

# **CORPORATE POLICY**

## **TERMS OF REFERENCE OF THE AUDIT AND RISK COMMITTEE OF MEDICLINIC INTERNATIONAL PLC**

Reference to the “**Committee**” shall mean the Audit and Risk Committee.

Reference to the “**Board**” shall mean the Board of Directors of the Company.

Reference to the “**Company**” shall mean Mediclinic International plc.

Reference to the “**Group**” shall mean the Company, as the ultimate holding company of Mediclinic Southern Africa (“**MCSA**”), Hirslanden (“**Hirslanden**”) and Mediclinic Middle East (“**MCME**”) (collectively referred to as the “**Divisions**” and any one as “**Division**”, as the context may indicate), and any subsidiary companies (which means owned and controlled by the Company), (“**Mediclinic Group**” or the “**Group**”).

## 1 **CONSTITUTION**

The Committee is constituted as a committee of the Board.

## 2 **PURPOSE OF COMMITTEE**

2.1 The Committee will perform the function of an audit committee and a risk committee for the Company and its subsidiaries (the “**Group**”) as a whole. The divisions of the Company are not required to establish their own audit committee or risk committee; however they are required to report to the Committee and adopt and implement the policies and procedures recommended by the Committee in the exercise of its role and responsibilities under this mandate.

2.2 The Committee has an independent role with accountability to both the Board and the Company’s shareholders. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

2.3 The main role and responsibilities of the Committee are to assist the Board in fulfilling its oversight responsibilities by:

- reviewing and monitoring the integrity of the financial reporting process and the financial statements and narrative reporting of the Company and the Group, as well as any formal announcements relating to the Company’s financial performance, and reviewing significant financial reporting judgments contained therein, and making any relevant recommendations to the Board;
- providing advice to the Board on whether the annual report and financial statements and other information detailed in section 5.1 below, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy;
- assessing, reviewing and monitoring the effectiveness of the Group’s financial and other internal controls, accounting function and policies, in order to make appropriate recommendations to the Board;
- overseeing the evaluation of risk management systems to ensure that all significant risks applicable to the Group are understood and appropriately managed in order to make appropriate recommendations to the Board (taking into account the allocation of responsibilities regarding clinical risks, as agreed with the Clinical Performance Committee referred to in sections 5.1, 5.3, and 5.4 below );
- reviewing and monitoring the statutory audit of the annual and consolidated financial statements, in particular, its performance and effectiveness, and informing the Board of the outcome of the audit, explaining how it contributed to the integrity of the financial reporting and the role of the Committee in that process;
- conducting the tender process and making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor (subject to shareholder approval where relevant);
- reviewing and monitoring the independence and objectivity of the internal and external auditors and the effectiveness of the audit processes, taking into consideration relevant professional and regulatory requirements;

- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into consideration relevant regulations and ethical guidance in this regard and reporting to the Board on any improvement or action required; and
- reporting to the Board on how it has discharged its responsibilities and any recommendations on action to be taken and describing its work in the Group's annual report.

### 3 MEMBERSHIP AND ATTENDEES

- 3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee of the Company and in consultation with the chair of the Committee (the "**Committee Chair**"). The Committee shall be made up of at least three members.
- 3.2 All members of the Committee shall be independent non-executive directors. Members of the Committee shall have appropriate knowledge, skills and expertise to fully understand risk appetite. 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 members of the Committee, as a whole, must have sufficient qualifications and experience to fulfil their duties, including an understanding of financial reporting; internal financial controls; external audit process; internal audit process; corporate law; risk management, including risk appetite; governance as it relates to integrated reporting; and governance processes within the Company. The Chair of the Board shall not be a member of the Committee.
- 3.3 Only members of the Committee have the right to attend Committee meetings, however the Group Chief Financial Officer and the Group Chief Executive Officer shall also attend each meeting as guests. Other individuals such as the Chair of the Board, Group General Manager: Internal Audit, Group General Manager: Risk Management, other assurance providers, professional advisors and other Board members may be invited to attend as and when appropriate and necessary, but not vote at all or part of any meeting. In accordance with the provisions of the relationship agreement entered into between the Company and Remgro Limited on 14 October 2015 (the "**Relationship Agreement**"), one Shareholder Director (as defined in the Relationship Agreement) shall be entitled to receive notice of, and to attend and speak (but not vote) at, all Committee meetings, and to receive all information received by the members of the Committee.
- 3.4 The external auditors shall be invited to attend meetings of the Committee on a regular basis.
- 3.5 Subject to the normal annual re-election of directors, appointments to the Committee shall be for an initial period of up to three years, which may be extended by no more than two additional three-year periods, provided the relevant director continues to meet the criteria for membership of the Committee.
- 3.6 The Board shall appoint the Committee Chair who shall be an independent non-executive director. The Chair of the Board is not eligible to be the Chair or a member of the Committee.
- 3.7 The Committee members must keep up to date with developments related to the required skill-set to ensure that the Committee as a whole has sufficient insight, qualifications and experience to fulfil its duties and meet the necessary best practice and listing requirements.

