

T R I B A L

AUDIT COMMITTEE – TERMS OF REFERENCE

TRIBAL GROUP PLC

Adopted by the Board on 28 November 2019

Last reviewed and amended by the Board on 28 November 2019



Terms of Reference

1. The Audit Committee

1.1 The Audit Committee:

- (a) is a sub-committee of the Board and shall make recommendations to the Board which retains the right of final decision;
- (b) is made up of non-executive directors with a quorum of two;
- (c) has the primary responsibility of reviewing the financial statements and the accounting principles and practice underlying them, liaising with the external and internal auditors and reviewing the effectiveness of internal controls; and
- (d) will meet at least twice a year and in any event sufficiently frequently and for long enough to perform its duties effectively.

2. Main role and responsibilities

2.1 The main role and responsibilities of the Audit Committee are to:

- (a) provide formal and transparent arrangements for considering how to apply the financial reporting and internal control principles set out in the UK Corporate Governance Code, and to maintain an appropriate relationship with the Company's auditors, as required by section C.3 of the UK Corporate Governance Code;
- (b) monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them;
- (c) review the Company's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent directors or by the Board itself, the Company's internal control and risk management systems;
- (d) review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- (e) monitor and review the effectiveness of the Company's internal audit function (if applicable);
- (f) make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- (g) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- (h) develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and

- (i) report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

3. Membership

- 3.1 There should be a minimum of two members.
- 3.2 The members of the Audit Committee shall be appointed by the Board, on the recommendation of the nomination committee and in consultation with the chairman of the Audit Committee.
- 3.3 Membership should be confined to independent non-executive directors.
- 3.4 The majority of members, apart from directors' fees and shareholding, should be independent of management and free from any involvement which might significantly interfere with their ability to judge matters independently.
- 3.5 Appointments to the Audit Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.
- 3.6 The Company Secretary shall be the committee secretary and proper minutes shall be kept of its proceedings which shall be circulated to all directors of the Company, and, if the Audit Committee so chooses, to the Company's external auditor.

4. Meetings

- 4.1 Audit Committee meetings shall be held not less than twice a year, to discuss general audit matters, the interim and full year report and statements and otherwise as required, having regard to the Company's financial reporting and audit cycle, and at such other items as the chairman of the Audit Committee shall think fit. The external auditor may request a meeting if it considers that one is necessary and other non-members may be invited to attend all or part of the meeting as and when appropriate and necessary.
- 4.2 The external auditor, head of internal audit (if applicable), Group Financial Controller and the Chief Financial Officer of the Company should attend meetings of the Audit Committee on a regular basis without being members.
- 4.3 The quorum necessary for the transaction of business shall be two members, at least one of whom has recent and relevant financial experience.
- 4.4 The Audit Committee shall meet the head of internal audit (if applicable) at least once a year without management being present. In addition, the head of the internal audit function shall have the right of direct access to the chairman of the Audit Committee.
- 4.5 Meetings of the Audit Committee will be arranged to tie in with the publication of the Company's financial statements. Meetings should be held at least five working days prior to any Board meeting at which accounts or financial statements are to be approved, unless all the members of the Audit Committee agree otherwise.
- 4.6 Unless otherwise agreed by all members of the Audit Committee, notice of meetings, confirming the venue, time and date together with an agenda and all relevant papers are to be circulated to all members of the Audit Committee in advance of each meeting.

5. Chairman

- 5.1 The Board, on the recommendation of the nomination committee, shall elect one of the members of the Audit Committee (but not the Company chairman) to act as chairman of the Audit Committee who shall be an independent director and he will be responsible for:
- (a) preparing the agenda;
 - (b) the timely distribution of the agenda and any supporting papers;
 - (c) reporting to the Board on issues and decisions made; and
 - (d) answering questions about the Audit Committee's work at the AGM.

In the absence of the chairman of the Audit Committee, the members present shall select one of their number to chair the meeting (other than the chairman of the Company, if he is a member of the Audit Committee).

6. Authorisation

- 6.1 The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees will be directed by the Board to co-operate with any request made by the Audit Committee.
- 6.2 The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. This authority is subject only to the requirement that independent advice is sought at a reasonable cost commensurate with the matter under review.

7. Duties

The duties of the Audit Committee shall be as follows.

- 7.1 External reporting
- (a) Review the interim and final financial statements before submission to the Board, focusing particularly on:
 - (i) the consistency, quality and appropriateness of the accounting policies, including any change in accounting policies and practices;
 - (ii) any major judgmental areas;
 - (iii) any significant adjustments resulting from the audit;
 - (iv) 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);

- (v) compliance with accounting standards;
 - (vi) compliance with applicable regulatory and legal requirements; and
 - (vii) compliance with best practice in the area of corporate governance.
- (b) Review the annual report in its entirety.
 - (c) Review the summary financial reports.
 - (d) Review circulars issued in respect of takeovers, defences against takeovers and other major non-routine transactions.
 - (e) Review press statements and advertisements relating to financial matters prior to their issue.

