

TI FLUID SYSTEMS PLC

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

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1. DEFINITIONS AND INTERPRETATION

1.1 In these terms of reference, unless the context otherwise requires:

“**AGM**” means the annual general meeting of the shareholders of the Company;

“**Board**” means the board of directors of the Company;

“**Chair**” means the chair of the Board;

“**Chief Executive Officer**” means the chief executive officer of the Company, from time to time;

“**Chief Financial Officer**” means the chief financial officer of the Company, from time to time;

“**Chief Information Technology Officer**” means the chief information technology officer of the Group, from time to time;

“**Chief Legal Officer**” means the chief legal officer of the Group, from time to time;

“**Committee**” means the audit and risk committee of the Company;

“**Committee Chair**” means the chair of the Committee;

“**Company**” means TI Fluid Systems plc;

“**Controller**” means the global controller of the Group, from time to time;

“**CSR**” means corporate and social responsibility;

“**DTRs**” means the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority;

“**ESG**” means environment, social and governance, including sustainability and CSR matters;

“**ESG Committee**” means the ESG committee of the Company;

“**Ethical Standards**” means the FRC Revised Ethical Standard December 2019;

“**Group**” means the Company and its subsidiaries;

“**Listing Rules**” means the listing rules of the UK Financial Conduct Authority;

“**Minimum Standard**” means FRC Audit Committees and the External Audit: Minimum Standard;

“**Nomination Committee**” means the nomination committee of the Company;

“**Prospectus Regulation Rules**” means the prospectus regulation rules of the UK Financial Conduct Authority, as amended from time to time;

“**Remuneration Committee**” means the remuneration committee of the Company;

“**Secretary**” means the secretary of the Committee;

“**Senior Management**” means those persons in senior management roles in the Group who report directly to the Chief Executive Officer;

“TCFD” means the Task Force on Climate-Related Financial Disclosures;

“UK Corporate Governance Code” means the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time; and

“UK Market Abuse Regulation” means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

2. CONSTITUTION

The Committee was established by a resolution passed by the Board on 13 October 2017.

3. MEMBERSHIP

3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Committee Chair. The Committee shall comprise at least three members.

3.2 All members of the Committee shall be independent non-executive directors, at least one of whom shall have been determined by the Board to have recent and relevant financial experience and competence in accounting and/or auditing and the Committee as a whole shall have competence relevant to the sector in which the Group operates. The Chair shall not be a member of the Committee.

3.3 Only members of the Committee have the right to attend Committee meetings. However, other non-members such as the Chair, the Chief Executive Officer, the Chief Financial Officer, other directors, the Chief Information Technology Officer, the Chief Legal Officer, the Controller, the Company’s heads of compliance and internal audit, representatives from the Company’s finance function and the Company’s external professional advisers (including the external auditors) may be invited to attend all or part of any meeting as and when appropriate and necessary.

3.4 The external auditors, the Chief Financial Officer, the Chief Information Technology Officer, the Chief Legal Officer and the Controller will be invited to attend meetings of the Committee on a regular basis.

3.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for a further period of up to two additional three-year periods, provided the members continue to be independent and to meet the criteria for membership of the Committee.

3.6 The Board shall appoint the Committee Chair, who must be an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair any of the Committee’s meetings.

3.7 If any member of the Committee is unable to act for any reason, the Committee Chair may appoint any other independent non-executive director of the Company to act as their alternate.

4. SECRETARY

The Chief Legal Officer or their nominee shall act as the Secretary and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

5. QUORUM

The quorum necessary for the transaction of business by the Committee shall be two members, at least one of whom shall have significant recent and relevant financial experience. 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

- 6.1 The Committee shall meet regularly and at least three times a year at appropriate times in the financial reporting and audit cycle and at such other times as required by the Committee Chair.
- 6.2 Members of the Committee and other attendees may attend meetings by telephone, videoconference or any other method of communication.
- 6.3 Decisions may be taken by the Committee without a meeting if all of the members of the Committee provide their approval in writing.
- 6.4 Outside the official meetings of the Committee, the Committee Chair, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the Chair, the Chief Executive Officer, Chief Financial Officer, the Controller, the external audit lead partner and the Company's head of internal audit.
- 6.5 The Committee shall meet separately with management, the internal auditors (or other personnel responsible for the internal audit function) and with the external auditors to discuss results of examinations or discuss any matters that the Committee or any of these persons or firms believe should be discussed privately.