### 4 AUTHORITY

- 4.1 The Committee acts in accordance with the delegated authority of the Board and its statutory duties as recorded in these terms of reference. The Committee is authorised by the Board to investigate any activity within its terms of reference.
- 4.2 The Committee may call upon the Chair of the Board or other Board committees, any of the executive directors, company officers, employees or any consultant or other provider of services to the Company to provide it with information it requires to perform its duties.
- 4.3 The Committee, in the fulfilment of its duties, shall have reasonable access to the Group's records, information, facilities and any other resources necessary to perform its duties.
- 4.4 The Committee, in the fulfilment of its duties, shall have reasonable access to the Group's records, information, facilities and any other resources necessary to perform its duties.

- 4.5 The Committee may form, and delegate authority to sub-committees and may delegate authority to one or more designated members of the Committee.
- 4.6 The Committee has the right to seek external or any other independent legal or other professional advice on any matter within its terms of reference if it believes it is necessary to do so and to ensure the participation of external parties with the relevant experience and expertise if necessary, at the Company's cost, provided that prior notification was given to the Chair of the Board.
- 4.7 The Committee has authority with regard to its statutory duties and is accountable in this respect to both the Board and the Company's shareholders.
- 4.8 On all other responsibilities delegated to it by the Board, excluding its statutory duties, the Committee may make recommendations for approval by the Board, where appropriate.
- 4.9 The Committee has the right to publish in the Company's annual report and financial statements details of any issues that cannot be resolved between the Committee and the Board.

## **5 ROLES AND RESPONSIBILITIES**

The Committee should carry out the duties below for the Company and the Group as a whole, as appropriate.

### **5.1 Financial and other Reporting**

The Committee shall review and approve the statements to be included in the annual report concerning internal controls and risk management, including the assessment of principal and emerging risks. In addition, the Committee shall review and approve reporting on climate risks and opportunities as required by The Task-force on Climate related Financial Disclosures ('TCFD') and consider the impact of climate risks and opportunities in the financial statements, judgements and estimates in valuations and impairments. The Committee shall, in conjunction with management and the external auditors, review and make recommendations to the Board relating to the content and integrity of the financial and accompanying narrative reporting of the Company, including the annual report and financial statements, the viability statement included in the annual report and financial statements, half year results, preliminary results announcements, interim management statements, dividend announcements, any other intended release of price-sensitive information and prospectuses, and similar documents, prior to submission to the Board for approval and release to shareholders, the public and/or any regulatory or statutory authority, and specifically focusing on the following:

- 5.1.1 the consistency of, and any changes to, significant accounting policies, and their application, both on a year on year basis and across the Company/ Group;
- 5.1.2 the methods used to account for significant or unusual transactions where different approaches are possible;
- 5.1.3 significant financial reporting issues and judgements and whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 5.1.4 the clarity of disclosures in the Company's narrative and financial reporting and the context in which those statements are made to determine whether they provide the information necessary for shareholders and others to assess the Company's position and performance, business model and strategy and whether it is fair, balanced and understandable (when taken as a whole);
- 5.1.5 any significant adjustments or unadjusted audit differences resulting from the audit;
- 5.1.6 assessing the basis on which the Company has been determined as a going concern;
- 5.1.7 for purposes of the viability statement:
  - (i) taking account of the robust assessment of the material emerging and principal risks facing the Company described in section 5.3.12 below;
  - (ii) the prospects of the Company over such period as deemed appropriate (but longer than 12 months) and why that period is appropriate; and

- (iii) whether the directors have a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due over the period of assessment (potentially a shorter period),

to determine and make the corresponding recommendations to the Board (drawing attention to any qualifications or assumptions as necessary), to support the risk and viability disclosures included in the annual report and financial statements;

- 5.1.8 compliance with accounting standards, taking into account the views of the Company's auditors;
- 5.1.9 compliance with stock exchange and other legal and regulatory requirements;
- 5.1.10 all material information presented with the financial statements, such as the strategic report and the corporate governance statement (insofar as it relates to the audit, internal controls and risk management);
- 5.1.11 the adequacy and effectiveness of Environmental, Social and Governance reporting in the annual report, in conjunction with the ESG Committee; and
- 5.1.12 the policies and processes in place for identifying and assessing business risk and the management of those risks by the Company.