7.2 External auditor

- (a) Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment and re-appointment of the external auditor and any questions of resignation or dismissal.
- (b) Oversee the relationship with the external auditor including, but not limited to, assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the overall relationship with the auditor, including the provision of any non-audit services.
- (c) Review the proposed audit fee and keep under review the scope and results of the audit and its cost effectiveness.
- (d) Prior to the audit commencing, discuss the nature, scope and timing with the external auditor and ensure co-ordination where more than one audit firm is involved.
- (e) Discuss any problems and reservations arising with the interim and final accounts audits and any matters the external auditor may wish to raise.
- (f) Discuss the meaning and significance of audited figures and any notes thereto.
- (g) Review the external auditors' evaluation of the Company's internal controls, the management letter and the management's response.
- (h) Review any factors that might impair, or be perceived to impair, the external auditor's independence and objectivity. Where the external auditor also supplies a substantial volume of non-audit services to the Company, keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.
- (i) Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the external auditor's remit and any issues arising from the audit and the effectiveness of the audit process.
- (j) Arbitrate in any disputes between the external auditor and management.
- (k) Consider periodically an assessment by the external auditor of the quality of accounting and finance personnel in the group.

- 7.3 Internal auditors, risk management and internal control
- (a) Review the organisation, lines of reporting and the independence of the internal financial reporting and audit function and keep under review the adequacy and effectiveness of the group's internal control systems.
 - (b) Determine if an internal audit function is required giving due consideration to the size and complexity of the business, risk management and internal controls, and the evaluation of internal controls and other findings provided by the external auditors as part of the annual audit.
 - (c) Approve the appointment or termination of appointment of the head of the internal audit function (if applicable).
 - (d) Review and approve the remit of the internal audit function (if applicable) and ensure it has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with the appropriate professional standards for internal auditors.
 - (e) Ensure that the internal auditor (if applicable) has direct access to the chairman of the Board and the chairman of the Audit Committee and is accountable to the Audit Committee.
 - (f) Review and assess the annual internal audit plan (if applicable).
 - (g) Meet the head of internal audit (if applicable) at least once a year without management being present.
 - (h) Receive a report on the internal auditor's work (if applicable) on a periodic basis and review and monitor management's responsiveness to the findings and recommendations.
 - (i) Review objectives and plans and assure adequacy of resources.
 - (j) Discuss any problems in carrying out audits, major findings and adequacy of controls.
 - (k) Ascertain actions taken on recommendations.
 - (l) Discuss the relationship between external and internal auditors and co-ordination of their work.
 - (m) On behalf of the Board (which retains overall responsibility for risk management), review and monitor the Company's risk management system and, at least annually, carry out a review of its effectiveness, and review and approve the statement to be included in the annual report concerning risk management.
 - (n) Where requested by the Board, ensure that a robust assessment of the principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the management and mitigation of those risks.
 - (o) Keep under review, at least annually, the adequacy and effectiveness of the Company's systems on internal controls prior to endorsement by the Board, report to the Board regularly and make recommendations to the Board regarding the effectiveness of the group's internal control systems and approve the statement to be

included in the annual report concerning internal control. The Audit Committee's monitoring and reviews should include:

- (i) the authority, resources and co-ordination of those involved in the identification, assessment and management of principal risks faced by the group;
 - (ii) response to the principal risks which have been identified by management and others;
 - (iii) monitoring of the relevant reports by the group's management;
 - (iv) the maintenance of a control environment directed towards the proper management of risk; and
 - (v) annual reporting procedures; and
 - (vi) all other financial, operational and compliance controls.
- (p) 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. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- (q) Review the Company's procedures for detecting fraud.
- (r) Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.
- (s) Consider from time to time appointing a "risk sub-committee" and (with any risk sub-committee) to keep abreast of all changes made to the group's system of internal controls and to follow up on areas which require improvement.
- (t) Where requested by the Board, provide advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why the period is regarded as appropriate. The Audit Committee shall also 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 said period, drawing attention to any qualifications or assumptions as necessary.

7.4 Other matters

- (a) Enquire into illegal, questionable or unethical activities.
- (b) Adherence of officials to the corporate code of conduct.
- (c) Review any significant transactions outside the Company's normal business.
- (d) Initiate special projects or investigations on any matter within its term of reference.
- (e) Review the efforts of the Company to comply with social and environmental obligations.

- (f) Ensure that the Board, and especially the non-executive directors, receive timely relevant and reliable information, tailored to assist them with monitoring the business and taking important decisions.
- (g) Consider other topics as defined by the Board from time to time.
- (h) Oversee any investigation of activities which are within its terms of reference.
- (i) Give due consideration to laws and regulations, the provisions of the UK Listing, Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.
- (j) Where requested by the Board, the Audit 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 position and performance, business model and strategy.
- (k) 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.

8. Reporting responsibilities

- 8.1 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:
- (a) the significant issues that it considered in relation to the financial statements (required under paragraph 7.1(a) and how these 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 Audit Committee's opinion.
- 8.2 The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Audit 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 Audit Committee has addressed the effectiveness of the external audit process; the significant issues that the Audit Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor.
- 8.4 In compiling the reports referred to in paragraphs 8.1 and 8.3, the Audit Committee should exercise judgment 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. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.
- 8.5 The Audit 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 Audit Committee and the Board.