



Energean PLC (the “Company”)

Terms of Reference of the Audit and Risk Committee (the “Committee”)

(approved at a meeting of the board of directors (the “Board”) held on 10 September 2024)

1. Introduction

- 1.1 The UK Corporate Governance Code 2024 (the “Code”) provides that *“the board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and to satisfy itself on the integrity of financial and narrative statements”* and *“the board should establish an audit committee”*.
- 1.2 Should members of the Committee need or want to consult the Code, copies can be obtained from the company secretary.

2. Role

- 2.1 The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:
- (a) the integrity of the financial and narrative statements and other financial information provided to shareholders;
 - (b) the Company’s risk management and internal control framework;
 - (c) the internal and external audit process and auditors; and
 - (d) the processes for compliance with laws, regulations, ethical codes of practice, the Code, FRC Guidance and the FRC Audit Committees and the External Audit: Minimum Standard (FRC Minimum Standard).

3. Terms of Reference to be made Available

- 3.1 The Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board.
- 3.2 These terms of reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee and the authority delegated to it by the Board in compliance with the Code.
- 3.3 The requirement to make this information available would be met by making such information available on request and including the terms of reference and such explanation on the Company’s website.

4. Membership

- 4.1 Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee of the Company in consultation with the chair of the Committee (the “Committee Chair”).
- 4.2 The Committee shall comprise at least three independent non-executive directors. All members of the Committee shall be independent non-executive directors. At least one member shall have recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which it operates. The Chair of the Board or any former executive director of the Company shall not be a member of the Committee.

- 4.3 Only members of the Committee have the right to attend and vote at Committee meetings. However, the Chief Financial Officer and any head of internal audit will be invited, and other individuals such as the Chair of the Board, Chief Executive, other directors, the heads of risk and compliance and representatives from the finance function may be invited, to attend all or part of any meeting as and when appropriate and necessary.
- 4.4 The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 4.5 In deciding the Chair and membership of the Committee, the value of ensuring that Committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account.
- 4.6 All appointments to the Committee shall be for a period of up to three years (and may be extended by no more than two additional three year periods), provided members continue to be independent.
- 4.7 The Committee Chair shall be appointed by the Board and must be an independent non-executive director.
- 4.8 The Committee Chair shall review the Committee's membership annually, as part of the annual performance review of the Committee.
- 4.9 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 his alternate. In the absence of the Committee Chair and/or an appointed deputy at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

5. Secretary

- 5.1 The company secretary or their nominee shall act as the secretary of the Committee and shall attend all of its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to be give full and proper consideration to the issues.
- 5.2 The company secretary shall keep a record of:
- (a) the membership and the dates of any changes to the membership of the Committee; and
 - (b) any non-audit services provided by the external auditor to enable the Company to make the necessary statement in the annual report regarding the auditor's objectivity and independence.

6. Quorum

The quorum necessary for the transaction of business shall be two members (provided that at least one member has recent and relevant financial experience and competence in accounting and/or auditing). 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. All reasonable efforts shall be made to give notice of meetings of the Committee to all members and invitees and to arrange such meetings so that all members and invitees are able to attend.

7. Frequency of Meetings

- 7.1 The Committee shall meet as frequently as the Committee Chair shall require and also at regular intervals to deal with routine matters and, in any event, not less than three times in each financial year. Any member of the Committee, the Company's auditors or its internal auditors may request a meeting if he/she considers that one is necessary or expedient.

- 7.2 Meetings shall be arranged to coincide with key dates within the Company's financial reporting and audit cycle where appropriate.
- 7.3 Meetings of the Committee may be conducted when the members are physically present together or as video or audio conferences.
- 7.4 The Committee Chair shall (outside of formal meetings of the Committee) maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, Chief Executive, Chief Financial Officer, external audit lead partner and head of internal audit.

8. Notice of Meetings

- 8.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- 8.2 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 non-executive directors, no later than five 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.

9. Committee Chair

In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Committee Chair (or chair of the relevant meeting) shall have a casting vote, except where he has a personal interest, on all matters in the event of an equality of votes.

