



CROWN PAINTS KENYA PLC

INTERNAL AUDIT CHARTER¹

Responsible Organizational Unit	Audit and Risk Department
Delegate	Group Audit & Risk Manager
Approved By	Risk and Audit Committee
Version No.	V3
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Related Policies/Procedures	Internal Audit Manual Risk Management Manual

¹ The Institute of Internal Auditor's Model Internal Audit Activity Charter has been used to produce and review this document.

² To be reviewed every two-years from the date of the last review.

CROWN PAINTS KENYA PLC

INTERNAL AUDIT CHARTER

1.0 INTRODUCTION

This Charter provides a framework for the conduct of Crown Paints Kenya Plc's Internal Audit Department and its activities and has been approved by the Board. This Charter primarily aims to define and establish:

- The role of Crown Paints Kenya Plc's Internal Audit Department.
- The objectives and scope of the Internal Audit Department.
- The Internal Audit Department's position within Crown Paints Kenya Plc, access to various records, subsidiaries, departments, and activities, its responsibility, and accountability.

2.0 PURPOSE, MISSION & ROLE OF THE INTERNAL AUDIT DEPARTMENT

The purpose of Crown Paints Kenya Plc Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve Crown Paints Kenya Plc's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Department helps Crown Paints Kenya Plc accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The role of the Internal Audit Department is to assist the management of Crown Paints Kenya Plc in working towards its vision and mission, largely, but not exclusively, by providing independent assurance to the Board and Management on the adequacy, efficiency and effectiveness of internal control, risk management and providing independent and objective advice on operations and performance, employing risk-based auditing methods.

All work performed by internal audit will take into consideration Crown Paints Kenya Plc's vision, values and mission. The Board and Management may request that internal audit provides independent assurance over financial systems and controls, as well as other operational and management controls that facilitate the fulfillment of organizational and donor objectives.

3.0 PROFESSIONAL STANDARDS AND CODE OF ETHICS

The professional and ethical practices of the Internal Audit Department are driven by the guidance and standards of the Institute of Internal Auditors (IIA). In addition, Internal Audit Department will adhere to Crown Paints Kenya Plc's policies and procedures to the extent that they are congruent with the IIA standards and do not conflict with Internal Audit Department's independence. Specifically, Internal Audit Department staffs govern themselves and the department by adherence to the mandatory elements of The IIA's International Professional Practices Framework, including the Core principles for the Professional Practice of Internal Auditing, the Code of Ethics, which is an addendum to this Charter, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing.

The chief audit executive will report periodically to senior management and the audit committee regarding the internal audit department's conformance to the Code of Ethics and the Standards.

Documents and information given to Internal Audit Department in the course of work will be handled in the same prudent and confidential manner as is required of those employees normally accountable for them. Confidential information will only be disclosed under supervision, where there is a legal or professional requirement to do so. Likewise, Internal Audit Department assessment reports may only be shared with external parties with prior senior management approval.

4.0 AUTHORITY

The Chief Audit Executive, in this case the Group Audit & Risk Manager will report functionally, directly, and without restriction, to the Risk & Audit Committee (RAC) and administratively to the Group Chief Executive Officer (GGCEO). The Internal Audit Department's remit includes Crown Paints Kenya Plc and its Subsidiaries "The Group".

To establish, maintain, and assure that Crown Paints Plc's Internal Audit Department has sufficient authority to fulfill its duties, the Risk and Audit Committee will:

- Approve the internal audit activity's charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit department's budget and resource plan.
- Receive communications from the chief audit executive on the internal audit department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the chief audit executive.
- Approve the remuneration of the chief audit executive.
- Make appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.

The chief audit executive will have unrestricted access to, and communicate and interact directly with, the Risk and Audit committee, including in private meetings without management present.

The audit committee authorizes the internal audit department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of Crown Paints Plc, as well as other specialized services from within or outside Crown Paints Plc, in order to complete any work required of it.

All activities shall be carried out in strict confidence and internal audit staff shall be responsible for the safeguards of records and information, whilst in their custody.

5.0 INDEPENDENCE AND OBJECTIVITY

The chief audit executive will ensure that the 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 audit selection, scope, procedures, frequency, timing, and report content. If work is performed by internal audit that may potentially impair objectivity, the scope and restrictions of such work will be defined by written agreement with the GCEO and Risk & Audit Committee (RAC).

To avoid conflict of interest, the internal audit staff will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activities that may impair their judgment, including.

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for Crown Paints Plc or its affiliates.
- Initiating or approving transactions outside the internal audit activity, or
- Directing the activities of non-audit employees, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

The Internal Audit Department may, however, facilitate implementation of recommendations.

Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact, or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined activity or processes of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others forming judgments.

The Chief Audit Executive will hold a non-executive session with members of the Risk & Audit Committee (RAC), if necessary, on-need or at each of its meetings, to provide the opportunity for full and frank discussions.

The Chief Audit Executive will confirm to the Risk & Audit Committee (RAC), at least annually, the organizational independence of internal audit activity.

