



Dated 1<sup>st</sup> January 2024

LSL PROPERTY SERVICES PLC (**LSL**)

AUDIT & RISK COMMITTEE - TERMS OF REFERENCE

## LSL PROPERTY SERVICES PLC (“Company” or “LSL”)

### AUDIT & RISK COMMITTEE TERMS OF REFERENCE

#### INTRODUCTION

The UK Corporate Governance Code published by the Financial Reporting Council in July 2018 (**Code**) states that:

*“The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements” (Principle M).*

*“The board should present a fair, balanced and understandable assessment of the company’s position and prospects” (Principle N).*

*“The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives” (Principle O).*

References in these terms of reference to the **Committee** mean the Company’s Audit & Risk Committee and references to the **Group** mean the **Company** and its subsidiaries.

#### CONSTITUTION & COMPOSITION

1. The members of the Committee for the time being shall be displayed on the Company’s website together with a copy of these Terms of Reference and the Company’s Auditor Independence Policy.
2. The Committee has been established by the Board and shall consist of a minimum of two members appointed by the Board on the recommendation of the Nominations Committee in consultation with the Chair of the Committee. Membership of the Committee is confined to independent non-executive directors in accordance with provision 24 of the Code.
3. The Chair of the Audit & Risk Committee, who shall be an independent non-executive director, shall be appointed by the Board on the recommendation of the Nominations Committee which shall determine the period for which he/she shall hold office save that appointments shall not exceed three years, which may be extendable by no more than two additional three year periods, provided that the member continues to be independent.
4. The Company Secretary 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.
5. The quorum for decisions of the Committee shall be any two members. A duly convened meeting of the Audit & Risk Committee at which a quorum is present shall be competent to exercise all or any authorities, powers and discretions vested in or exercisable by the Committee.
6. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to Chair the meeting. The Chair of the Board shall not be eligible to be appointed as Chair of the Audit & Risk Committee.

7. In considering the composition of the Committee, the Nominations Committee and the Board will have regard to ensuring a range of skills, diversity, experience, knowledge and professional qualifications to ensure compliance with the Code. They will also ensure that the Committee as a whole has competence relevant to the sectors in which the Group operates and that at least one member has recent and relevant financial experience. The need for a degree of financial literacy among the other members will vary and experience of corporate financial matters will normally be required.

## ROLE & RESPONSIBILITIES

8. The Committee is responsible for discharging governance responsibilities in respect of audit, risk and internal control, and will report to the Board as appropriate. The main role and responsibilities of the Committee are detailed below (see section 11).
9. In carrying out its roles and responsibilities, the Committee shall consider the requirements of the Listing Rules and Disclosure Guidance and Transparency Rules (together with any other requirements issued by the Financial Conduct Authority (FCA)), the Code together with guidance issued by the Financial Reporting Council (FRC) (including the *Guidance on Audit Committees* and the *Guidance on Risk Management, Internal Control and Related Financial and Business Reporting*), together with any requirements of the Board, which are all incorporated into these Terms of Reference by reference to them. The Committee shall also have regard to and oversee compliance with the Company's Corporate Sustainability and ESG strategies and programme and ensure that LSL's risk assessment framework incorporates sustainability related risks and opportunities and has regard to what is material to the business. Copies of all documents referred to in these Terms of Reference are available from the Company Secretary.
10. The Committee members shall bring an independent mind-set to their role. Independent thinking is crucial in assessing the work of Management and the assurance provided by the Company's Internal Audit team and the external auditor. The Committee will also be provided with sufficient resources to undertake its duties.
11. The main roles and responsibilities of the Audit & Risk Committee include the matters listed below. Section 17 provides additional information and detail on how the Committee discharges its roles and responsibilities:
  - 11.1 monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting issues judgements contained in them;
  - 11.2 providing advice (where requested by 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. In addition, the Committee will assist the Directors in their statements to be included in the Annual Report & Accounts. To assist the Directors, the Committee's review will assess whether other information presented in the Annual Report and Accounts is consistent with the financial statements;
  - 11.3 reviewing the Company's internal financial controls and internal control systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems, unless expressly addressed by a separate Board risk committee composed of independent non-executive directors, or by the Board itself;
  - 11.4 monitoring and reviewing the effectiveness of the Company's Internal Audit team;
  - 11.5 conducting the external auditor tender process and making recommendations to the Board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
  - 11.6 reviewing and monitoring the external auditor's independence and objectivity;