10. Minutes of Meetings

- 10.1 The company secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 10.2 The company secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 10.3 Draft minutes of Committee meetings shall be circulated promptly to the Committee Chair before being circulated to all members of the Committee and, once agreed and finalised, made available to all members of the Board unless in the opinion of the Committee Chair it would be inappropriate to do so.

11. Engagement with shareholders

The Committee Chair shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. In addition the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

12. Duties

The Committee should carry out the duties below for the Company, subsidiary undertakings and the group as a whole, as appropriate. In carrying out these duties, members of the Committee may also choose to consult the Code.

12.1 Financial Reporting

- (a) The Committee shall (provided that such monitoring and review is not inconsistent with any requirement for prompt reporting under the Disclosure Guidance and Transparency Rules (the "DTRs")) monitor and discuss with management the

integrity of the financial statements of the Company, including its annual and interim financial statements, interim management statements, preliminary results announcements and any formal announcements relating to its financial performance, reviewing and reporting to the Board significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor. The Committee shall also review summary financial statements, significant financial returns to regulators and financial information contained in certain other documents, such as, if appropriate, announcements of a price sensitive nature, prospectuses and any shareholder circulars.

- (b) The Committee shall invite challenge by the external auditor, giving due consideration to points raised and making changes to financial statements in response, where appropriate;
- (c) The Committee shall review and challenge where necessary:
 - (i) the application, consistency, quality and appropriateness of, and any changes to, accounting policies both on a year on year basis and across the Company and group;
 - (ii) the methods used to account for significant or unusual transactions (including any off-balance sheet arrangements) where different approaches are possible;
 - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (iv) the clarity and completeness of disclosures in the financial statements and whether the disclosures made are set properly in context, and any changes to disclosures in the Company's financial reports and the context in which statements are made, including the review of any correspondence between the Company and its external auditor;
 - (v) significant adjustments resulting from the external audit;
 - (vi) 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 prospects of the Company and the group looking forward over an appropriate and justified period;
 - (vii) compliance with accounting standards taking into account the view of the Company's auditor;
 - (viii) compliance with UK Listing Authority and other legal and regulatory requirements including financial and governance reporting standards; and
 - (ix) all material information presented with the financial statements, such as the strategic report and the corporate governance statement (insofar as it relates to the audit and risk management).
- (d) The Committee shall review disclosures in the annual report concerning the pension funds (if any) where not reviewed by the Board as a whole.
- (e) The Committee shall review any other statements that contain financial information and require Board approval first, where carrying out a review before Board approval

would be practicable and consistent with any prompt reporting requirements under any law or regulation including the UK Listing Rules, Prospectus Regulation Rules or Disclosure Guidance and Transparency Rules sourcebook.

- (f) Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, report its views to the Board.

12.2 **Narrative Reporting**

Where requested by the Board, the Committee shall review the annual report and accounts and advise the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under Provision 25 of the Code.

12.3 **Internal Controls and Risk Management Systems**

The Committee shall:

- (a) review and monitor the Company's risk management and internal control framework and, at least annually, carry out a review of its effectiveness and approve the statements to be included in the annual report concerning internal control;
- (b) on behalf of the Board (which retains overall responsibility for risk management), review and monitor the Company's risk management and internal control framework (covering all material controls, including financial, operational, reporting and compliance controls) and, at least annually, carry out a review of its effectiveness, and review and approve the viability statement and the statements and declarations to be included in the annual report concerning the risk management and internal control framework;
- (c) on behalf of the Board, ensure that a robust assessment of the emerging and principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity and reputation), that procedures are in place to identify and manage emerging risks and provide advice on the management and mitigation of those risks;
- (d) review the assurance reports from management on the effectiveness of the internal control and risk management systems and from the internal audit, the external auditor and others on the operational effectiveness of matters related to risk and control. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective and are enough to enable the Board to satisfy itself that they are operating effectively;
- (e) consider any necessary disclosure implications of the process that have been applied by the Board to deal with material control aspects of any significant problems disclosed in the annual report and accounts;
- (f) consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate;
- (g) review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to any material external or internal audit recommendation;