7. NOTICE OF MEETINGS

- 7.1 Meetings of the Committee shall be convened by the Secretary at the request of any of its members or at the request of external or the Company's internal auditors if they consider it necessary. The Committee Chair may call a special meeting of the Committee at any time upon due notice to each other member at least 48 hours prior to the meeting.
- 7.2 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded by the Secretary to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent prior to the meeting to Committee members and to other attendees, as appropriate.
- 7.3 Notices, agendas, minutes and supporting papers can be sent in electronic form.

8. MINUTES OF MEETINGS

- 8.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, minutes should be circulated to all other members of the Board, unless the Committee Chair considers it inappropriate to do so.
- 8.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

9. ANNUAL GENERAL MEETING

The Committee Chair shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

10. DUTIES

The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the Company and the Group as a whole, as appropriate.

10.1 Financial reporting

- (a) The Committee shall monitor the integrity of the financial statements of the Company and the Group, including its annual reports, half-yearly reports and any quarterly reviews or interim management statements and any discussion and analysis of the financial condition and results of operations of the Company, preliminary results announcements and any other formal announcement or statement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain having regard to matters communicated to it by the auditor. The Committee (or the Committee Chair where appropriate) shall review the financial statements of the Company and the Group in the first instance and where the content of any such financial statements, reports, reviews or announcements warrants further consideration by the Board, for example, and, without limitation, the announcement contains information that deviates from or contradicts outstanding guidance or forecasts, the Committee shall refer the relevant portions of such document to the Board for focused review and approval. The Board shall approve all financial statements of the Company and the Group before they are published. The Committee shall also review any other financial statements requiring Board approval, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature, to carry out a review prior to Board approval provided that such monitoring and review is practicable and consistent with any requirement for prompt reporting under any law or regulation, including the UK Market Abuse Regulation, the Listing Rules, the Prospectus Regulation Rules and the DTRs.
- (b) In particular, the Committee shall review and challenge where necessary:
 - (i) the consistency and application of accounting policies and any changes to them both on a year on year basis and across the Company and the Group;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the Company has followed appropriate accounting policies and made appropriate estimates and judgments, taking into account the views of the external auditors on the financial statements;
 - (iv) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
 - (v) all material information presented with the Company's financial statements, such as the business review / operating and financial review (including the strategic report) and the corporate governance statement (insofar as such information relates to the audit, internal control and risk management);

- (vi) any significant adjustments or unadjusted audit differences resulting from the audit;
 - (vii) the basis on which the Company has been determined to be a going concern and the basis for the Company's long-term viability statement, and make the corresponding recommendations to the Board;
 - (viii) the assumptions or qualifications in support of the going concern statement including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements, and the longer term viability statement, including an assessment of the prospectus of the Company and the Group looking forward over an appropriate and justified period; and
 - (ix) compliance with accounting standards taking into account the views of the Company's auditor.
- (c) Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

10.2 Narrative reporting

- (a) In consultation with the ESG Committee where appropriate, the Committee shall oversee the Company's approach to public reporting in relation to ESG matters, including with respect to compliance with ESG-related reporting requirements of the Listing Rules (e.g. LR 9.8.6R(8)), including disclosures regarding the recommendations of the TCFD).
- (b) Where requested by the Board, the Committee should review the content of the annual report and accounts (including content relating to ESG matters) 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 (including ESG performance), position, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code.

