

RioTinto

# Group Internal Audit Charter

Approved by the Board on 21 October 2024

*This Charter should be read in conjunction with the Risk Management Policy and Standard, Audit Committee Terms of Reference and the Sustainability Committee Terms of Reference.*



## 1. Purpose and Objective

- 1.1. The primary purpose of Group Internal Audit (GIA) is to strengthen Rio Tinto'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.
- 1.2. The audit committee grants GIA the mandate to provide the board and senior management with objective assurance, advice, insight, and foresight.
- 1.3. GIA is the third line within the Three Lines of Defense model, working with both the first and second line to drive effective and efficient operation of, and assurance over, the control environment.
- 1.4. GIA's objective is to support Rio Tinto in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate the effectiveness of and to improve the governance, risk management, and control processes. GIA will achieve this through:
  - assessing whether material risks have been properly identified by management and reported to the relevant Board or Board Committees.
  - assessing whether key internal controls (including governance, management oversight processes and responses to significant control issues) are properly designed and are operating effectively and sustainably to mitigate those material risks. As part of this, GIA should assess whether the relevant control environment is both effective and efficient and should, where identified, highlight opportunities for simplification, efficiencies and improvements.
  - monitoring the implementation of agreed Internal Audit actions.
  - assessing whether established processes and systems enable compliance with the policies, standards, procedures, laws, and regulations that could significantly impact Rio Tinto.
  - undertaking reviews of in-flight programmes at appropriate intervals (or at the request of management) to ensure that they are being executed in accordance with Group guidelines, are managing risk and delivering to the agreed scope and authorized business case.
  - liaising with other assurance providers across the organization to ensure there is both a consistent standard of execution in operation and that the cumulative delivery of the combined assurance programme is integrated, balanced, efficient and effective.
  - maintaining and evolving an internal audit methodology and systems that support leading edge audit practice, including a flexible range of audit products.

## 2. Independence and Objectivity

- 2.1. GIA will operate with independence, in an objective manner and avoid conflicts of interest. The Head of GIA will disclose to the Audit Committee any interference and related implications in determining the scope of audits, performing work, and/or communicating results.
- 2.2. The Head of GIA will disclose to appropriate parties if independence or objectivity is impaired in fact or appearance and agree measures to ensure GIA's independence is maintained.
- 2.3. Internal auditors working for GIA must maintain an unbiased attitude that allows them to perform engagements objectively. Internal auditors working for GIA must have no direct operational responsibility or authority over any of the activities audited. Accordingly, auditors working for GIA will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.
- 2.4. The Head of GIA will report functionally to the Audit Committee Chair and administratively to the Chief Financial Officer. The Audit Committee (via the Audit Committee Chair as appropriate) will:

- Review and approve any changes to GIA's Charter annually.
  - Approve the appointment and, if necessary, dismissal of the Head of GIA.
  - Approve the annual performance objectives and contribute to the personal appraisal of the Head of GIA.
  - Approve the structure of remuneration for the Head of GIA and members of the GIA team. In addition, the Audit Committee Chair will approve actual variable remuneration recommended for any given performance period.
  - Approve the appointment of any internal audit outsource service provider
  - Monitor and assess the role and effectiveness of GIA in the overall context of Rio Tinto's risk management system.
  - Oversee and approve the appointment process of the external party engaged to perform the independent quality assessment of GIA.
- 2.5. The Head of GIA will have unrestricted direct access to, and communicate directly with the Audit Committee, including in private meetings without management present.

### **3. GIA's Responsibilities**

- 3.1. Within the framework of independence outlined above the Head of GIA (and members of the GIA Leadership Team) should maintain an open and ongoing relationship with the Executive and senior management within the business.
- 3.2. The Head of GIA will report periodically to senior management and the Audit Committee regarding:
- GIA's plan and performance relative to its plan and any issues.
  - Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
  - Results of audit engagements or other activities including themes and insights from across the GIA audit programme. As the audit programme will include a combination of audits, reviews and consultations, the output thereof may differ in order to reflect the nature of the work undertaken and may not always take the form of a rated GIA report.
  - Any response to risk by management that may be unacceptable to Rio Tinto.
- 3.3. Develop an audit plan at least annually (and extend the planning horizon out to a 2–3-year period) using a risk-based approach that incorporates input from senior leaders, the Board and Board Committees. The plan must include:
- Consideration of and alignment with Rio Tinto's strategy, business objectives and principal risks as well as the risk profile of the product groups and group functions.
  - Topics and areas selected for inclusion in the plan period
  - Headroom in the budget allocation for flexibility to add additional audits, reviews and other projects as requested in response to changing risk profiles and requests from senior leaders and the Board and Board Committees.
  - A financial budget to support the delivery of the audit plan and any strategic initiatives for GIA. GIA's budget is to be approved by the Audit Committee
- 3.4. Changes to the group level audit plan and relevant KPIs are to be reported quarterly to the relevant Board Committee. This will be monitored considering changes to the business, risk profile and emerging risks.
- 3.5. Engage with the business to support the GIA guest auditor program to support capability uplift and sharing of insights and knowledge.
- 3.6. Engage with the External Auditors to share information regarding areas of risk and concerns. This will include the provision of GIA reports.

#### **4. Professional Standards**

- 4.1. GIA will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements.
- 4.2. GIA will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit 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.
- 4.3. Annually, the Head of GIA will communicate with the board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments)
- 4.4. At the direction of the Audit Committee, but no less than every five years, GIA will have an external quality assessment review against the relevant professional standards, the results reported to the Audit Committee and other relevant Board or Board Committees and senior management.
- 4.5. GIA will adhere to Rio Tinto's values, code of conduct and relevant policies, standards and procedures, unless such requirements conflict with this Charter.

#### **5. Access to Information**

- 5.1. To fulfil its role, GIA is authorized by the Audit Committee to have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out its responsibilities.