

**NUMIS CORPORATION PLC ("the Company")**  
**TERMS OF REFERENCE & MATTERS RESERVED FOR**  
**THE AUDIT COMMITTEE**

**Approved and adopted at a meeting of the Board of Directors held on 5 July 2022**  
**Amended as to Membership 7 February 2023**

**Role of the Committee**

The Committee has been established by resolution of the Board of Directors of Numis Corporation Plc (the "Company") and its subsidiaries ("the Group") in overseeing financial reporting; financial controls; internal auditors; external auditors; the treasury operations and the tax operations of the business. The Committee is to be known as the Audit Committee.

**Membership**

1. The committee shall comprise at least two members with the usual number being three. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee.  
All members of the committee shall be non-executive directors of whom a majority should be independent and at least one of whom shall have relevant financial experience.
2. The chairman of the board shall not be a member of the committee unless required to fill a temporary shortfall in independent non-executive directors due to, for example, retirement. However, the chairman of the board may not act as chair of the committee.
3. Only members of the committee have the right to attend committee meetings. However, the external auditor, internal auditor, finance director, head of legal, risk and compliance, other NEDs and other relevant senior staff (including executive directors and senior managers) will be invited to attend meetings of the committee on a regular basis as and when appropriate and necessary.
4. The board shall appoint the committee chairman. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The appointed chair of the committee shall be a senior manager performing a senior management function (SMF11 chair of the audit committee).
5. Current membership comprises:

Catherine James (CJ)	Non-Executive Director, Chairman
Richard Hennity (RH)	Non-Executive Director
Robert Sutton (RHS)	Non-Executive Director
Kathryn Gray (KG)	Non-Executive Director

**Secretary**

6. The company secretary, or his or her nominee, shall act as the secretary of the committee 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.

**Quorum**

7. The quorum necessary for the transaction of business shall be two members. Members may attend in person, or by telephone or video conference. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 7.1 Circulated written resolutions will constitute a resolution of the Committee.

**Frequency of Meetings**

8. The committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
9. Outside of the formal meeting programme, the committee chairman will maintain a dialogue with key individuals involved in the company's governance, including the board chairman, the Joint Co-CEOs chief executive/s, the Chief Financial Officer, the external audit lead partner and the outsourced internal audit provider.

### **Notice of Meetings**

10. Meetings of the committee shall be convened by the secretary of the committee at the request of any of its members or at the request of the external audit lead partner or internal auditor if they consider it necessary.
11. 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 and any other person required to attend, as appropriate, in good time. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

### **Minutes of Meetings**

12. The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.
13. Draft minutes of committee meetings shall be circulated promptly to the committee chairman and approved by the committee at their next meeting. Circulation to other members of the board will then take place as a matter of course.

### **Annual General Meeting**

14. The committee chairman should attend the annual general meeting to answer shareholder questions on the committee's activities.

### **Matters Reserved for the Committee / Duties of the Committee**

See appendix 1 attached.

### **Reporting Responsibilities**

15. The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the board on how it has discharged its responsibilities. This report shall include:
  - the significant issues that it considered in relation to the financial statements and how these were addressed; its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and, any issues on which the Board has requested the committee's opinion.
16. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
17. The committee will produce a report to be included in the company's Annual Report reporting on its activities. The report will comply with best practice disclosures.

### **Other Matters**

18. The committee shall:
  - have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
  - be provided with appropriate and timely training (as deemed necessary), both in the form of an induction programme for new members and on an ongoing basis for all members;
  - give due consideration to all applicable laws and regulations, as appropriate;
  - be responsible for co-ordination of the internal and external auditors;

- oversee any investigation of activities which are within its terms of reference;
- work and liaise as necessary with all other board committees; and
- arrange for periodic reviews of its own performance and, at least annually, 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.

**Authority**

19. The committee is authorised to seek any information it requires from any employee of the group or company in order to perform its duties.
20. The committee is authorised to obtain, at the company’s expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so.
21. The committee is authorised to call any employee to be questioned at a meeting of the committee as and when required.
22. The committee is authorised to institute special investigations and, if appropriate, hire special advisers at the company’s expense if considered necessary.
23. The committee shall perform other functions as requested by the full board.

