

1. Purpose

The role of the Committee is:

- 1.1. to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained therein;
- 1.2. to regularly review, understand and evaluate the Company's internal financial, risk, and other internal controls and their associated systems, and the need for internal audit;
- 1.3. to approve the appointment or removal of the Internal Audit Manager;
- 1.4. to review and approve the role and mandate of the internal audit, monitor the effectiveness of its work and to regularly review and approve the internal audit charter;
- 1.4. to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in general meeting;
- 1.5. to monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant UK professional and regulatory requirements;
- 1.6. to approve the policy on the engagement of the external auditor to supply non-audit services; and
- 1.7. to review how the Company's prospects have been assessed, over what period (and whether that period is regarded as appropriate) and the Board's assessment of whether the Company will be able to continue in operation meeting its liabilities as they fall due over the said period.

2. Membership

- 2.1. The Committee shall be appointed by the Board. All members of the Committee shall be non-executive directors of the Company. The Committee shall consist of not less than three members. A quorum shall be two members.
- 2.2. The Chairman of the Committee shall be appointed by the Board from amongst the non-executive directors.

3. Attendance at meetings

- 3.1. The Chief Executive, the Group Finance Director and other Board members shall attend if invited by the Committee.
- 3.2. Each of the external auditors and the Internal Audit Manager shall have the right to meet with the Committee without executive directors present. A separate part of each meeting will be set aside for discussions with the external auditors and/or Internal Audit Manager

as required.

- 3.3. The Company Secretary or their designee shall be secretary of the Committee.
- 3.4. The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 3.5. Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conferences.

4. Frequency of meetings

- 4.1. Meetings shall be held at least three times a year, and where appropriate should coincide with key dates in the Company's financial reporting cycle.
- 4.2. Notice of each meeting confirming the venue, time and date together with the agenda of items to be discussed shall be forwarded to each member of the Committee in a timely manner and no later than three working days before such meeting to enable full and proper consideration to be given to issues.
- 4.3. External auditors or internal auditors may request a meeting of the Committee if they consider that one is necessary.

5. Responsibilities

- 5.1 In delivering its purpose and fulfilling its role the responsibilities of the Committee shall:

Financial Reporting

- review, and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
 - critical accounting policies and practices, and any changes in them;
 - whether the Company has made appropriate estimates and judgements, taking into account the external auditor's views and the methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible;
 - decisions requiring a major element of judgement;
 - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - the clarity and completeness of disclosures and any changes to those disclosures, taking into account the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response and what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate;
 - significant adjustments resulting from the audit;
 - the going concern assumption and the Board's viability statement;
 - compliance with accounting standards;

- compliance with stock exchange and other similar legal requirements;
- reviewing the Company's strategic report and the corporate governance statement prior to endorsement by the Board; and

External Audit

- consider the appointment of the external auditor and any questions of resignation or dismissal and assess the independence and objectivity of the external auditor;
- ensure that key partners of the external auditor are rotated at appropriate intervals and that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms;
- recommend the audit fee to the Board and pre-approve any fees in respect of non audit services provided by the external auditor if required under the non-audit services policy and to monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner;
- ensure that the provision of non audit services does not impair the external auditors' independence or objectivity, to monitor whether the external auditors' skills and experience make it the most suitable supplier of the non audit services and to keep under review the non-audit fees paid to the external auditors both in relation to their significance to the auditors and in relation to the Group's total expenditure on consultancy;
- discuss with the external auditor, before the audit commences, the nature and scope of the audit and to meet regularly with the external auditor (and at least once a year without the executive directors or management being present) to review and discuss the auditor's remit and the findings of the audit including (but not limited to) any major resolved or unresolved issues, material weaknesses in accounting and internal control systems, how risks to audit quality were addressed, key accounting and audit judgements, the auditor's view of their interactions with senior management and levels of errors identified during the audit and levels of errors identified during the audit;
- at the end of the audit, assess the effectiveness of the audit process, to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate;

- review the external auditor's management letter and management's response;
- consider management's response to any major audit recommendations;

Internal Controls and Risk Management Systems

- keep under review the Company's internal financial controls and any other internal control and risk management systems; and
- review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement; and
- consider other topics, as defined by the Board.