- (h) oversee and advise the Board on the Company's and the group's overall risk appetite, tolerance and strategy, taking account of the economic and financial environment with reference to authoritative sources that the Committee considers relevant to the group's risk policies;
- (i) review the Company's capability to identify and manage new types of risk;
- (j) advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Company and the group, and taking independent external advice where appropriate and available;
- (k) provide qualitative and quantitative advice to the remuneration committee on risk weightings to be applied to performance objectives incorporated in executive remuneration, and annually consider how the remuneration of executives shapes their view of risk;
- (l) consider and approve the remit of the risk management function and ensure it:
 - (i) has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
 - (ii) has adequate independence and is free from management and other restrictions; and
 - (iii) is able to identify and manage new risk types;
- (m) keep under review the group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
- (n) review reports on and monitor the resolution of any material breaches of risk limits or other risk or regulatory issues; and
- (o) monitor any material issues that arise or which the Committee considers likely to arise in relation to the reputational risk to the Company.

12.4 **Viability**

The Committee shall:

- (a) where requested by the Board, advise on how, taking account of the Company's current position and principal risks, the Company's prospects have been assessed, over what period and why that period is regarded as appropriate; and
- (b) advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of assessment, drawing attention to any qualifications or assumptions as necessary.

12.5 **Compliance, Whistleblowing and Fraud**

The Committee shall:

- (a) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, suggesting amendments to the Whistle-blowing Policy where appropriate. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

- (b) review annually the Company's procedures for detecting fraud;
- (c) review the Company's systems and controls for ethical behaviour and the prevention of bribery and modern slavery and receive regular reports on the implementation of the anti-bribery and corruption programme;
- (d) review regular reports from the Compliance Officer on the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- (e) review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function.

12.6 **Internal Audit**

The Committee shall:

- (a) approve the appointment and removal of the head of the internal audit function;
- (b) review and approve the role and mandate of the internal audit function and monitor and review the effectiveness of its work and approve the internal audit charter ensuring that it is appropriate for the Company's current needs;
- (c) review and approve the annual internal audit plan to ensure it is aligned to the business's key risks and receive regular reports on work carried out;
- (d) ensure that the internal audit function has unrestricted scope, necessary resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- (e) ensure the internal audit function has direct access to the Chair of the Board and to the Committee Chair and is accountable to the Committee;
- (f) review, approve and assess the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- (g) review promptly all internal audit reports submitted to the Committee;
- (h) review and monitor management's responsiveness to the findings and recommendations of the internal auditor and to support the effective working of the internal audit function;
- (i) ensure there is open communication between the different functions and that the internal function evaluates the effectiveness of these functions, including risk, compliance and finance functions as part of its audit plan and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- (j) meet the head of internal audit at least once a year, without management being present, to discuss the effectiveness of the function, review and assess the annual internal audit plan, receive a report on the internal auditor's work, and monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system;
- (k) carry out an annual assessment of the effectiveness of the internal audit function;
- (l) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business;

- (m) consider whether an independent, third party review of internal audit effectiveness and processes is required; and
- (n) receive a report on the results of the internal auditor's work on a periodic basis.

12.7 External Audit

The Committee shall, taking into account any applicable law and legislation, other professional requirements, the Code, FRC guidance and the FRC Minimum Standard:

- (a) conduct the tender process, 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;
- (b) in accordance with applicable Code and regulatory requirements, 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 auditor with those of other audit firms and, in respect of such tender, develop and oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process;
- (c) if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (d) evaluate the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the Committee and consider the need to include the risk of the withdrawal of the external auditor from the market in that evaluation;
- (e) oversee the relationship with the external auditor including (but not limited to):
 - (i) approval of their remuneration, whether fees for audit or non-audit services and 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 of the audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant UK law, the FRC Minimum Standard, professional and regulatory requirements and ethical standards and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats, including the provision of any non-audit services;
 - (iv) 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 and seek annually from the audit firm information about policies and processes for maintaining independence and its compliance with the relevant law, regulation and other professional requirements, the FRC Minimum Standard including guidance on the rotation of audit partners and staff;
 - (v) agreeing with the Board a policy on the employment of former employees of the Company's auditor taking into account ethical standards and legal requirements, then monitoring the implementation of this policy;

