

## Terms of Reference – Audit Committee

### Audit Committee (the “Committee”) of InvestAcc Group Limited (the “Company”)

References to the “**Board**” shall mean the full Board of Directors.

#### MEMBERSHIP

- The Board has resolved to establish a committee of the Board to be known as the Audit Committee.
- The Committee shall comprise at least two members, all of whom shall be independent non-executive directors.
- The Committee shall include at least one member of the Risk Committee.
- At least one member shall have recent and relevant financial experience and the Committee as a whole shall have competence relevant to the sector in which the Company operates.
- The chair of the Board shall not be a member of the Committee.
- Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the chair of the Committee.
- Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members continue to be independent.
- Only members of the Committee have the right to attend Committee meetings. However, the chief financial officer and external audit lead partner will be invited to attend meetings of the Committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate.
- The Board shall appoint the Committee chair. 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.

#### SECRETARY

- The Company Secretary, or their nominee, shall act as the Secretary of the Committee (“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.

#### MEETINGS

- The quorum necessary for the transaction of business shall be two members.
- The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- Outside of the formal meeting programme, the Committee chair will maintain a dialogue with key individuals involved in the Company’s governance, including the Board chair, the chief executive officer, the chief financial officer and the external audit lead partner.
- Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee chair or any of its members, or at the request of the external audit lead partner, if they consider it necessary.
- 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 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.
- The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary unless, exceptionally, it would be inappropriate to do so. They may also be circulated to other interested parties, where appropriate.

## ENGAGEMENT WITH SHAREHOLDERS

- The Committee chair should attend the annual general meeting to answer 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 (including in relation to the external audit, where appropriate).

## 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 parent company, subsidiary undertakings and the Group as a whole ("Group"), as appropriate.

### Financial reporting

- The Committee shall review the Financial procedures manual and key accounting policies.
- The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.
- In particular, the Committee shall review and challenge where necessary:
  - o the application of significant accounting policies and any changes to them;
  - o the methods used to account for significant or unusual transactions where different approaches are possible;
  - o whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
  - o the clarity and completeness of disclosures in the financial statements and the context in which statements are made;
  - o disclosures made in accordance with the TCFD framework, including climate-related metrics and targets and any associated estimates, methodologies and judgements, and consider whether such disclosures are consistent with the financial statements; and
  - o all material information presented with the financial statements, including statements relating to the audit and to risk management.
- The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any applicable law or regulation including under the Listing Rules (until such time as the UK Listing Rules are implemented), the UK Listing Rules (following their implementation), the Prospectus Rules and the Disclosure Guidance and Transparency Rules sourcebook.
- 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.
- Where requested by the Board, the Committee should review the content of the 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 Company's performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the Code.
- 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.

### Financial controls

The Committee shall:

- keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks;
- review the adequacy and effectiveness of systems and controls supporting the collection, validation and reporting of climate-related data and metrics; and

review and recommend to the Board disclosures in the annual report concerning internal financial controls and the viability statement.**Internal Audit**

In conjunction with the Risk Committee, the Committee shall consider at least annually the need for an internal audit function, make any recommendation to the Board and explain the reasons for the absence of such a function, how internal assurance is achieved and how this affects the external audit work to the Board for disclosure in the annual report.

### **External Audit**

The Committee shall:

- 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;
- 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;
- 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, lead and conduct such tender process and develop and oversee the selection process in accordance with applicable regulatory requirements, the UK Corporate Governance Code and the FRC Minimum Standard (when applicable), ensuring that all tendering firms have such access as is necessary to information and individuals during the tendering process;
- if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- oversee the relationship with the external auditor. In this context the Committee shall:
  - o approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - o approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- assess annually the external auditor's independence and objectivity taking into account relevant law, regulation, the FRC Minimum Standard, the Ethical Standard and other professional requirements and the group's 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;
- satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.
- Continue to monitor the Company's policy on the employment of former employees of the Company's auditor taking into account the Ethical Standard and relevant legal requirements and monitor the application of this policy in conjunction with the HR Director.
- monitor the auditor's processes for maintaining independence, and its compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- monitor the level of fees paid by the Company to the external auditor 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 Standard;
- assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- continue to monitor the application of the Company's formal policy on the provision of non-audit services by the auditor, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required. The policy must also provide for the prior approval of non-audit services by the Committee, and specify the types of non-audit service to be preapproved, and assessment of whether non-audit services have a direct or material effect

on the audited financial statements. The policy should also include consideration of the following matters:

