

Terms of Reference of the Audit Committee

1. Function

- 1.1. The Audit Committee ("the Committee") is appointed by the Board to ensure that the Company maintains the highest standards of integrity, financial reporting and internal control.

2. Membership

- 2.1. The Committee shall comprise at least three members. Members of the committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee.
- 2.2. All Committee members shall be independent non-executive Directors and at least one shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.
- 2.3. Only members of the Committee have the right to attend Committee meetings. However, representatives of the Manager's risk and internal audit departments and external auditors will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.4. The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

- 3.1. The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Quorum

- 4.1. The quorum required for the transaction of business shall be two members.

5. Frequency of meetings

- 5.1. The Committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 5.2. Outside of the formal meeting programme, the Committee Chairman, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board, the external audit lead partner and the Manager's heads of risk and internal audit departments.

6. Notice of meetings

- 6.1. Meetings of the Committee shall be convened by the Company Secretary at the request of any of its members or at the request of the external audit lead partner or the Manager's heads of risk and internal audit if they consider it necessary.
- 6.2. Unless otherwise agreed by the Committee, 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 no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members at the same time.
- 6.3. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

7. Minutes of meetings

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- 7.1. The Company Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2. Draft minutes of Committee meetings shall be agreed with the Committee Chairman and then circulated promptly to all members of the Committee, unless it would be inappropriate to do so in the opinion of the Committee Chairman.

8. Annual General Meeting

- 8.1. The Committee Chairman should attend the annual general meeting to answer shareholder questions.

9. Duties

9.1. Financial Reporting

- 9.1.1. 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.

- 9.1.2. In particular, the Committee shall review and challenge where necessary:

- 9.1.2.1. The application of significant accounting policies and any changes to them;
- 9.1.2.2. The methods used to account for significant or unusual transactions where different approaches are possible;
- 9.1.2.3. The Company's investments, in particular the valuation of unquoted or other unusual investments;
- 9.1.2.4. 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; and
- 9.1.2.5. All material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.

- 9.1.3. 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 law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.

- 9.1.4. 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.

9.2. Narrative Reporting

- 9.2.1. 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.

9.3. Internal Controls and Risk Management Systems

- 9.3.1. The Committee shall keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems; including receiving a report from the management company confirming

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that it has conducted the Company's affairs in compliance with the regulations applying to it, including anti-money laundering systems and controls, together with information regarding any unusual transactions or complaints relating to savings schemes or similar products; and

9.3.2. The Committee shall review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement.

9.4. Compliance, Fraud and Bribery

9.4.1. The Committee shall review the Company's procedures for compliance, and detecting fraud; and

9.4.2. The Committee shall review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance with the Bribery Act 2010;

9.5. Internal Audit, Internal Controls and Risk Management Systems

9.5.1. The Committee shall consider the scope of the work undertaken by the management company's internal audit function and discuss with the Manager the implementation of improvements, and in its duty to oversee the relationship with the external auditor, the Committee will seek to ensure co-ordination with the activities of the internal audit function;

9.5.2. The Committee shall review the effectiveness of the Company's financial controls, internal controls and risk management systems and ensure that the Manager has discharged its duties in establishing and maintaining these; and

9.5.3. The Committee shall consider whether an independent, third party review of processes is appropriate.

9.6. External Audit

9.6.1. The Committee shall 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;

9.6.2. The Committee shall develop and oversee the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;

9.6.3. If an external auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;

9.6.4. The Committee shall oversee the relationship with the external auditor. In this context the Committee shall:

9.6.4.1. 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; and

9.6.4.2. Approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.

9.6.5. The Committee shall assess annually the external auditor's independence and objectivity taking into account relevant UK law, regulation, 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;

9.6.6. The Committee shall 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;

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- 9.6.7. The Committee shall monitor the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- 9.6.8. The Committee shall 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;
- 9.6.9. The Committee shall 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;
- 9.6.10. The Committee shall seek to ensure coordination of the external audit with the activities of the Manager's internal audit function;
- 9.6.11. The Committee shall 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;
- 9.6.12. The Committee shall develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
- 9.6.12.1. Threats to the independence and objectivity of the external auditor and any safeguards in place;
 - 9.6.12.2. The nature of the non-audit services;
 - 9.6.12.3. Whether the external audit firm is the most suitable supplier of the non-audit service;
 - 9.6.12.4. The fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - 9.6.12.5. The criteria governing compensation.
- 9.6.13. The Committee to 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;
- 9.6.14. The Committee shall 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;
- 9.6.15. The Committee shall review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- 9.6.15.1. A discussion of any major issues which arose during the audit;
 - 9.6.15.2. The auditor's explanation of how the risks to audit quality were addressed;
 - 9.6.15.3. Key accounting and audit judgements;
 - 9.6.15.4. The auditor's view of their interactions with senior management; and
 - 9.6.15.5. Levels of errors identified during the audit.
- 9.6.16. The Committee to review any representation letter(s) requested by the external auditor before they are signed;

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9.6.17. The Committee to review any management letter and management's response to the auditor's findings and recommendations; and

9.6.18. The Committee shall review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

9.7 Third Party Service Providers

9.7.1 The Committee shall conduct an annual review of the following third party service providers where deemed appropriate;

The Registrar
The Custodian
The Depository

10. Reporting responsibilities

10.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the board on how it has discharged its responsibilities. This report shall include:

10.1.1 The significant issues that it considered in relation to the financial statements (required under paragraph 9.1.1 above) and how these were addressed;

10.1.2 Its assessment of the effectiveness of the external audit process (required under paragraph 9.6.10), 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; and

10.1.3 Any other issues on which the Board has requested the committee's opinion.

10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.3. The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the Code.

10.4. In compiling the reports referred to in 10.1 and 10.3, 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.

11. Other Matters

11.1. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

11.2. The Committee shall 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;

11.3. The Committee shall give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;

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- 11.4. The Committee shall oversee any investigation of activities which are within its terms of reference;
- 11.5. The Committee shall work and liaise as necessary with all other Board Committees, taking particular account of the impact of risk management and internal controls; and
- 11.6. The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

12. Authority

- 12.1. The Committee is authorised to seek any information it requires from any employee of the Manager in order to perform its duties;
- 12.2. The Committee is authorised to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 12.3. The Committee is authorised 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.

Approved at the Board Meeting on 11 June 2019