- 11.7 reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- 11.8 developing and implementing the Company's policy on the engagement of the external auditor to supply non-audit services (which is contained within the Auditor Independence Policy), ensuring that there is prior approval of non-audit services, 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; and
- 11.9 reporting to the Board on how it has discharged its responsibilities.
12. The Committee has a role in ensuring that shareholder interests are properly protected in relation to financial reporting and internal control, and it shall consider the clarity of its reporting and is prepared to meet with investors. The Annual Report and Accounts will each year include a separate section describing the work of the Committee in discharging its responsibilities, which shall be signed by the Chair of the Committee. The Committee will ensure that the Committee's report in the Annual Report and Accounts includes the following:
- 12.1 the significant issues that the Committee considered relating to the financial statements, and how these issues were addressed;
- 12.2 an explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, the current audit partner name; and for how long the partner has held the role; when a tender was last conducted and advance notice of any retendering plans;
- 12.3 in the case of the Board not accepting the Committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the Committee explaining its recommendation and the reasons why the Board has taken a different position (this shall also be supplied in any papers recommending appointment or reappointment); and
- 12.4 an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services.
13. In compiling the reports referred to in 12.1 – 12.4, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, and it 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.
14. The Committee will assist the Board in carrying out a robust assessment of the Company's emerging and principal risks to ensure that the Board can confirm in the Annual Report and Accounts that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.
15. The Board has ultimate responsibility for the Company's risk management and internal control systems and the Committee will support the Board in meeting its responsibilities. Management has day-to-day responsibility for the risk management and internal control systems, including the financial controls. This includes monitoring the Company's risk management and internal control systems. The Committee will also consider what role it can play in promoting sound risk management and internal control systems, including operational and compliance controls, and review these systems. The Committee will receive reports from Management on the effectiveness of the Company's systems, and the results of any reviews conducted by Internal Audit or the external auditor.

16. In annual and half-yearly financial statements, the Board shall state whether it considers it appropriate to adopt the going concern basis of accounting in preparing them and identify any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements. The Committee will support the Board in the making of this statement.
17. Taking account of the Company's current position and principal risks, the Board will explain in the Annual Report and Accounts how it has assessed the prospects of the Company, over what period it has done so and why it considers that period to be appropriate. The Board shall also state whether it has 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 their assessment, drawing attention to any qualifications or assumptions as necessary. The Committee will support the Board in the making of this statement.
18. In discharging its main roles and responsibilities the Committee will have regard to the following:

#### **Internal Controls and Risk Management**

- 19.1 In relation to the Company's internal controls and risk management arrangements, the Committee shall:
  - a. ensure that the Group's accounting and financial policies and controls are proper, effective and adequate;
  - b. ensure that internal and external auditing processes are properly co-ordinated and work effectively;
  - c. on behalf of the Board, provide oversight of the Company's risk management and internal controls systems (including reviewing the Company's capability to identify and manage new risk types) and in relation to the same, receive reports from Management on material breaches of risk limits and the adequacy of proposed actions; and the effectiveness of the systems and the conclusions of any testing carried out by the internal or external auditor;
  - f. consider the level of assurance the Committee is getting on the risk management and internal control systems, including financial controls, and whether there is enough to help the Board in satisfying itself that they are operating effectively;
  - g. advise 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 Financial Conduct Authority and other authoritative sources that may be relevant for the Company's risk policies;
  - h. oversee and advise the Board on the current risk exposures of the Company and future risk strategy;
  - i. monitor the Company's risk management and internal control systems and, at least annually, carry out a review to enable the Company to report on that review in the Annual Report and Accounts. The monitoring and review will cover all material controls, including financial, operational and compliance controls;
  - j. receive at least annually reports from the Divisional compliance teams;
  - k. review the adequacy and security of the company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrong doing 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 actions; and
  - l. review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.
- 19.2 The Audit & Risk Committee shall report to the Board on how it has discharged its responsibilities including:

- a. the significant issues that it considered in relation to the financial statements and how these issues were addressed;
  - b. its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
  - c. any other issues on which the Board has requested the Committee's opinion. In doing so it shall identify any matters in respect of which it considers that action or improvement is needed, whether the subject of a specific request by the Board or not, and make recommendations as to the steps to be taken.
- 19.3** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 19.4** Where there is any disagreement between the Committee and the Board, adequate time will be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the Committee may report the issue to shareholders as part of the report on its activities in the Annual Report and Accounts.
- 19.5** The Committee will also consider key matters of their own initiative rather than relying solely on the work of the external auditor. The Committee will discuss what information and assurance it requires in order to properly carry out its role to review, monitor and provide assurance or recommendations to the Board and, where there are gaps, how these should be addressed. The Committee shall satisfy itself that these sources of assurance and information are sufficient and objective.
- 19.6** The Committee shall receive regular reports regarding instances of any fraud which have been reported and investigated across the Group, as well as reviewing the Company's procedures for detecting fraud.
- 19.7** Receive reports from, and on behalf of the Board annually review the arrangements relating to, the Financial Services Oversight Committee.

**External Auditor**

- 19.8** The Committee is the body responsible for overseeing the Company's relationship with the external auditor. In relation to the external auditor, the Committee shall also:
- a. have primary responsibility for making annual recommendations to the Board for it to put to the shareholders for their approval in general meeting in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor at start of each audit. The Committee will ensure that the engagement terms are updated to reflect changes in circumstances arising since the previous year. If the Board does not accept the Committee's recommendation, it shall include in any papers recommending appointment or reappointment, a statement from the Committee explaining the recommendation and set out reasons why the Board has taken a different position;
  - b. satisfy itself that the audit fee is appropriate and that an effective, high quality, audit can be conducted for such a fee;
  - c. be responsible for developing and overseeing the selection procedure for the appointment of audit firms in accordance with applicable Code and regulatory requirements. When considering the selection of possible new appointees as external auditor, it will 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;
  - d. meet with the external auditor before the start of each annual audit to consider the nature and scope of the audit (and, where more than one audit firm is involved, monitoring co-ordination between them) and post audit at the reporting stage. The Committee will ensure that appropriate plans are in place for the audit and will consider whether the auditor's overall work plan, including planned

levels of materiality and proposed resources to execute the audit plan, appears consistent with the scope of the audit engagement, having regard also to the seniority, expertise and experience of the audit team;

- e. review with the auditor, in a timely manner, the findings of their work and their report, including:
  - i. any major issues that arose during the audit (including a review of resolved and unresolved items);
  - ii. an explanation on how the auditor addressed any risks to audit quality;
  - iii. weigh the evidence they received in relation to areas of significant judgement and review key accounting and audit judgements;
  - iv. seek the auditor views on their interaction with senior Management and members of the Group's finance teams; and
  - v. review levels of errors identified during the audit, obtaining explanations for Management and the auditor in relation to the same;
- f. satisfy itself that there are no relationships between the auditor and LSL (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- g. monitor the auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- h. when annually assessing, and reporting to the Board on, the effectiveness of the audit process. consider qualification, expertise, ethical standards (including compliance with the same), resources, and the independence of the external auditor. The assessment will also consider mind-set, culture, skills, character and knowledge, quality control, and judgements, including the robustness and perceptiveness of the auditor in handling key judgements, responding to questions from the Committee, and in any commentary on the Company's systems of internal control. The assessment will also cover all aspects of the audit service provided by the audit firm, and include obtaining a report on the audit firm's own internal quality control procedures and consideration of the audit firm's annual transparency reports;
- i. if the external auditor resigns, investigate the issues giving rise to such resignation and consider whether any action is required;
- j. evaluate the risks to the quality and effectiveness of the financial reporting process, especially in light of the auditor's communications with the Committee;
- k. in developing and implementing the policy on the engagement of the external auditor to supply non-audit services, take into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed making recommendations on the steps to be taken;
- l. review and monitor Management's responsiveness to the external auditor's findings and recommendations and review the audit representation letters before signature, giving particular consideration to matters where representation has been requested that relate to non-standard issues. The Committee will also consider whether the information provided is complete and appropriate based on its own knowledge;
- m. meet the Board formally at least twice each year to discuss matters such as the Annual Report and Accounts, the relationship with the external auditor and such other matters within its duties and responsibilities;
- n. keep under review the nature and extent of non-audit services provided by the Company's external auditor, taking into account the Company's Auditor Independence Policy; and
- o. review, at least annually for recommendation to the Board, and implement the Auditor Independence Policy;