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.

## **5.2 Internal Financial and Accounting Control**

The Committee is responsible for assessing the Group's systems of internal financial and accounting control, and in this regard the Committee must:

- 5.2.1 review the expertise, resources and experience of the Company's finance function, and disclose the results of the review in the annual report and financial statements;
- 5.2.2 review the Group's financial and accounting controls and at least annually, consider their adequacy and effectiveness;
- 5.2.3 review the relevant policies relating to the management of assets, information, staff, etc.; and
- 5.2.4 review and approve the statements to be included in the Company's annual report and financial statements concerning internal control.

## **5.3 Risk appetite, tolerance and strategy**

The Committee is an integral component of the risk management process and specifically the Committee shall:

- 5.3.1 advise and make recommendations to the Board concerning the Company's overall risk appetite, tolerance and strategy and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives;
- 5.3.2 advise the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact;
- 5.3.3 advise the Board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on implications for the risk appetite, tolerance and strategy of the Company, and taking independent external advice where appropriate and available;
- 5.3.4 review the Company's procedures and its effectiveness to manage or mitigate principal risks and to identify emerging risks, to assist in the Board's assessment of principal and emerging risks;
- 5.3.5 review and assess the Company's risk appetite and associated stress testing;
- 5.3.6 review the effectiveness of and monitor the internal control and risk management systems that identify, assess and monitor all material emerging and principal risks facing the Group, including, but not limited to, operational risk, liquidity, insolvency, insurance risk, risk exposures and limits, credit limits, asset impairments, major accidents, risk trends,

concentrations and correlations, material litigation, pandemic risk, business continuity plans, reputational risk, conduct risk, market risk, financial reporting risks, internal financial controls risks, duties under the Companies Act 2006, fraud risks as they relate to financial reporting and ICT risks as it relates to financial reporting;

- 5.3.7 make the necessary enquiries to ensure that all material emerging and principal risks to which the Group is exposed are managed within the levels of tolerance and appetite as approved by the Board;
- 5.3.8 oversee the development and annual review of an Enterprise-wide Risk Management (“ERM”) policy and an annual risk management plan and recommend these for approval by the Board;
- 5.3.9 monitor the implementation of the ERM policy and the annual risk management plan and be advised of reasons for any delay or changes to the plan;
- 5.3.10 oversee that the risk management plan is in place throughout the Group and integrated in the day-to-day activities of the Group;
- 5.3.11 ensure that continuous risk monitoring by management takes place;
- 5.3.12 regularly receive and consider feedback by the Group General Manager: Risk Management, during which meeting management’s assessment of the material emerging and principal risks that the Group is exposed to, measures introduced to reduce or eliminate such risks, as well as the risk management philosophy will be evaluated;
- 5.3.13 ensure that ICT risks are adequately addressed, which responsibility includes that the Committee should:
  - (i) approve the ICT governance policy and any amendments thereto;
  - (ii) obtain adequate assurance that effective controls are in place to address ICT risks;
  - (iii) oversee the management of ICT risks as it relates to financial reporting and the going concern of the Company;
  - (iv) consider the use of technology to improve audit coverage and efficiency;
- 5.3.14 review the terms of major classes of insurance policies, as well as the levels of insurance cover of the Group;
- 5.3.15 ensure that risk management assessments are performed on a continuous basis, and at least annually, using a top-down approach, carry out a robust assessment of the material emerging and principal risks facing the Group (including those that would threaten its business model, long-term strategic objectives, future performance, solvency or liquidity, and how they are managed or mitigated);
- 5.3.16 ensure that management considers and implements appropriate risk responses;
- 5.3.17 in accordance with the allocation of responsibilities approved by the Board:
  - (i) the Audit and Risk Committee shall review the top clinical risks impacting the Group’s risk profile;
  - (ii) the Clinical Performance Committee shall review the detailed management reports on the clinical risk register and operational clinical risk management processes; and
  - (iii) the ESG Committee shall review the detailed management reports on ESG risks and operational ESG risk management processes;
- 5.3.18 review assurance reports from management, internal audit, the external auditor and others on the effectiveness of risk management and internal controls systems; based on these reports and other feedback, monitor and at least annually carry out a review of the effectiveness of the Group’s risk management and internal controls systems; and make corresponding recommendations to the Board. The monitoring and review should cover all material controls, including financial, operational and compliance including (subject to the separation of responsibilities described in section 5.3.17 above) clinical and ESG-related controls; and