**Senior Managers and Certification regime prescribed responsibilities and key functions**

24. In performing the role of chair, the chair of the committee shall pay due regard to his or her obligations as a senior manager under section 66A(5) of the Financial Services and Markets Act 2000 (the duty of responsibility) and in particular the reasonable steps that should be taken to discharge such duty.
25. The Committee will assist the chair, as SMF11 role holder, in respect of his/her performance of the following Prescribed Responsibilities:

<b>Prescribed Responsibility</b>	<b>Description</b>	<b>SMF</b>
(j)	Overseeing internal audit	SMF11
(j-3)	Overseeing outsourced audit function	SMF11

**Matters Reserved for the Committee / Duties of the Committee**

**Financial Reporting**

The committee should carry out the duties below for the parent company, subsidiary undertakings and the group as a whole, as appropriate.

1. The committee shall monitor the integrity of the financial statements of the group and company, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance, reviewing and reporting to the board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.
2. In particular, the committee shall review and challenge where necessary:
  - a. The consistency of, and any changes to, significant accounting policies both on a year on year basis and across the group, where relevant;
  - b. The methods used to account for significant or unusual transactions where different approaches are possible;
  - c. Whether the group and company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - d. The clarity and completeness of disclosure in the group and company’s financial reports and the context in which statements are made; and

- e. All material information presented with the financial statements of the group and company, such as the narrative reporting and the corporate governance statements relating to the audit and to risk management.
3. Where the committee is not satisfied with any aspect of the proposed financial reporting by the group or company, it shall report its views to the board.

### **Narrative Reporting**

4. The committee should review the content of the group's 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 group and company's performance, business model, strategy and risk appetite. The review will encompass the going concern statement and those matters required to be complied with or explained under the QCA Code. Ensure the Risk Committee concurs with all risk related disclosures.
5. Review on an ongoing basis and recommend the preliminary announcement, the half yearly, other interim reports and any financial content (including working capital statements, profit forecasts and pro forma financial information) and related commentary in respect of any regulatory announcement, circular or prospectus. Ensure the Risk Committee concurs with any risk related disclosures.
6. Recommend all distributions (including dividends) having considered the distributable reserves of the Company, the capital adequacy and the liquidity.

### **Internal Controls**

The committee shall:

7. Keep under review the adequacy and effectiveness of the group and company's internal financial controls .
8. Review and approve all statements to be included in the annual report concerning internal controls and risk management.

### **Whistleblowing and Fraud**

The committee shall:

9. Review the adequacy and security of the group and company's arrangements for its employees and contractors 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;
10. Review the group and company's procedures for detecting fraud;
11. Recommend adjustments to any employee's remuneration for events that have been detrimental to the Group including financial errors and events that have exceeded the board's risk appetite

### **Internal Audit**

The committee shall:

12. Approve the appointment or termination of appointment of the outsourced provision of internal audit.
13. Review and approve the charter of the internal audit service, assess the adequacy of resources of the function and ensure it has access to information to enable it to fulfil its mandate.
14. Ensure the internal auditor has direct access to the board chairman and to the committee chairman, and is accountable to the committee;
15. Review, assess, approve and monitor the mandate of annual internal audit work plan and any changes made to it in the year and monitor its effectiveness having regard to the Risk Committee's views and to ensure that the audit plan is aligned to the key risks of the business;
16. Receive a report on the results of the internal auditor's work on a periodic basis;
17. Meet with the internal auditor at least once a year without the presence of management; and

18. Monitor and review the effectiveness of the groups' internal audit provision, in the context of the group's overall risk management system.

### **External Audit**

The committee shall:

19. 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 group and company's external auditor.
20. If an auditor resigns, investigate the issues leading to this and decide whether any action is required;
21. Oversee the relationship with the external auditor including (but not limited to):
  - a. recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
  - b. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - c. 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;
  - d. 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;
  - e. agreeing with the board a policy on the employment of former employees of the group and company's auditor, and monitoring the implementation of this policy if relevant;
  - f. monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the group and company compared to the overall fee income of the firm, office and partner and other related requirements;
  - g. assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
  - h. seeking to ensure co-ordination with the activities of the internal audit function; and
  - i. evaluating the risks to the quality and effectiveness of the financial reporting process.
22. Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.
23. 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.
24. Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - a. a discussion of any major issues which arose during the audit;
  - b. key accounting and audit judgements;
  - c. levels of errors identified during the audit; and
  - d. the effectiveness of the audit process.
25. Review any representation letter(s) requested by the external auditor before they are signed by management.
26. Review the management letter and management's response to the auditor's findings and recommendations.
27. Where relevant, develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.
28. Encourage coordination with the activities of the internal audit function

- Amended as to Membership clause 8 February 2022

- Amended as to Membership 29 September 2022
- Amended as to Membership 7 February 2023