**19.9** In the course of its assessment of audit effectiveness, the Committee shall also:

- a. ask the external auditor to explain the risks to audit quality that they identified and how these have been addressed;

- b. discuss with the external auditor, the key audit firm and network level controls the auditor relied on to address the identified risks to audit quality and enquire about the findings from internal and external inspections of their audit and their audit firm;
- c. review whether the auditor has met the agreed audit plan and understand the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditor to address those risks;
- d. obtain feedback about the conduct of the audit from key people involved, for example the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Financial Controller and the Group Internal Audit Director, including consideration of the external auditor's reliance on Internal Audit; and
- e. review and monitor the content of the external auditor's management letter, and other communications with the Committee, in order to assess whether it is based on a good understanding of the Company's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon.

### **Annual Report and Accounts**

**19.10** Each year the Committee will prepare a report to shareholders for inclusion in the Company's Annual Report and Accounts which shall in addition to the items specified at section 12 above, include:

- a. a summary of the role and work of the Committee;
- b. how the Committee composition requirements have been addressed, and the names and qualifications of all members of the Committee during the period, if not provided elsewhere;
- c. the number of Committee meetings;
- d. how the Committee's performance evaluation has been conducted;
- e. an explanation of how auditor independence and objectivity are safeguarded. If the external auditor provides non-audit services, the Committee's policy for approval of non-audit services; how auditor objectivity and independence is safeguarded; the audit fees for the statutory audit of the Company's consolidated financial statements paid to the auditor and its network firms 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, explain what the services are and why the Committee concluded that it was in the interests of the Company to purchase them from the external auditor;
- g. an explanation of how the Committee has assessed the effectiveness of the Internal Audit team and satisfied itself that the quality, experience and expertise of the function is appropriate for the business; and
- h. the significant issues that the Committee considered, including:
  - i. issues in relation to the financial statements and how these were addressed, and judgement applied, having regard to matters communicated to it by the auditor;
  - ii. the nature and extent of interaction (if any) with the FRC's Corporate Reporting Review team; and where a Company's audit has been reviewed by the FRC's Audit Quality Review team, the Committee will discuss the findings with the auditor and consider whether any of those findings are significant and, if so, make disclosures about the findings and the actions they and the auditor plan to take. This discussion shall not include disclosure of the audit quality category. The Committee shall exercise judgement in deciding which of the issues it considered in relation to the financial statements were significant. The Committee shall aim to describe the significant issues in a concise and understandable form whilst reporting on the specific circumstances of the Company. When reporting on the significant issues, the Committee is not expected to disclose information which, in its opinion, would be prejudicial to the interests of the Company (for example, because it related to impending developments or matters in the course of negotiation). The section need not repeat information disclosed elsewhere in the Annual Report and Accounts, but can signposts to that information.