10.3 Internal controls and risk management systems

The Committee shall:

- (a) keep under review the adequacy and effectiveness of the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems, specifically:
 - (i) ensuring both qualitative and quantitative metrics are used;
 - (ii) reviewing regularly and approving the parameters used in these measures and the methodology adopted; and
 - (iii) setting a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- (b) advise and assist the Board on the Company's overall risk appetite, tolerance, and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the

Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for the Company's risk policies;

- (c) review and approve the statements to be included in the annual report concerning internal controls, risk management, including the assessment of principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives, and the viability statement, unless this is done by the Board as a whole;
- (d) oversee, seek suitable advice regarding, and advise the Board on:
 - (i) the current risk exposures of the Company and future risk strategy, including risk to the Company's business model, and solvency and liquidity risks;
 - (ii) the adequacy and effectiveness of the Company's processes and procedures to manage risk and the internal control framework, including the design, implementation and effectiveness of those systems;
 - (iii) the ability of the Company's risk management and internal control systems to identify the risks facing the Company and enable a robust assessment of principal risks;
 - (iv) the Company's ability to identify and manage new and emerging risks including the Company's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise;
 - (v) the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals before a decision to proceed is taken by the Board, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on implications for the risk appetite, tolerance and strategy of the Company, and taking independent external advice where appropriate and available;
 - (vi) the effectiveness and relative costs and benefit of particular controls; and
 - (vii) the effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and ensuring corrective action is taken where necessary;
- (e) review reports on any material breaches of risk limits and the adequacy of proposed action;
- (f) provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration and review the appropriateness of the Company's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the Company;
- (g) consider and approve the remit of the risk management function, ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards, and ensure the function has adequate independence and is free from management and other restrictions;
- (h) put in place an appropriate control process for reviewing and approving the Company's internal transactions and accounting;

- (i) review and approve all “related party transactions” in accordance with the Company’s policy;
- (j) review material pending legal proceedings involving the Company and other contingent liabilities;
- (k) in each case, in consultation with the ESG Committee where appropriate:
 - (i) consider and advise members of Senior Management and the Board on emerging ESG issues that may affect the business, performance or reputation of the Company and make recommendations, as appropriate, on how members of Senior Management and the Board can address such issues;
 - (ii) review the Company’s policies, processes and systems as they pertain to ESG matters and, where appropriate, make recommendations to members of Senior Management and the Board regarding updates that may be required or prudent to ensure that such policies, processes and systems are consistent with industry best practices and the Company’s values; and
 - (iii) ensure that ESG risks and opportunities are identified and managed in line with the Group’s risk appetite;
- (l) review promptly all reports from management relating to risk;
- (m) review and monitor management’s responsiveness to the findings and recommendations relating to risk; and
- (n) ensure that management is given the right of unfettered direct access to the Chair and to the Committee in connection with internal control and risk management systems.

10.4 Information security controls and risk management systems

The Committee shall:

- (a) oversee and advise the Board on the current cyber and data security risk landscape and exposure of the Group and future cyber and data security risk strategies, including relating to:
 - (i) cyber security;
 - (ii) global data protection legislation and regulation;
 - (iii) system and data security and integrity;
 - (iv) IT disaster recovery;
 - (v) IT change management;
- (b) review, and be kept apprised of, the effectiveness of the Group’s ability to identify, monitor and manage new cyber and data security risks;
- (c) regularly review the cyber risk posed by third parties including outsourced IT providers and other third-party partners;
- (d) regularly review the adequacy of the Group’s cyber security breach response plan, through:

