

**DiamondRock Hospitality Company**  
**Corporate Internal Audit**  
**(Last Approved – April 28, 2025)**

**CHARTER**

**Internal Audit Vision/Mission:**

Internal Audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of DiamondRock Hospitality (including hotel assets managed by others), and its subsidiaries (collectively, the “Company”). The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes. Internal Audit also supports the Company’s long-term success by safeguarding value, promoting ethical governance, and serving the public interest in the execution of its responsibilities.

**Role:**

The Internal Audit Department is established by the Board of Directors/Audit Committee, and its responsibilities are defined by the Audit Committee of the Board of Directors as part of their oversight function.

**Professional Standards:**

The Internal Audit Department shall govern themselves in conformance to The Institute of Internal Auditors’ (IIA) Global Internal Audit Standards. This guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance. The Institute of Internal Auditors' Global Guidance, including Practice Guides and Global Technology Audit Guides, will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the Company’s policies and procedures and Internal Auditing's Standard Operating Procedures Methodology. The Standard Operating Procedures Methodology shall reflect the 15 principles of Global Internal Audit Standards and support strategic alignment between Internal Audit services and organizational objectives.

**Authority:**

Authority is granted for full, free, and unrestricted access to any and all of the Company’s records, physical properties, and personnel relevant to any function under review. All employees are requested to assist Internal Audit in fulfilling their staff function. Internal Audit shall also have free and unrestricted access to the Board of Directors.

Documents and information given to Internal Audit will be handled in the same prudent and confidential

manner as those employees normally accountable for them.

**Organization and Internal Audit Reporting Relationship:**

The Chief Audit Executive shall report administratively to the Company's Chief Financial Officer and functionally to the Audit Committee of the Board of Directors.

The Audit Committee's functional oversight includes the following:

- Annual review and approval of the Internal Audit charter and the strategic scope of the Internal Audit department, including material changes thereto.
- Review of the Internal Audit's risk assessment and approval of its overall audit plan including any adjustments to the audit plan, as necessary, in response to changes in the Company's business, risks, operations, programs, systems, and controls.
- Receipt and review of Internal Audit communications, including private sessions with representatives of the Internal Audit Department, as requested by either the Audit Committee or the Chief Audit Executive, regarding audit activities, reviews and initiatives.
- Approval of all decisions regarding the compensation, appointment or removal of the Chief Audit Executive.
- Approval of all material changes in staffing sources of the Internal Audit department, such as to third parties.
- Periodic inquiry of management and the Chief Audit Executive regarding the adequacy of resources or limitations that could impede the Internal Audit department's ability to execute its internal control review responsibilities.
- Support and maintain the essential conditions, as defined by the IIA, that enable Internal Audit's effectiveness—such as open access to management, the board, and timely information exchange.

The Chief Financial Officer's administrative responsibilities include the following:

- Input into and support of the development and execution of the Audit Committee approved strategic direction, risk assessment and audit plan of the Internal Audit department.
- Budgeting and staffing of the Internal Audit department, as well as changes in Internal Audit resources other than the Chief Audit Executive.
- Personnel evaluations and compensation of Company employees who are Internal Audit personnel.
- Recommendations to the Audit Committee regarding staffing of the Chief Audit Executive position, insourcing and outsourcing approaches to the Internal Audit department, and negotiation and management of a contract related to any outsourced Internal Audit resources.
- Internal communications and administrative Internal Audit policies and procedures.

**Independence and Objectivity:**

All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. The rendering of reports should be no less than annually and on a functional basis. The Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit activity.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems, procedures or controls, prepare

records, or engage in any other activity which would normally be audited or that may impair their judgment. The internal audit function may provide assurance services where it had previously performed consulting services, provided the nature of consulting did not impair objectivity and individual objectivity is managed when resources are assigned.