### **Financial Reporting**



- 19.11** The Committee will review, including challenging where necessary, and report to the Board on significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements (having regard to matters communicated to it by the external auditor), including its annual and half yearly statements, and where requested by the Board, any interim reports, preliminary results announcements, summary financial statements, significant financial returns to any regulators (excluding any Retail Mediation Activities Return to be submitted to the FCA by any directly authorised LSL group company, which shall be reviewed by the relevant subsidiary company and excluding any tax returns to HMRC) and any financial information contained in certain other documents before their submission to the full Board, focusing in particular on:
- a. any significant accounting policies and practices and any changes to them;
  - b. taking into account the external auditor's view on the financial statements, whether the Company has adopted appropriate accounting policies and where necessary, made appropriate estimates and judgements;
  - c. the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context;
  - d. major judgemental areas;
  - e. significant adjustments arising from the audit;
  - f. whether it is appropriate to adopt the 'going concern' basis of accounting and identify any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
  - g. compliance with accounting standards;
  - h. the extent to which the financial statements are affected by any significant or unusual transactions and methods used to account for them; and
  - i. compliance with legal, FCA and/or London Stock Exchange requirements.
- 19.12** Where Board approval is required for other statements containing financial information (including the release of price sensitive information), whenever practicable, the Committee shall review such statements first (without be inconsistent with any requirement for prompt reporting under the Listing Rules or Disclosure and Transparency Rules).
- 19.13** Management shall prepare, complete and accurate financial statements and disclosures in accordance with accounting standards and other regulations. They shall inform the Committee of the methods used to account for significant or unusual transactions where the accounting treatment is open to different approaches. The Committee will consider significant accounting policies and any changes to them.
- 19.14** Taking into account the external auditor's view on the financial statements, the Committee shall consider whether the Company has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements. The Committee shall review the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context.
- 19.15** Following its review, if the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it will report its views to the Board.
- 19.16** The Committee will also review material information presented with the financial statements, including the strategic report, and corporate governance statements relating to the audit and to risk management.
- 19.17** The Committee will discuss, in the absence of the executive directors (if appropriate), any problems or reservations which the Company's external auditor may have arising from final audits and any interim audits or otherwise.

**19.18** The Committee will review the external Company's external auditor's management letter and Management's response.

**19.19** In relation to the Annual Report and Accounts, the Committee will, on behalf of the Board, review and approve the statements to be included on:

- a. the Board's review of the effectiveness of its internal control systems and risk management and the viability statement, prior to endorsement by the Board;
- b. confirmation that the Board has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- c. explanation (taking into account the Company's current position and principal risks) of how they have assessed the prospects of the Company, over what period they have done so and why they consider the period to be appropriate for the purposes of the statement on going concern.

#### **Internal Audit**

**19.20** The Internal Audit team provides objective assurance and advice on risk and control. In relation to the Company's Internal Audit team, the Committee will:

- a. review and approve the role and mandate of the Company's Internal Audit function. The Audit & Risk Committee will ensure that the internal audit function has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditor;
- b. ensure that the Group Internal Audit Director has direct access to the board chair and to the Audit & Risk Committee chair, providing independence from the executive and accountability to the committee;
- b. approve the Company's internal audit plan and annually review and approve the internal audit terms of reference/charter to ensure that it is appropriate to the current needs of the Group. The internal audit plan should be aligned to the key risks of the business. The Audit & Risk Committee will pay particular attention to the areas in which work of the risk, compliance, finance, internal audit and external audit functions may be aligned or overlapping and oversee these relationships to ensure they are coordinated and operating effectively to avoid duplication. The Audit & Risk Committee will ensure that there is open communication between these different functions and that the internal audit function evaluates the effectiveness of other risk, compliance and finance functions as part of its internal audit plan;
- c. monitor and review the effectiveness of the Company's Internal Audit team and activities, including approving the appointment and termination of the Group Internal Audit Director. Internal Audit has access to the Audit & Risk Committee and Chairman of the Board where necessary and the Audit & Risk Committee will ensure internal audit has reporting lines which enables it to be independent of the executive and so is able to exercise independent judgement;
- d. in undertaking the review of effectiveness of the Internal Audit function, confirm that it is satisfied that the quality, experience and expertise of the team is appropriate for the business. The Committee will also consider the actions Management has taken to implement the recommendations of the Internal Audit team and whether these properly support the effective working of the function. In its annual assessment of the effectiveness of the Internal Audit team the Committee shall:
  - i. review and assess the annual Internal Audit work plan and the adequacy of resourcing to deliver the plan;
  - ii. receive a report on the results of the Internal Auditor's work;
  - iii. monitor and assess the role and effectiveness of the Internal Audit function in the overall context of the Company's risk management system; and
  - iv. if the external auditor is being considered to undertake aspects of the Internal Audit function, consider the effect this may have on the effectiveness of the Company's overall arrangements for internal control, the effect on the objectivity and