- (i) planned response exercises;
 - (ii) providing challenge to lessons learned; and
 - (iii) sponsoring and supporting corrective actions, where deemed appropriate;
- (e) oversee and review reports related to any cyber, IT security incidents and data security incident and breaches, the status of risk profiles and the adequacy and status of lessons learned and proposed actions;
 - (f) approve and have oversight over the cyber security assurance programme to support the identification of risks and provide direction in strategy and investment;
 - (g) review and consider regular update reports from the Chief Information Technology Officer, the Chief Legal Officer and the Controller;
 - (h) provide a supportive environment to facilitate the right of direct access to the Committee by the Chief Information Technology Officer, the Chief Legal Officer and the Controller;
 - (i) consider and recommend actions in respect of all cyber and data security risk issues escalated by the Chief Information Technology Officer, the Chief Legal Officer and the Controller, or other colleagues as appropriate;
 - (j) review the effectiveness of the Company's IT control environment, related to service and product offerings to analyse potential vulnerabilities that could be exploited;
 - (k) regularly review and assess what are the Group's most valuable intangible assets and the most sensitive Group and customer information and assess whether the controls in place sufficiently protect those assets and information;
 - (l) regularly assess the adequacy of resources and funding for cyber and data security activities;
 - (m) oversee cyber security due diligence undertaken as part of an acquisition and advise the Board of the risk exposure and related action plans; and
 - (n) annually review and assess the adequacy of the Group's cyber insurance cover.

10.5 Whistleblowing, fraud and compliance

The Committee shall:

- (a) review the adequacy, efficacy and security of the Company's arrangements for its employees, contractors and other external parties to obtain advice and/or raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- (b) review the Company's procedures for preventing and detecting fraud and receive from the executive directors of the Company a report of all significant deficiencies and material weaknesses in the design or operation of internal controls and any fraud that involves management or other employees who have a significant role in the Company's internal controls;
- (c) review the Company's systems and controls for the prevention of bribery, corruption, money laundering and modern slavery and receive reports on non-compliance;

- (d) review and monitor significant findings from major investigations, including those arising from the Group's whistleblowing policy and management's response to such matters;
- (e) review the adequacy and effectiveness of the Company's anti-money laundering systems and controls and review regular reports from management and the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- (f) review regular reports from the Chief Legal Officer and keep under review the adequacy and effectiveness of the Company's compliance function.

10.6 Internal audit

The Committee shall:

- (a) review and approve the role and mandate of internal audit, monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system and annually approve the internal audit charter ensuring it is appropriate for the current needs of the Company;
- (b) review and discuss with management, internal auditors and external auditors the Company's system of internal controls, its financial and critical accounting practices, policies relating to risk assessment management, and the effects of alternative International Financial Reporting Standards ("IFRS") methods, off-balance sheet structures and regulatory and accounting initiatives;
- (c) approve the appointment and removal of the head of the internal audit function;
- (d) ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- (e) review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business and receive regular reports on the work carried out. The Committee shall pay particular attention to the areas in which the work of the risk, information security, compliance, finance, internal audit and external audit functions may be aligned or overlapping and overseeing these relationships to ensure they are coordinated and operating effectively to avoid duplication;
- (f) carry out an annual assessment of the effectiveness of the internal audit function, and as part of this assessment:
 - (i) meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;
 - (ii) review and assess the annual internal audit work plan;
 - (iii) receive a report on the results of the internal auditor's work;
 - (iv) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and

- (v) review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.
- (g) monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system and the work of compliance, finance and the external auditors;
- (h) meet the Company's head of the internal audit function at least once a year, without Senior Management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the Committee shall ensure that the Company's head of the internal audit function has the right of direct access to the Chair, the Committee Chair and to the rest of the Committee, providing independence from the executive members of the Board and accountability to the Committee;
- (i) review and monitor management's responsiveness to the findings and recommendations of the internal audit function;
- (j) in each case, in consultation with the ESG Committee where appropriate:
 - (i) review internal audit reports on ESG matters and assess the management response to any findings and recommendations of the internal audit function; and
 - (ii) monitor the role and effectiveness of the internal audit function in regards to ESG matters and monitor the development of the capability and capacity of the internal audit function to perform its role with regards to assurance of ESG matters; and
- (k) consider whether an independent, third-party review of processes is appropriate.