- 5.3.19 review and approve the statements made in financial statements and annual report concerning internal controls, principal and emerging risks and risk management to ensure they are timely, comprehensive and relevant.

#### **5.4 Compliance, whistleblowing and fraud**

In accordance with the allocation of responsibilities approved by the Board, reports on fraud, losses and ethics line incidents, and efforts to reduce bribery and corruption will be reported to the Audit and Risk, Clinical Performance and ESG Committees. Accordingly, the Committee shall:

- 5.4.1 ensure that group-wide standards are set for achieving compliance with relevant laws, regulations and supervisory requirements throughout the Group and that these standards are effectively communicated in line with industry standards and norms;
- 5.4.2 review that the compliance functions conduct monitoring of compliance risk in line with Group and industry standards and norms and that non-compliance with laws, regulations and supervisory requirement are reported in a timely manner;
- 5.4.3 review any significant compliance risk matters reported and monitor the process in rectifying these matters;
- 5.4.4 assess the adequacy and effectiveness of the compliance function's performance;
- 5.4.5 on behalf of the Board, routinely review the adequacy and security of the Group's arrangements for its workforce and contractors to raise any matters of concern, in confidence and – if they wish - anonymously and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. The Committee shall also ensure appropriate reporting to the Board of matters arising from these arrangements;
- 5.4.6 review the Company's procedures for detecting fraud and receive regular reports on fraud and ethics breaches; and
- 5.4.7 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

#### **5.5 Internal Audit**

The Committee shall:

- 5.5.1 approve the appointment and removal and performance assessment of the Group General Manager: Internal Audit or an external party carrying out the internal audit function, as may be appropriate from time to time, who shall report functionally to the Committee (with direct access to the Committee Chair) and administratively to the Group Chief Governance Officer;
- 5.5.2 consider the effectiveness of and annually approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions. In addition, the Group General Manager: Internal Audit, shall have the right of direct access to the Chair of the Board and to the Committee;
- 5.5.3 review, approve and assess the implementation of the annual internal audit plan to ensure it is aligned to the business' emerging and principal risks, taking into account the level of co-ordination between the internal and external auditors and be advised of reasons for any delay or changes to the plan;
- 5.5.4 review promptly regular reports on the results of the internal audit function's work and the effectiveness of its recommendations;
- 5.5.5 review and monitor management's responsiveness to the findings and recommendations of the internal auditors and the effectiveness of their actions; and
- 5.5.6 meet the Group General Manager: Internal Audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out;
- 5.5.7 determine whether it is satisfied that the quality, experience and expertise of internal audit are appropriate for the current needs of the business;

- 5.5.8 monitor and review annually the independence, objectivity and the effectiveness of the internal audit function and internal audit process, taking into consideration relevant professional and regulatory requirements, in the context of the Group's overall risk management system; and
- 5.5.9 consider whether an independent, third party review of the process is appropriate.

## 5.6 External Audit

The Committee shall, taking into account any applicable law and legislation and ethical and professional requirements or guidance:

