internal auditing or that may harm the organisation or its employees. Internal auditors will understand and abide by the laws and/or regulations relevant to the industry and jurisdictions in which the organisation operates, including making disclosures as required. If internal auditors identify legal or regulatory violations, they will report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.

7. Audit and Risk Committee Responsibilities

As part of the Audit and Risk Committee's responsibilities in relation to internal audit they should:

- Review and approve the purpose statement in the charter and the strategy.
- Support GIA's direct accountability and access to the Board.
- Ensure audit's independence and require the Group Internal Auditor to confirm objectivity annually.
- Support GIA's resource needs including competency, training, and total budget.
- Be consulted in advance of the appointment and removal of the Group Internal Auditor.
- Provide input as required in relation to the Group Internal Auditor's role and responsibilities, qualifications, compensation, and evaluation.
- Review and approve annually GIA's charter, audit plan and quality assessments.
- Review and approve GIA's strategy.
- Support GIA as needed to fulfil its mandate, charter, strategy, and audit plan.
- Support GIA regarding audit's stakeholder relationships and coordinated assurance efforts.

8. Management's Responsibilities

It is management's responsibility to manage risk and maintain effective controls. Management has the primary responsibility for prevention of fraud and for detecting and dealing with any fraud that may occur. Reporting of suspected fraud should comply with the ESB Anti-Bribery, Corruption and Fraud Policy and the ESB Whistleblowing & Protected Disclosures Policy.

Managers will proactively interface with the internal auditors (before, during and after engagements), respond to draft reports in accordance with agreed procedures and agree actions and timescales to rectify control weaknesses identified. Managers have responsibility to implement audit agreed actions in a timely manner. Where disagreements occur that cannot be resolved with management in relation to audit findings or actions, then they will be discussed with the relevant Business Unit Executive Director for resolution. However, if no resolution is possible, then the GIA view is upheld in the final report.

As part of management's responsibilities in relation to internal audit they should:

- Review the purpose statement in the charter and the strategy.
- Support GIA's direct accountability and access to the Board and Audit and Risk Committee.
- Support GIA's methodology for addressing ethical concerns and impairments to independence or objectivity.
- Support GIA's conformance to the GIAS and training budget needs.
- Position GIA at an organisation level that enables it to meet its mandate, charter, and purpose.
- Engage with the Audit and Risk Committee prior to the appointment and removal of the Group Internal Auditor.
- Engage as required with the Audit and Risk Committee prior to finalising the Group Internal Auditor's role and responsibilities, qualifications, compensation, and evaluation.
- Support Group Internal Audit's access and meetings with Board and Senior Management.
- Enable audit's access to data, information, personnel and physical assets and properties.
- Review audit's periodic quality assessments, review results and support action plans.
- Enable Group Internal Audit's knowledge of organisation's strategy, objectives, and risks.
- Support GIA's resource needs, stakeholder relationships and coordinated assurance efforts.
- Provide input into GIA's audit plan, review final plan and significant changes.
- Help remove management obstacles, and support communications.

9. Group Internal Audit Responsibilities

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal controls as well as the organisation's performance in achieving the stated goals and objectives. In fulfilling the role of independent re-assurance ('third line of defence') GIA will evaluate the following on a risk focused basis:

- Governance processes.
- Effectiveness of the organisation's risk management processes including risk exposure relating to achievement of the organisation's strategic objectives.
- Reliability and integrity of internal controls, management information and reporting and effectiveness of controls to safeguard the Group's assets and interests.
- Systems, risk, and control culture established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation.
- Effectiveness and efficiency with which resources are employed.
- Operations or programmes, to ascertain if consistent with the organisation's strategies, objectives, and goals, and are being carried out as planned. The audit programme and methodology will take due account of the possibility of fraud and include investigation of fraud or suspected fraud.
- Consideration and application of the Topical Requirements' mandatory requirements for assurance engagements and recommended practices for advisory work.

In addition, GIA will strive to add value to the organisation by:

- Providing fraud management services including fraud and wrongdoing assessments, investigations and raising awareness of exemplary fraud management.
- Performing advisory and consulting services, without prejudice to assurance responsibilities, where the engagement has the potential to improve governance, risk management and control or process organisation.
- Evaluating specific operations at the request of the Board or management, as appropriate.
- Considering trends, emerging issues, new insights, and future impact.
- Ensuring co-ordination of internal audit with external audit.
- Ensuring co-ordination with other internal and external providers of assurance services, to gain an understanding of each other's roles and responsibilities, with consideration being given to relying on their work, once GIA have considered the basis of this reliance and the competency, objectivity, and due professional care of the assurance providers.

10. Internal Audit Plan

Following consultation with Executive Directors and Senior Management, the Group Internal Auditor will agree a risk based annual audit plan with the Chief Executive and the Audit & Risk Committee prior to approval by the ESB Board. The Group Internal Auditor will review and adjust the plan, as necessary, in response to changes in the organisation's business and risks and communicate changes to Senior Management and the Audit & Risk Committee. The Group Internal Auditor will provide an annual update to the Audit & Risk Committee on the resources and associated budget required to deliver the annual internal audit plan, to review for adequacy and to recommend to the Board for approval.

11. Reporting and Monitoring

A written report will be issued by GIA for each internal audit engagement and circulated to the manager(s) concerned, the relevant Executive Directors, the Group Finance & Commercial Director, and Deputy Chief Executive. GIA will be responsible for follow-up on timely implementation of audit recommendations and will report periodically on progress and significant non-implementation to the Audit & Risk Committee. The Group Internal Auditor will periodically report to the Audit & Risk Committee and Senior Management on audit results, performance relative to the internal audit plan, GIA KPIs, and results of internal and external assessments of the function. Reporting will also include significant control issues, including fraud risks, ethics related concerns, governance issues, and other matters needed or requested by Senior Management and the Board.

12. Confidentiality

The Group Internal Auditor will ensure that confidentiality and adherence to legal and regulatory requirements, including General Data Protection Regulations (GDPR), is maintained over audit reports and all information and records obtained in carrying out audits.

13. Quality Assurance and Improvement Programme

GIA conducts its activities in conformance with the GIAS. GIA will maintain a Quality Assurance and Improvement Programme (QAIP) that evaluates and ensures the internal audit function conforms with the GIAS, achieves performance objectives, and pursues continuous improvement. The QAIP will also evaluate GIA's conformance with the IIA Topical Requirements applicable to the organisation's risk profile. The QAIP includes internal and external assessments. The QAIP will include an evaluation of the internal audit activity's conformance with the GIAS, assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. The function will be subject to an external assessment at least once every three years.

14. Staffing & Resources

GIA will be given the multi-disciplinary resources it requires to adequately discharge its responsibilities, including external specialist resources. Audit staff will have a recognised professional or third level qualification, or equivalent work experience. GIA is a vehicle for the development of staff with managerial potential. Business line management will provide support in the rotation of suitable staff into and out of the area.

Approved:





Chairman, Audit and Risk Committee

Date: 23/09/2026

Chief Executive

Date: 24/09/2026