- (vi) monitoring the auditor's processes for maintaining independence, its compliance with relevant law, regulation and other ethical and professional guidance, including the 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;
 - (v) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures; and
 - (vi) seeking to ensure co-ordination with the activities of the internal audit function;
- (f) 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 (including the executive directors) being present, to discuss their remit and any issues arising from the audit;
- (g) review and approve the annual audit plan at the start of the audit cycle 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;
- (h) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit and the auditor's explanation of how the risks to audit quality were addressed;
 - (ii) any accounting and audit judgements;
 - (iii) levels of errors identified during the audit; and
 - (iv) the effectiveness of the audit and the auditor's view of their interactions with senior management.
- (i) consider and review the finding of any external tax advisor to the Company or any of its subsidiaries. The Committee shall also review the effectiveness of the audit, the handling of key judgments by the auditor, and the auditor's response to questions from the Committee and shall:
 - (i) 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;
 - (ii) review, before its consideration by the Board, the external auditor's report to the directors and their management letter including management's response to the auditor's findings and recommendations;
 - (iii) document how effective oversight of the external auditor has been achieved throughout the year;
- (j) at the end of the audit cycle, taking into consideration relevant UK professional and regulatory requirements, assess the effectiveness of the audit process including:
 - (i) asking whether the external auditor has identified any risks to audit quality and, if so, how these were addressed;
 - (ii) discussing with the auditor the key audit firm and network level controls the auditor relied on to address any identified risks to audit quality and enquiring

about findings from internal and external inspections of their audit and their audit firm;

- (iii) reviewing whether the auditor has met the agreed audit plan and any commitments made during the tender process (including whether the volume and type of resources envisaged (as regards seniority and where relevant, specialism) have been deployed) and understanding reasons for changes to the audit plan;
- (iv) considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions;
- (v) obtaining feedback on the conduct of the audit from key people involved;
- (vi) reviewing and monitoring the content of the external auditor's management letter, and other communications with the Committee, to assess whether it is based on a good understanding of the Company's business and establish whether recommendations have been acted on, and if not, the reasons why this is not so;
- (vii) obtaining evidence on the effectiveness of the external audit and auditor from those impacted by the audit/auditor (which may include (among other things) evidence of occasions when the auditor has challenged management and the outcome of those challenges, how the auditor has responded to previous assessments of audit quality, the auditor's quality assurance systems, any agreed audit quality indicators against which the auditor reports, any FRC review of the Company's audit and the auditor's response and action plans, sample surveys and feedback from external sources including investors);
- (viii) reviewing the FRC's annual report on the external auditor, and discussing the report with the auditor to understand how any identified issues are being addressed; and
- (ix) reporting to the Board on the effectiveness of the audit process.

12.8 **Non-audit services**

The Committee shall:

- (a) develop and recommend to the Board, and implement, the Company's formal policy on engagement of the external auditor to supply non-audit services, including the Committee's prior approval of non-audit services, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include assessment of:
 - (i) threats to the external auditor's independence and objectivity and any safeguards in place to eliminate or reduce threats;
 - (ii) the nature of the non-audit services;
 - (iii) in light of the external audit firm's skills and experience, whether it is the most suitable supplier of the non-audit services;
 - (iv) the fees for the non-audit services, both for individual services and in aggregate, relative to the audit fee, including special terms and conditions; and
 - (v) the criteria governing compensation of the individuals performing the audit;

- (b) ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, taking into account relevant regulations and ethical guidance in this regard, satisfying itself that there are no relationships between the auditor and the Company outside the ordinary course of business (including the level of non-audit fees) that could adversely affect the auditor's independence and objectivity, or the audit process, and report to the Board on any improvement or action required;
- (c) keep the policy for the provision of non-audit services under review; and
- (d) ensure that the Company manages its non-audit relationships with audit firms to ensure that it has a fair choice of suitable auditors at the next external audit tender and in light of the need for greater market diversity and any market opening measures that may be introduced.

12.9 **Reserves Auditors**

The Committee shall:

- (a) consider and make recommendations to the Board, in relation to the appointment and removal of the Company's reserves auditor;
- (b) if a reserves auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (c) oversee the relationship with the reserves auditor including (but not limited to):
 - (i) approvals of their remuneration, approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (ii) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and ethical standards and the relationship with the auditor as a whole; and
 - (iii) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the reserves auditor on their own internal quality procedures;
- (d) review and approve the annual audit plan at the start of the audit cycle 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;
- (e) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the reserves audit;
 - (ii) any technical judgements;
 - (iii) levels of errors identified during the audit; and
 - (iv) the effectiveness of the reserves audit and the reserves auditor's view of their interactions with senior management.