independence of the external auditor and the Internal Audit function and investor perceptions in this regard.

- e. The Committee may also wish to consider whether an independent, third party review of internal audit effectiveness and processes is appropriate.

#### PROCEDURE

- 20. Only members of the Committee have the right to attend Committee meetings. However, by invitation of the Committee, the external auditor, the Company's Chair, Group Chief Executive, Group Chief Finance Officer, Group Financial Controller and the Group Internal Audit Director may attend and speak at meetings of the Committee. In addition, at least once a year the external auditor and the Group Internal Audit Director shall meet the Committee without any Management/Executive Directors being present (discussion to include the effectiveness of the function).
- 21. The Committee shall meet at least three times each year at appropriate times in the reporting cycle and at such other times as the Chair of the Committee in consultation with the Company Secretary shall determine. The Group Internal Audit Director or the external auditor may request a meeting if they consider it necessary. Meetings may also be called at the request of any member of the Committee.
- 22. 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.
- 23. The Committee 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, and where instructed by the Board, minutes may be circulated to all other members of the Board unless, exceptionally, it would be inappropriate to do so.
- 24. All decisions of the Committee shall be reported to the Board and where it is required there will be a sufficient interval between the Committee meeting and the next Board meeting to allow any work arising from the Committee meeting to be carried out and reported to the Board as appropriate.
- 25. While formal meetings of the Committee are the heart of its work, members of the Committee will keep in touch on a continuing basis with the key people involved in the Company's governance, including the Chairman, the Group Chief Executive, the Group Chief Financial Officer, the Group Financial Controller, the external audit lead partner and the Group Internal Audit Director.
- 26. The Chair of the Committee shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee and its activities and matters within the scope of the Committee's responsibilities. In addition the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.
- 27. The Board authorises the Committee to:
  - 27.1 investigate any activity as directed by the Board or which is within these Terms of Reference and to seek directly any information it requires from any employee or contractor of the Group (all such persons being directed to co-operate with any such request by the Committee);

- 27.2 have access to the Company Secretariat team for advice and assistance;
- 27.3 obtain advice including in-house or external legal or other independent professional advice at the cost of the Company and to secure the attendance of advisers with relevant experience and expertise if it considers this necessary (but such persons shall not be members of the Committee); and
- 27.4 call any employee or contractor to attend a meeting of the Committee as and when required.
28. The Company will provide the Committee members 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. This will cover the role of the Committee, including these Terms of Reference and the expected time commitment by members; and an overview of the Company's business model and strategy, identifying the main business and financial dynamics and risks. It may also include meeting the Company's auditors, some Company employees and other key stakeholders.
29. On-going training will include an understanding of the principles of and developments in corporate reporting and regulation. In appropriate cases, it may also include, for example, understanding financial statements, applicable accounting standards and recommended practice; the legal and regulatory framework for the Company's business; the role of internal and external auditing; and risk management.
30. Work and liaise as necessary with all other board committees ensuring interaction between committees and with the board is reviewed regularly.
31. The Committee shall conduct an annual review of its work and these Terms of Reference and shall make recommendations about this to the Board. The Committee shall also ensure that it carries out a periodic evaluation of its own performance.
32. The Committee shall make available these Terms of Reference which explain its role and the authority delegated to it by the Board, by publishing it on the Company's website.

**Reviewed by the Audit & Risk Committee on 29<sup>th</sup> November 2023 and restated by the Board on 30<sup>th</sup> November 2023 with effect from 1<sup>st</sup> January 2024.**