Internal Audit

- consider the appointment, resignation or dismissal of the Internal Audit Manager and to assess the independence and objectivity of the internal audit function;
- ensure that the Internal Audit Manager has direct access to the Board Chairman and to the Committee Chairman, providing independence from the executive and accountability to the Committee;
- ensure that the Internal Audit Manager has unrestricted scope and the necessary resources and access to information to enable it to effectively fulfil its mandate in accordance with appropriate professional standards for internal auditors;
- regularly review and approve the internal audit work charter and mandate from time to time to ensure that they are appropriate for the Company, aligned to the key risks of its business and coordinated with the work of the external auditor;
- monitor the work carried out under internal audit including meeting with the Internal Audit Manager without the presence of management at least once a year;
- receive regular updates on the internal auditor's work and to review the actions taken by management to implement the recommendations of the internal auditor and to support the effective performance of the internal audit function;
- carry out an annual assessment of the work done by and the effectiveness of the internal audit function and to determine whether it is satisfied that the quality and expertise of the internal audit function is appropriate for the Company;
- monitor and assess the effectiveness of the internal audit function in the context of the Company's risk management systems;

Compliance, whistleblowing and fraud

- be satisfied that the Group's policies on business ethics, compliance and the

prevention of bribery and modern slavery are being followed and that the control procedures are satisfactory;

- review the adequacy and security of the Company's procedures for handling allegations from whistleblowers;
- consider the findings of any major internal investigations into control weaknesses, fraud or misconduct and management's response, (in the absence of management where necessary);

5.2 Where requested by the board, the Committee shall review the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the board's statement in the annual report on these matters that is required under the Code Provision C.1.1 of the UK Corporate Governance Code.

6. Authority

The Committee is authorised by the Board to:

- 6.1. investigate any activity within its terms of reference;
- 6.2. seek any information that it requires from any employee of the Company and all employees are directed to cooperate with any request made by the Committee;
- 6.3. direct auditors to undertake investigations on its behalf and to follow up on any suspicions of fraud; and
- 6.4. obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.
- 6.5. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, report its views to the board.

7. Reporting procedures

- 7.1. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board, the external auditors and such other attendees of the meetings as the Chairman of the Committee shall direct or as the Secretary shall think fit and the Chairman of the Committee or, as a minimum, another member of the Committee, shall attend the Board meeting at which the accounts are approved.
- 7.2. The Committee shall report to the Board on the following matters for which it has delegated responsibility:
 - the monitoring and review of the application of policy relating to the audit of all companies within the Group;
 - the monitoring and review of the consistency of compliance with and application of the accounting principles, policies and standards to be used by the Group in

- maintaining and producing their statutory accounts and financial reports;
 - the appointment of the external auditors, the audit fee, and any questions of their resignation or dismissal;
 - the review of the effectiveness of the internal control and risk management systems to give assurance to the Board that effective control is being maintained; and
 - the review of the Company's corporate governance statement.
- 7.3. The Chairman shall attend the AGM and shall answer questions, through the Chairman of the Board, on the Audit Committee's activities and their responsibilities.
- 7.4. The Committee shall prepare a formal report to shareholders on its activities to be included in the Company's annual report, which shall include:
- details of the membership of the Committee, number of meetings held and attendance over the course of the year;
 - a summary of the role and work of the Committee;
 - how the Committee's performance evaluation has been conducted;
 - the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor, the nature and extent of any interaction with the FRC's Corporate Reporting Review team and any significant findings of an FRC's Audit Quality Review team's review of the Company's audit;
 - an explanation of its assessment of the effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditors provide non-audit services to the Company, auditor objectivity and independence is safeguarded) and its approach taken to the appointment or reappointment of the external auditor, length of incumbent auditor's tenure, when a tender was last conducted, advance notice of any retendering plans (and reasons why completing the process in that proposed financial year is in the best interests of the Company's members) and any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services;
 - the Committee's policy for approval of non-audit services, how auditor objectivity and independence is safeguarded, the audit fees for the statutory audit for audit related services and other non-audit services, including the ratio of audit to non-audit work, and for each significant engagement, or category of engagements, what the services are and why the Committee concluded that it was in the Company's interests to purchase them from the external auditor;
 - all other information requirements set out in the UK Corporate Governance Code.

8. Other matters

The Committee shall:

- 8.1. have access to sufficient resources to carry out its duties, including access to the company secretary as required;
- 8.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;

- 8.3 arrange for periodic reviews of its own performance and, at least annually review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

Reviewed and approved June 2019