13. **Reporting Responsibilities**

- 13.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting of the Committee on all matters within its duties and responsibilities and shall also formally report to the Board how it has discharged its responsibilities.

- 13.2 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report should describe the work of the Committee, including:
- (a) details of the membership of the Committee, number of meetings held and attendance over the course of the year;
 - (b) a summary of the role and work of the Committee;
 - (c) how the Committee's performance review has been conducted;
 - (d) the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed and information about the findings and actions planned by the Committee and external auditor, having regard to matters communicated to it by the external auditor, the nature and extent of any interaction with the Financial Reporting Council's Corporate Reporting Review team and any significant findings of a review of the Company's audit conducted by the Financial Reporting Council's Audit Quality Review team;
 - (e) an explanation of the application of the Company's accounting policies;
 - (f) where shareholders have requested that certain matters be covered in an audit and that request has been rejected, an explanation of the reasons why;
 - (g) confirmation that the Board has carried out a robust assessment of the principal and emerging risks facing the Company, a description of those risks, the procedures in place to identify emerging risks and an explanation as to how they are being managed and mitigated.
 - (h) an explanation of its assessment of the independence and 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 and the Group, auditor objectivity and independence is safeguarded);
 - (i) an explanation of its approach taken to the appointment or reappointment of the external auditor, length of incumbent auditor's tenure, when a tender was last conducted, an explanation of the criteria used to make a selection and the process followed where a tender process has taken place in the past year, advance notice of any retendering plans;
 - (j) if the Board does not accept the Committee's recommendation regarding the appointment, reappointment or removal of the external auditor, a statement explaining its recommendation and reasons why the Board has taken a different stance;
 - (k) 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;
 - (l) an explanation of how the Committee has addressed the effectiveness of the internal audit process;
 - (m) all other information requirements set out in the Code and the FRC Minimum Standard including details of the activities the Committee has undertaken to meet the requirements of the FRC Minimum Standard; and
 - (n) any other issues on which the Board has requested the Committee's opinion.

- 13.3 In compiling the above report, the Committee shall exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but 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 longer term viability statement.
- 13.4 The Committee shall make whatever recommendations to the Board which the Committee deems appropriate on any area within its remit where action or improvement is needed.
- 13.5 The Chair of the Committee (or, as a minimum, another member of the Committee) shall attend the Board meeting at which the accounts are approved.

14. Other Matters

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretary for advice and 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 ongoing basis for all members to be tailored to the evolving needs of the Company and regulatory landscape;
- (c) give due consideration to all relevant laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provisions of the Code, the FRC Minimum Standard and the requirements of the UK Listing Authority's Listing Rules, Prospectus Regulation Rules, the DTRs and any other applicable rules as appropriate;
- (d) be responsible for oversight of the co-ordination of the internal and external auditors;
- (e) supervise the Company's policy in respect of tax planning;
- (f) supervise the Company's policy in respect of the financing of the Company;
- (g) review and monitor compliance with treasury and cash management policies and procedures, including the credit risk of institutions where the Company has significant cash deposits;
- (h) consider and make recommendations to the Board concerning the overall levels of insurance for the group;
- (i) work and liaise as necessary with all other Board committees ensuring interaction between committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different committees;
- (j) oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort; and
- (k) 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.

15. Authority

- 15.1 The Committee is authorised:
- (a) by the Board to investigate any activity within its terms of reference;
 - (b) to seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company in order to perform its

duties. All employees, directors, consultants and other service providers of services are directed to co-operate with requests for information made by the Committee including requests to attend meetings of the Committee;

- (c) to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference it believes it is necessary to do so;
- (d) to call any employee to be questioned at a meeting of the Committee as and when required; and
- (e) to 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 auditor 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.

15.2 Although the Committee can seek the advice and assistance of the executive management, it must ensure that this role is clearly separated from their role within the business.
