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## Audit Committee

### Constitution and Terms of Reference

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#### 1. Purpose

The general purpose of the committee is to:

- a) Appoint, oversee, and replace if necessary, the independent auditor.
- b) Provide oversight on behalf of and to the Board in relation to the Group's Financial Reporting, Internal Controls and External Audit activities.
- c) Ensure the integrity of the financial statements of the Company.

#### 2. Responsibilities

The Committee is a Committee of the Board from which it derives its authority and to which it regularly reports. The Committee shall undertake its responsibilities for the Group as a whole and where relevant for the individual entities forming part of the Group.

##### **Financial Reporting**

The Committee shall:

- monitor the integrity of the financial statements of the Company including its annual and half yearly reports and any other announcements relating to its financial performance
- review and report to the board on significant financial reporting issues and judgements contained in the reports and announcements having regard to matters communicated to it by the auditor
- review and challenge the methods used to account for significant transactions
- report to the board where it is not satisfied with any aspect of the proposed financial reporting by the Company
- review and challenge significant accounting policies and changes to them

##### **Internal Controls**

The Committee shall:

- keep under review the company's internal financial control systems
- review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement

## **External Audit**

The Committee shall:

- consider and make recommendations to the board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the company's external auditor
- conduct the selection procedure for the appointment of the external auditor following the tender process
- if the external auditor resigns, investigate the issues leading to this and decide whether any action is necessary
- oversee the relationship and terms of engagement with the external auditor including fees for audit and non-audit services
- monitor the auditor's processes for maintaining independence, its compliance with relevant legislation and standards, including the rotation of the audit partner
- review the findings of the audit with the external auditor including a discussion on the major issues which arose during the audit, key accounting judgements and the auditors view of their interactions with senior management.

### **3. Membership**

- a) The Committee shall comprise of at least three members. Members of the Committee shall be appointed by the Board.
- b) All members of the Committee shall be independent non-executive directors at least one of whom shall have relevant and recent experience.
- c) Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting as and when appropriate.
- d) Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.

### **4. Secretary**

- a) The Company Secretary, or in their absence a nominee shall act as the Secretary of the Committee and attend all meetings. The Company Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to all matters considered by the Committee.

### **5. Quorum**

- a) The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **6. Frequency of Meetings**

- a) The Committee shall meet at least two times a year at appropriate intervals in the financial reporting and audit cycle and otherwise at such time as the Chair shall require.

## **7. Notice of Meetings**

- a) Meetings of the Committee shall be convened by the secretary of the Committee at the request of its members, or by the Committee Chair directly.
- b) Unless otherwise agreed by the Committee, notice of each meeting confirming the time and date, together with a physical venue or conference call, shall be forwarded to each member of the Committee no later than three working days before the date of the meeting or otherwise as agreed by the members of the Committee.
- c) Notices, agendas and supporting papers may be sent in electronic form.

## **8. Minutes of Meetings**

- a) The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- b) Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and once approved, to all members of the Board, unless a conflict of interest exists.

## **9. Annual General Meeting and Annual Report**

- a) The Chair of the Committee shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities.
- b) The existence and membership of the Committee will be disclosed in each annual report and accounts of the Company. If the Committee and Board consider this appropriate, such disclosure will be accompanied by a summary of the Committee's activities during the relevant reporting year.

## **10. Reporting Responsibilities**

The Committee Chair shall

- a) Report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall make whatever recommendations to the Board it deems appropriate on any area within its remit.
- b) Compile a report on its activities to be included in the annual report.
- c) Be responsible to the Board for its work without prejudice to the Board's responsibility for such work or the duties and authority of the Committee.

- d) Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

## **11. Authority**

The Committee shall be authorised to:

- a) Seek any information it requires from any employee of the Company in order to perform its duties
- b) Obtain, at the company's expense, independent, legal, accounting, or other professional advice on any matter it believes necessary to do so
- c) Call any employee to be questioned at a meeting of the Committee as and when required
- d) Have the right to publish in the Annual Report, details of any issue that cannot be resolved between the Committee and the board.

## **12. Other Matters**

The Committee shall:

- a) have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required.
- b) be provided with appropriate and timely training on an ongoing basis for all members. The induction programme for new members shall cover the role of the Committee, including its terms of reference and expected time commitment by members, an overview of the business, identifying the main business and financial dynamics and risks, and meeting staff, as appropriate.
- c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Rules, Prospectus and Disclosure Guidance and Transparency Rules as appropriate.
- d) Oversee any investigation of activities which are within its terms of reference
- e) at least once a year, review its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval. The Board shall review the Committee's effectiveness annually.
- f) work and liaise as necessary with all other board committees.