

## **Afentra Plc**

### **Terms of Reference – Audit Committee (“Committee”)**

Revised Terms of Reference adopted by resolution of the Board dated 5 August 2022

#### **1. Membership**

- 1.1. Members of the Committee shall be appointed by the Board of Directors (“Board”). The Committee shall be made up of at least 2 members.
- 1.2. All members of the Committee shall be non-executive Directors and at least one of whom shall: (i) have recent and relevant financial experience with competence in accounting and/or auditing; and (ii) be an independent non-executive Director. The Chairman of the Board shall not be a member of the Committee.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the head of finance and external audit lead partner, may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4. The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.5. 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 still meets the criteria for membership of the Committee.
- 1.6. The chairman of the Committee shall be an independent non-executive Director (the “Committee Chairman”). If the membership of the Committee contains more than one independent non-executive Director, the Board shall appoint the Committee Chairman.

#### **2. Secretary**

- 2.1. The Company secretary or his or her nominee shall act as the Secretary of the Committee.

#### **3. Quorum**

- 3.1. The quorum necessary for the transaction of business shall be 2 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.

#### **4. Frequency of Meetings**

- 4.1. The Committee shall meet at least two times a year at appropriate times in the reporting and audit cycle and otherwise as required.

#### **5. Notice of Meetings**

- 5.1. Meetings of the Committee shall be summoned by the Committee Chairman at the request of any of its members or at the request of external audit lead partner if they consider it necessary.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Directors, no later than 3 working days before

the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **6. Minutes of Meetings**

- 6.1. The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless it would be inappropriate to do so.

## **7. Annual General Meeting**

- 7.1. The Committee Chairman shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **8. Duties**

The Committee shall carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

### **8.1. Financial Reporting**

- 8.1.1. The Committee shall monitor the integrity of the financial statements of the company, including its annual and half-year reports, interim management statements, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain, having regard to matters communicated to it by the auditor.
- 8.1.2. The Committee shall review and challenge where necessary:
  - 8.1.2.1. the consistency of, and any changes to, accounting policies both on a year on year basis and across the company/group;
  - 8.1.2.2. the methods used to account for significant or unusual transactions where different approaches are possible;
  - 8.1.2.3. whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - 8.1.2.4. the clarity of disclosure in the company's financial reports and the context in which statements are made; and
  - 8.1.2.5. all material information presented with the financial statements, including the strategic report and the corporate governance statements (insofar as it relates to the audit and risk management);
- 8.1.3. 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.

## **8.2. Internal Controls and Risk Management Systems**

The Committee shall:

- 8.2.1. keep under review the effectiveness of the company's internal controls and risk management systems; and
- 8.2.2. review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

## **8.3. Compliance, Whistle blowing and fraud**

The Committee shall:

- 8.3.1. review the company's arrangements for its employees to 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;
- 8.3.2. review the Company's procedures for detecting fraud;
- 8.3.3. review the Company's systems and controls for the prevention of bribery

## **8.4. Internal Audit**

The Committee shall monitor and review the requirement for an internal audit function in the context of the company's overall risk management system.

## **8.5. External Audit**

The Committee shall:

- 8.5.1. 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 auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.5.2. oversee the relationship with the external auditor including (but not limited to):
  - 8.5.2.1. approval of their remuneration, whether fees for audit or non audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
  - 8.5.2.2. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 8.5.2.3. assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services or any threats to the auditor's independence;
  - 8.5.2.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

- 8.5.2.5. agreeing with the Board a policy on the employment of former employees of the company's auditor, then monitoring the implementation of this policy;
- 8.5.2.6. monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements; and
- 8.5.2.7. assessing annually their qualifications, expertise and resources and the effectiveness of the external audit process which shall include a report from the external auditor on their own internal quality procedures;
- 8.5.3. meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.5.4. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.5.5. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 8.5.5.1. a discussion of any major issues which arose during the audit;
  - 8.5.5.2. any accounting and audit judgements and levels of errors identified during the audit;
  - 8.5.5.3. the auditor's view on their interactions with senior management; and
  - 8.5.5.4. review of the narrative discussion proposed to be included in respect of Key Audit Matters (ISA (UK) 701);
  - 8.5.5.5. review any representation letter(s) requested by the external auditor before they are signed by management;
  - 8.5.5.6. review the management letter and management's response to the auditor's findings and recommendations;
  - 8.5.5.7. review the effectiveness of the audit; and
  - 8.5.5.8. develop and implement a policy on the supply of non audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

## **8.6. Reporting Responsibilities**

- 8.6.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.6.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.6.3. The Committee shall produce a report to shareholders on its activities to form part of the company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

## **8.7. Other Matters**

The Committee shall:

- 8.7.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 8.7.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 8.7.3. give due consideration to laws and regulations, the provisions of the QCA Corporate Governance Code, the requirements of the Financial Conduct Authority and UK Listing Authority's Disclosure Guidance and Transparency Rules as appropriate;
- 8.7.4. oversee any investigation of activities which are within its terms of reference; and
- 8.7.5. 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.

## **9. Authority**

The Committee is authorised:

- 9.1. to seek any information it requires from any employee of the company in order to perform its duties;
- 9.2. to obtain, at the company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so; and
- 9.3. to call any employee to be questioned at a meeting of the Committee as and when required.