- threats to the independence and objectivity of the external auditor and any safeguards in place;
- the nature of non-audit services;
- whether the external audit firm is the most suitable supplier of the non-audit service;
- the fees for the non-audit services, both individually and in aggregate, relative to the audit fee;
- the criteria governing compensation;
- 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, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - a discussion of any major issues which arose during the audit;
  - the auditor's explanation of how the risks to audit quality were addressed;
  - key accounting and audit judgements;
  - the auditor's view of their interactions with senior management;
  - levels of errors identified during the audit;
- review any representation letter(s) requested by the external auditor before they are signed by management;
- review the management letter and management's response to the auditor's findings and recommendations;
- document how effective oversight of the external auditor has been achieved throughout the year;
- at the end of the audit cycle, taking into consideration relevant UK professional and regulatory requirements, assess the effectiveness of the audit process including:
  - asking whether the external auditor has identified any risks to audit quality and, if so, how these were addressed;
  - 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. The Committee should also consider whether the volume and type of resource (in terms of seniority and, where relevant, specialism) envisaged in the audit plan has been deployed;
  - reviewing whether the auditor has met the agreed audit plan (and any commitments made during the tender process) including changes in perceived audit risks and work undertaken by the auditor;
  - obtaining feedback on the conduct of the audit from key people involved;
  - 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;
  - 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 (and whether concerns expressed by the Committee have been addressed satisfactorily), the auditor's quality assurance systems and own assessments of the audit quality, 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);
  - 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;
  - considering the handling of key judgements by the auditor, and the auditor's response to questions from the Committee; and
  - reporting to the Board on the effectiveness of the audit process;

- review the FRC's annual report on the external auditor (where relevant), and discuss the report with the auditor to understand how any identified issues are being addressed.

## REPORTING RESPONSIBILITIES

- The Committee chair 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:
  - o as required pursuant to "Financial reporting" above, the significant issues that it considered in relation to the financial statements and how these were addressed;
  - o as required pursuant to "External auditor" above, its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans;
  - o any other issues on which the Board has requested the Committee's opinion.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report on its activities to be included in the Company's annual report. The report should describe the work of the Committee, including:
  - o the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
  - o an explanation of the application of the Company's accounting policies;
  - o where shareholders have requested that certain matters be covered in an audit and that request has been rejected, an explanation of the reasons why;
  - o an explanation of how the Committee has assessed the independence and effectiveness of the external audit process;
  - o an explanation of the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, 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, and advance notice of any retendering plans;
  - o where a regulatory inspection of the quality of the Company's audit has taken place, information about the findings of that review, together with any remedial action that the auditor is taking in the light of these findings;
  - o an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the Code;
  - o if the Board does not accept the Committee's recommendation regarding the appointment, reappointment or removal of the external auditor, a statement explaining the Committee's recommendation and reasons why the Board has taken a different position; and
  - o all other information requirements set out in the UK Corporate Governance Code and the FRC Minimum Standard (when applicable).
- In compiling the reports referred to above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements 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 cross-references to that information.

## **OTHER MATTERS**

The Committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for advice and assistance as required;
- 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;
- Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidance, the FRC Minimum Standard, the applicable requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;
- Be responsible for oversight of the coordination of the external auditor;
- Oversee any investigation of activities which are within its terms of reference;
- 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;
- Ensure that a periodic evaluation of the Committee's performance is carried out;
- Ensure that the external auditor has full access to Company staff and records; 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 for approval.

## **AUTHORITY**

The Committee is authorised to:

- Seek any information it requires from any employee of the Company in order to perform its duties;
- Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter if it believes it necessary to do so;
- Call any employee to be questioned at a meeting of the Committee as and when required; and
- 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.