10.7 External audit

The Committee shall:

- (a) consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditors. The Committee shall develop and oversee (and is responsible for) the selection process for new auditors in accordance with applicable UK Corporate Governance Code and regulatory requirements (including the Minimum Standard), ensuring that all tendering firms have access to all necessary information and individuals during the tendering process and if auditors resign, the Committee shall investigate the issues leading to this and decide whether any action is required;
- (b) annually evaluate, determine the selection of and if necessary replace the external auditors and ensure 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 auditors with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- (c) oversee the relationship with the external auditors including (but not limited to):

- (i) approving their remuneration, including both fees for audit or non-audit services, and ensuring that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
- (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope and plans of the audit, including authority and organisational reporting lines and adequacy of staffing and compensation;
- (iii) assessing annually their independence and objectivity taking into account relevant law, regulation, the Ethical Standards and other professional requirements and the Group's relationship with the external auditors as a whole, including the annual disclosure from the statutory auditor and any threats to the external auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
- (iv) resolving disagreements between management and the external auditors regarding financial reporting;
- (v) satisfy itself that there are no relationships between the external auditors and the Company (other than in the ordinary course of business) which could adversely affect the external auditors' independence and objectivity, including by reviewing a formal report, at least annually, from the external auditors regarding the auditor's independence, including a delineation of all relationships between the external auditors and the Company (such as family, employment, investment, financial or business) (other than in the ordinary course of business) which could adversely affect the auditors' independence and objectivity, and recommending to the Board actions to satisfy the Board of the independence of the auditors;
- (vi) agreeing with the Board a policy on the employment of former employees of the Company's external auditors, taking into account the Ethical Standards and legal requirements, and monitoring the implementation of this policy, including the Committee's own safeguards relating to independence, and considering whether there has been any impairment of the external auditors' independence and objectivity;
- (vii) monitor the auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements, the Minimum Standard and the Ethical Standards, including the guidance on the rotation of audit partner and staff;
- (viii) monitor the level of fees paid by the Company to the external auditors compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standards;
- (ix) assessing at least annually the qualifications, expertise, resources, and independence of the external auditors and the effectiveness of the audit process, which shall include a formal report from the external auditors detailing their own internal quality procedures, any material issues raised by the independent auditor's internal quality control review, peer review or any governmental or other professional inquiry performed within the past five years, and any remedial actions implemented by the firm, taking into consideration professional and regulatory requirements;

- (x) seeking to ensure coordination of the external auditors with the activities of the Company's internal audit function; and
 - (xi) evaluating the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee and consideration of the need to include the risk of the withdrawal of the external auditors from the market in that evaluation;
- (d) meet regularly with the external auditors and management, including once at the planning stage before the audit and once after the audit at the reporting stage, and discuss the quality of accounting principles, the reasonableness of significant judgments, the results of the annual audit, half-yearly reports and any quarterly reviews, the clarity of disclosures in the financial statements, including the Company's disclosures of critical accounting policies and other disclosures, and any other matters required to be communicated to the Committee by the external auditors under UK IFRS. The Committee shall meet the external auditors at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- (e) discuss with the external auditors the factors that could affect audit quality and review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement having regard to the seniority, expertise and experience of the audit team;
- (f) receive and review the report of the findings of the audit with the external auditors. This shall include but not be limited to the following:
- (i) a discussion of any major issues which arose during the audit;
 - (ii) an explanation by the external auditors of how they addressed the risks to audit quality;
 - (iii) any accounting and audit judgments including all alternative treatments of financial information within UK IFRS that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors;
 - (iv) a discussion with the external auditors regarding their perception of their interactions with senior management and other members of the Company's finance function;
 - (v) levels of errors identified during the audit;
 - (vi) the effectiveness of the audit process; and
 - (vii) other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences;
- (g) review and approve (or pre-approve) any or all auditing services (including comfort letters, representation letters and statutory audits) requested by the external auditors before they are signed by management;
- (h) review the management letter and management's response to the external auditors' findings and recommendations;

- (i) review with internal and external auditors any difficulties with audits and management's response; and
- (j) develop and recommend to the Board the Group's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
 - (i) threats to the independence and objectivity of the external auditors and any safeguards in place;
 - (ii) the nature of the non-audit services;
 - (iii) whether the external audit firm is the most suitable supplier of the non-audit service;
 - (iv) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - (v) the criteria governing compensation.

