

Internal Audit Charter for Persimmon plc

Purpose

The purpose of the Group Risk & Internal Audit department is to strengthen the ability of Persimmon (the Group) to create, protect, and sustain value by providing the Board and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Group Risk & Internal Audit department supports the Group in its:

- 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

The Group Risk & Internal Audit department is most effective when:

- Its activities are performed by competent professionals in conformance with The Institute of Internal Audit (IIA)'s Global Internal Audit Standards (the Standards) which are set in the public interest.
- The department 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 Internal Audit Standards

The Group Risk & Internal Audit department will adhere to the mandatory elements of the IIA's International Professional Practices Framework, which comprise the Standards and the supporting Topical Requirements. As Chief Audit Executive, the Director of Internal Audit will report at least annually to the Board regarding the Group Risk & Internal Audit department's conformance with the Standards, which will be assessed through a Quality Assurance and Improvement Programme (QAIP).

Mandate

Authority

The Board grants the Group Risk & Internal Audit department the mandate to provide the Board and senior management with objective assurance, advice, insight, and foresight. The Group Risk & Internal Audit department's authority is created by its direct reporting relationship to the Board via the Audit & Risk Committee. Such authority allows for unrestricted access to all Board members.

The Board authorises the Group Risk & Internal Audit department to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate appropriate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish its objectives.

- Obtain assistance from Group employees and other specialised services from within or outside the Group to complete internal audit services.

Independence, organisational position, and reporting relationships

The Director of Internal Audit will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the Group Risk & Internal Audit department. The Director of Internal Audit will report functionally to the Board through the Chair of the Audit & Risk Committee, and administratively (for example, day-to-day operations) to the Group Chief Financial Officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Board, when necessary, without interference and supports the ability to maintain objectivity.

The Director of Internal Audit will confirm to the Board, at least annually, the organisational independence of the Group Risk & Internal Audit department. If the governance structure does not support organisational independence, the Director of Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Director of Internal Audit will disclose to the Board any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the Group Risk & Internal Audit department's effectiveness and ability to fulfil its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Director of Internal Audit, Board, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the Director of Internal Audit's role, the Board, 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 internal audit services.

Board oversight

In line with its terms of reference, the Audit & Risk Committee will provide oversight of the Group Risk & Internal Audit department on behalf of the Board. In addition to those specific responsibilities, the Audit & Risk Committee will:

- Review and approve the Group Risk & Internal Audit department's annual plan, its findings and recommendations, and the adequacy of management's implementation of resulting action plans.
- Approve the Group Risk & Internal Audit department's headcount and budgets.
- Approve the Group Risk & Internal Audit department's expenses and other resource commitments, including appropriate access to co-source or other expertise to support its activities.

- Collaborate with senior management to determine the qualifications and competencies the organisation expects in a Director of Internal Audit, as described in the Standards.
- Approve decisions related to the appointment, removal and remuneration of the Director of Internal Audit.

Director of Internal Audit roles and responsibilities

Ethics and professionalism

The Director of Internal Audit will ensure that internal auditors:

- Conform with the 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 behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Director of Internal Audit will ensure that the Group Risk & Internal Audit department 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 Director of Internal Audit 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 the Group, with the exception of the following known responsibilities for the department¹:
 - Delivery of the Group's Risk Strategy (managed separately by the Group Risk Manager) including maintenance of the Group's risk management framework documents, risk registers for core functions, and Business Continuity Plans.
 - Supporting management in the identification, documentation and assessment of material controls as required to underpin the Board's Provision 29 declaration
 - Monitoring of the Group's whistleblowing provision
 - Provision of Principal Risk Reports to each meeting of the Management Risk

¹ As a safeguard for those additional non-internal audit services provided by the Group Risk & Internal Audit department, any assurance activities on these services will be delivered by an appropriately independent party.



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- Committee and Audit & Risk Committee
- The Director of Internal Audit acting as Deputy Money Laundering Reporting Officer
- The Director of Internal Audit supporting, in a non-executive capacity, various business Group-level steering groups and committees such as the Management Risk Committee and Disclosure Committee
- Initiating or approving transactions other than those of the Group Risk & Internal Audit department.
- Directing the activities of any Group employee that is not part of the Group Risk & Internal Audit department, except to the extent that such employees have been appropriately assigned to internal audit 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 Director of Internal Audit, Board, 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 Group Risk & Internal Audit department

The Director of Internal Audit has the responsibility to:

- At least annually, submit a risk-based internal audit plan to the Board and senior management for review and approval.
- Communicate the impact of any resource limitations on the internal audit plan to the Board.
- Review and adjust the internal audit plan, as necessary and in collaboration with the Audit & Risk Committee, in response to changes in the Group's business, risks, operations, programmes, systems, and controls.
- Communicate with the Board and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Board and senior management for each engagement as appropriate.
- Ensure the Group Risk & Internal Audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Standards and fulfil the internal audit mandate. This includes resourcing via third party specialists where appropriate.
- Identify and consider trends and emerging issues that could impact the Group and communicate to the Board and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and adhere to methodologies designed to guide the Group Risk & Internal Audit department.

- Ensure adherence to the Group’s relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Standards. Any such conflicts will be resolved or documented and communicated to the Board and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Director of Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Board.

Communication with the Board and Senior Management

The Director of Internal Audit will report periodically to the Board, via the Audit & Risk Committee, and senior management regarding the following:

Communication requirement	Frequency
The Group Risk & Internal Audit department’s mandate	Annually (Charter review)
The Group Risk & Internal Audit department’s ongoing independence	Annually (private meeting)
Internal audit budget and resource requirements	Routinely at A&R Committee
Significant revisions to the internal audit plan and budget	Routinely at A&R Committee
Results of assurance and advisory services	Routinely at A&R Committee
Potential impairments to independence	As required
Results of the QAIP (see below), including conformance with the IIA Standards and any action plans to address deficiencies.	Routinely at A&R Committee
Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Board	As required (to Exec Committee or A&R Committee)
Management’s responses to risk that the department determines may be unacceptable or acceptance of a risk beyond Group’s risk appetite	As required (to Exec Committee or A&R Committee)

Quality Assurance and Improvement Programme (QAIP)

The Director of Internal Audit will develop, implement, and maintain a QAIP that covers all aspects of the Group Risk & Internal Audit department. The programme will include external and internal assessments of the Group Risk & Internal Audit department’s conformance with the Standards, as well as performance measurement to assess the Group Risk & Internal Audit department’s progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, where applicable, the assessment will include plans to address the Group Risk & Internal Audit department’s deficiencies and opportunities for improvement.

Annually, the Director of Internal Audit will communicate with the Board and senior management about the Group Risk & Internal Audit department’s QAIP, including the results of any internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Persimmon; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and types of Internal Audit services

The scope of internal audit services covers the entire breadth of the Group. The scope of internal audit activities also encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to the Board and management on the adequacy and effectiveness of governance, risk management, and control processes for Persimmon.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the Group Risk & Internal Audit department 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. Where advisory engagements are undertaken, the Director of Internal Audit will review and approve all engagement objectives, scope, roles and deliverables, and confirm to the Audit & Risk Committee whether the engagement involves the assuming of management responsibility for any process.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Persimmon's strategic objectives are appropriately identified and managed.
- The actions of Persimmon's workforce comply with the Group's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Persimmon.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approved on 29th April 2026 by:

Roger Devlin, Chairman
Paula Bell, Audit & Risk Committee Chair
Dean Finch, Group Chief Executive Officer
Jeremy Lawson, Director of Internal Audit