Any interference in determining the scope of internal auditing, performance of work, and communication of results shall be disclosed to the Board by the Chief Audit Executive along with a discussion of implications of such interference. Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards are in place in order to limit impairments to independence or objectivity. If the Chief Audit Executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

### **Scope of Internal Audit Activities:**

The scope of Internal Audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives while fully complying with applicable professional standards. It includes:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information, including the related information technology security and controls.
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the organization is in compliance at a reasonable cost.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Reviewing and appraising the economy and efficiency with which resources are employed, including third parties, employees, and actions and arrangements between third parties, including contractors.
- Reviewing operations or programs to ascertain whether results are consistent with established strategic objectives and goals and whether the operations or programs are being carried out as planned.
- Reviewing specific operations at the request of the Audit Committee or management, as appropriate.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the Company, including identifying opportunities for enhancing performance and controls, such as leveraging analytics technology to improve process efficiency and effectiveness.
- Monitoring and evaluating the effectiveness of the organization's risk management system.
- The degree of coordination between external and internal audit functions.
- Reviewing the internal control statement by senior management and the related opinion by the attest auditor for audit planning purposes.
- Monitoring the ethical culture of the Company, including the tone set by senior management as well as the competitive arena and the culture of the business.
- Providing support for management's required attestations on the adequacy of internal controls over financial reporting.

- Keeping the Audit Committee informed of emerging trends and successful practices in internal audit.
- Leveraging data analytics, automation, and other emerging technologies to enhance audit effectiveness, efficiency, and insights.

**Audit Planning:**

Annually, the Chief Audit Executive shall submit to senior management and the Audit Committee a summary of the audit work schedule, staffing plan, and budget for the following fiscal year. The audit work schedule is to be developed based on a prioritization of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to senior management and the Audit Committee through periodic activity reports.

**Fieldwork Expectations:**

The fieldwork phase of an internal audit engagement is essential to achieving audit objectives. It involves the systematic collection, analysis, and evaluation of information to support findings, conclusions, and recommendations. This phase is executed with a focus on quality, objectivity, and responsiveness to risk. Activities typically performed during fieldwork include:

- Gathering relevant, reliable, and sufficient information to support engagement findings, using techniques such as interviews, walk-throughs, observations, document reviews, and data analysis.
- Conducting analysis to determine whether there are gaps between expected (criteria-based) and actual conditions and evaluating whether such differences represent reportable findings.
- Engaging with management to determine the root cause of identified issues and to assess the impact and likelihood of associated risks.
- Prioritizing identified findings based on their significance, in alignment with risk tolerance and the organization’s strategic and operational objectives.
- Developing recommendations and/or working with management to define corrective action plans that are reasonable, feasible, and appropriately mitigate risk.
- Ensuring all work performed is thoroughly documented, reviewed, and retained in accordance with internal audit policies and applicable regulatory requirements.
- Making timely adjustments to the engagement scope or procedures based on emerging issues or new risk information identified during fieldwork.
- Applying professional skepticism, critical thinking, and ethical conduct throughout all fieldwork activities in accordance with the Institute of Internal Auditors’ Standards and Code of Ethics.

**Reporting:**

A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each audit and will be distributed as appropriate. A summarization of each audit report will be forwarded to the Chief Financial Officer and the Chairman of the Audit Committee.

The Chief Audit Executive or designee may include in the audit report the auditee'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 recommendations not addressed. In cases where a response is not included within the audit report, management of the audited area should respond, in writing, within thirty days of publication to Internal Audit and those on the distribution list.

Internal Audit shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until cleared by the Chief Audit Executive or the Audit Committee.

**Company Management Responsibilities:**

Company management responsibilities include the following:

- Providing the Internal Audit department with full support and cooperation at all levels of operations.
- Providing the Internal Audit department with complete access to all records, property and personnel related to the performance of its duties and responsibilities.
- Providing a written response to all Internal Audit reports submitted.

**Quality Assurance and Periodic Assessments:**

The Internal Audit function will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The Chief Audit Executive should periodically perform a self-assessment of the Internal Audit function to determine whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives as well as to assess conformance with the Code of Ethics and the *Standards*. The results of this periodic assessment should be communicated to senior management and the Audit Committee of the Board of Directors. The following elements of the assessments should be disclosed to senior management and the Board: scope and frequency of the internal and any external assessments, the qualifications and independence of the assessor(s) including potential conflicts of interest, conclusions of the assessors, and corrective action plans. Engagement documentation will be maintained to demonstrate conformance with the Global Internal Audit Standards and support the internal audit conclusions.