6.0 KEY RESPONSIBILITIES

The responsibilities set out below serve as a minimum. Internal Audit may take other actions that are reasonably related to its purpose or assigned to Internal Audit by the RAC/GCEO.

6.1 Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence to provide independent assessments to the audit committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Crown Paints Plc. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of Crown Paints Plc's strategic objectives are appropriately identified and managed.
- The actions of Crown Paints Plc's officers, directors, employees, and contractors comply with Crown Paints Plc's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Crown Paints Plc.
- Information and the means used to identify, measure, analyze, classify, and report such information is reliable and has integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The chief audit executive will report periodically to senior management and the risk and audit committee regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance are relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance 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.
- Resource requirements.
- Any response to risk by management that may be unacceptable to Crown Paints Plc.

The chief audit executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit department may perform advisory and related client service activities, the nature and scope of which will be agreed upon with the client, provided the internal audit department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

The chief audit executive has the responsibility to:

- Submit, at least annually, to senior management and the Risk and Audit committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the audit committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in Crown Paints Plc's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the audit committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including establishing objectives and scope, assigning appropriate and adequately supervised resources, documenting work programs and testing results, and communicating engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the audit committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.

- Ensure trends and emerging issues that could impact Crown Paints Plc are considered and communicated to senior management and the audit committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered. Establish and ensure adherence to policies and procedures designed to guide internal audit activity.
- Ensure adherence to Crown Paints Plc's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the audit committee.
- Ensure conformance of the internal audit department with the Standards, and the following qualifications:
 - If the internal audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies, the chief audit executive will ensure that the internal audit department conforms with the Standards, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.
- At the request of management, oversight specified operational areas of the business assisting in ensuring completeness of checks and controls. The overall responsibility for such checks and controls, their completeness, veracity etc remain the responsibility of management.

6.2 Fraud and Fraud Risk

It is management's responsibility to design internal controls to prevent, detect, and mitigate fraud. Internal auditors aim to support management's efforts to establish a culture that embraces ethics, honesty, and integrity and to assist management with the evaluation of internal controls used to detect or mitigate fraud, evaluate the organization's assessment of fraud risk, and are involved in any fraud investigations. Under this authority, Internal Audit may be responsible for:

- Monitoring reported frauds and ensuring timely and relevant management follow-up.
- Performing preliminary reviews into suspected frauds to determine validity of allegations
- Performing detailed reviews into suspected fraud reported.
- Providing training and guidance to local management on recommended anti-fraud controls

6.3 Reporting

For internal audit assessments, written report will be prepared following the conclusion of each assignment and distributed to staff as appropriate. Reports will be easy to navigate and should include an Executive Summary, individual recommendations and an implementation program from management of audited area.

The internal audit report should include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Key matters will also be separately highlighted to senior management. For other assignments, a report will be made to management in a format considered appropriate.

- Risk assessment plan and the internal audit assessment plan for the year
- Internal Audit staffing and resource plan for the year
- Summary of key findings trends and status of corrective actions by management on reported incidents from internal audit assessments, external audits and suspected fraud investigations.
- Status of current year audit assessments
- A summary of trends in significant risk exposures and control issues, including fraud risks
- By exception, any issues not being handled appropriately by management.
- Other matters needed or requested by the Board.

7.0 QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.


The Chief Audit Executive will ensure that internal auditors maintain an adequate and appropriate training and professional development and periodically will report on the quality assurance and improvement program, highlighting personnel development and training.

The Chief Audit Executive will communicate to Senior Management and the Risk & Audit Committee (RAC) on the Internal Audit Department's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside Crown Paints Kenya Plc.

8.0 PERIODIC REVIEW OF CHARTER

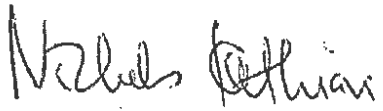
The Internal Audit Charter will be assessed once every two years (*or on-need-basis*) by the Chief Audit Executive who will present to the Risk & Audit Committee (RAC) their findings regarding compliance with the Charter and any updates that need to be made. The contents of this Charter should only be changed with the Risk & Audit Committee (RAC)'s approval, and such changes should reflect generally accepted practice, as advised by the Institute of Internal Auditors.

Approval/Signatures



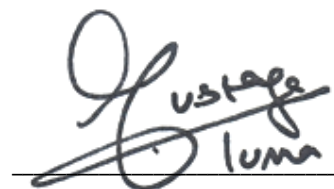
Chief Audit Executive

20/05/2026
Date



Chair - Risk & Audit Committee

20/5/26
Date



Group Chief Executive Officer

22/5/26
Date

THE INSTITUTE OF INTERNAL AUDITORS

CODE OF ETHICS

Principles

Internal auditors are expected to apply and uphold the following principles:

1. Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

2. Objectivity

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments

3. Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

4. Competency

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

Rules of Conduct

1. Integrity

Internal auditors:

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. Objectivity

Internal auditors:

- 2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Internal auditors:

- 3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

Internal auditors:

- 4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2. Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing*.
- 4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.