11. REPORTING RESPONSIBILITIES

- 11.1 The Committee Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities (including the nature and content of its discussions, recommendations and actions to be taken) and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
- (a) the significant issues that it considered in relation to the financial statements and how these were addressed;
 - (b) its assessment of the effectiveness of the external audit process (required under paragraph 10.7(c)(ix)), the approach taken, length of tenure of external auditors, when a tender was last conducted, an advance notice of any retendering plans and its recommendation on the appointment or reappointment of the external auditors; and
 - (c) any other issues on which the Board has requested the Committee's opinion.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall compile a report on its activities to be included in the Company's annual report to shareholders. The report should describe the work of the Committee and should include an explanation of:
- (a) how the Committee has addressed the effectiveness of the external audit process;
 - (b) the Company's risk management and strategy regarding the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity and how these risks are being managed and mitigated;
 - (c) 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 auditors;

- (d) an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditors, information on the length of tenure of the current external auditors, when a tender was last conducted and advance notice of any retendering plans;
 - (e) if the external auditors provide non-audit services to the Company, an explanation of how auditor independence and objectivity are safeguarded, having regard to matters communicated to it by the auditor and all other information requirements set out in the UK Corporate Governance Code;
 - (f) where the Board does not accept the Committee's recommendation on the appointment, reappointment or removal of external auditors, a statement from the Committee explaining its recommendation and the reasons why they Board has taken a difference position. This should also be supplied in any papers recommending appointment or reappointment; and
 - (g) all other information requirements set out in the UK Corporate Governance Code and the Minimum Standard.
- 11.4 In compiling its reports, the Committee should exercise judgment in deciding which of the issues in relation to the financial statements it considers are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide a cross-reference to that information.
- 11.5 The directors' report in the annual report and accounts should set out risk management objectives and policies including in relation to financial instruments.

12. OTHER MATTERS

12.1 The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties including access to the secretary of the Company for assistance as required;
- (b) 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;
- (c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and published guidance, the Minimum Standard, the requirements of the UK Market Abuse Regulation, the Listing Rules, the Prospectus Regulation Rules, the DTRs and any other applicable rules, guidance or requirements as appropriate;
- (d) be responsible for co-ordination of the internal and external auditors;
- (e) oversee any investigation of activities which are within its terms of reference;
- (f) provide any input required in respect of:
 - (i) tax planning and compliance;
 - (ii) treasury and cash management; and
 - (iii) the financing of the Company and the Group;

- (g) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or accounting matters;
- (h) annually review or participate in a review of its own performance, the results of which shall be presented to the Board and, at least once every two years, review its 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;
- (i) work and liaise as necessary with all other Board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees of the Board;
- (j) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and published guidance, the requirements of the Listing Rules, the Prospectus Regulation Rules and the DTRs and any other applicable rules, as appropriate; and
- (k) perform any other activities consistent with the Company's articles of association and governing law of the Company as the Board or the Committee shall deem appropriate, including holding meetings with the Company's investments bankers and financial analysts.

12.2 To the extent permitted by law, each member of the Committee shall be entitled to rely on the integrity of the external auditors and any organisations that it receives information from in relation to the audit as well as the accuracy of the financial and other information provided to the Committee by such persons or organisations absent of actual knowledge to the contrary (which shall be promptly reported to the Board).

13. AUTHORITY

The Committee is authorised to:

- (a) seek any information it requires from any employee, contractor or consultant, of, or other provider of services to, the Group in order to perform its duties;
- (b) obtain, at the Company's expense, independent legal or other professional advice on any matter it believes is necessary to do so, and determine compensation for such advisors;
- (c) delegate any of its powers to one or more of its members or the Secretary; and
- (d) have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board. If the Board has not accepted the Committee's recommendation on the external auditors' appointment, reappointment or removal, the annual report should include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.

Initially adopted on 13 October 2017 and revised and adopted on 5 March 2024.