- 5.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Company's annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditors. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 5.6.2 ensure that the Company's external auditors' contract is put out to competitive tender in line with the 2014 Competition and Markets Authority ("CMA") Order's Competitive Tender Processes and the Statutory Auditors and Third Country Auditors Regulations 2016, ensuring that any subsequent contract is put out to competitive tender at least every ten years with the proviso that no single firm may serve as the Company's auditor for a period exceeding 20 years, and conduct all such tender processes;
- 5.6.3 oversee the relationship with the external auditor including (but not limited to):
- (i) approving their remuneration, whether fees for audit or non-audit services in accordance with the CMA Order and that the level of fees is appropriate to enable an adequate audit to be conducted;
  - (ii) ensuring rotation of the audit partner after five years with the flexibility of an additional two years if it is considered necessary to maintain audit quality and the extension is disclosed to shareholders;
  - (iii) negotiating and the approval of the terms of the statutory audit services agreement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - (iv) assessing annually their independence and objectivity and monitoring during throughout the year independence taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - (v) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
  - (vi) agreeing with the Board a policy on the employment of former employees of the Company's auditors, then monitoring the implementation of this policy;
  - (vii) monitoring the auditors' compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
  - (viii) assessing annually and reporting to the Board on the qualifications, expertise and resources of the auditors and the effectiveness of the audit process and quality of the audit, which shall include the handling of the judgements by the auditor and the auditor's response to the questions from the Committee, a report from the external auditors on their own internal quality procedures and seeking to ensure the rotation of the engagement quality control reviewer after seven years;
  - (ix) seeking to ensure co-ordination with the activities of the internal audit function; and
  - (x) considering the risk of the withdrawal of the Company's present auditors from the market;



- 5.6.4 meet regularly with the external auditors, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditors at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 5.6.5 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 5.6.6 review the findings of the audit with the external auditors. This shall include but not be limited to, the following;
  - (i) a discussion of any major issues which arose during the audit,
  - (ii) an explanation from of how risks to audit quality were addressed
  - (iii) any accounting and audit judgements,
  - (iv) levels of errors identified during the audit; and
  - (v) the effectiveness of the audit;
- 5.6.7 review any representation letter(s) requested by the external auditors before they are signed by management;
- 5.6.8 review the management letter and management's response to the auditor's findings and recommendations; and
- 5.6.9 develop, oversee and implement a policy on the supply of non-audit services (including those that are prohibited) by the external auditor, ensuring there is prior approval of permitted non-audit services considering their impact on the external auditor's independence, taking into account any relevant ethical guidance on the matter and to report to the Board identifying any matters in respect of which it considers that action or improvement is required.

## **5.7 Combined Assurance**

The Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities and in particular, the Committee shall seek suitable assurance regarding:

- 5.7.1 all the significant risks facing the Company and risk exposures of the Company, including risk to the Company's business model, and solvency and liquidity risks;
- 5.7.2 the adequacy and effectiveness of the Company's processes and procedures to manage risk and the internal control framework, including the design, implementation and effectiveness of those systems;
- 5.7.3 the ability of the Company's risk management and internal control systems to identify the risks facing the Company and enable a robust assessment of principal risks;
- 5.7.4 the Company's capability to identify and manage new and emerging risks;
- 5.7.5 the effectiveness and relative costs and benefit of particular controls;
- 5.7.6 the effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and ensuring corrective action is taken when necessary;
- 5.7.7 the Company's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise;
- 5.7.8 the appropriateness of the Company's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the Company;
- 5.7.9 The Group General Manager: Risk Management's right of direct access to the Chair of the Board and to the Committee; and
- 5.7.10 monitor the relationship between the external assurance providers and the Company.

## 6 MEETINGS

### Frequency of meetings

- 6.1 The Committee shall hold sufficient meetings to discharge all its duties as set out herein, but subject to at least four times per year. Three meetings shall coincide with key dates within the Company's financial reporting and audit cycle: (1) prior to commencement of the annual external audit, (2) prior to the Board's approval of the half year results, and (3) prior to the Board's approval of the year end results. At least one meeting shall be focused primarily on reviewing the effectiveness of the Company's risk management and internal controls systems.
- 6.2 Meetings in addition to the scheduled meetings may be held at the request of any member of the Committee, the external auditor, the Group Chief Executive Officer, Group Chief Financial Officer, Group General Manager: Internal Audit, Group General Manager: Risk Management or other members of senior management or at the instance of the Board.
- 6.3 The Committee shall meet separately with management at least once a year, without the external auditors being present.
- 6.4 The Committee Chair shall maintain appropriate dialogue outside of the Committee meetings with key individuals involved in the company's governance.

### Agenda and minutes

- 6.5 A detailed agenda, with supporting documentation, confirming the venue, time and date of the meeting and containing the points for discussion must be circulated in a timely manner to each member of the Committee and other invitees, prior to each Committee meeting.
- 6.6 The agendas and supporting documentation must be circulated with sufficient time to allow members to prepare for Committee meetings and provide appropriate and constructive input.
- 6.7 The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The Committee Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.8 Once approved by the Committee Chair, minutes of Committee meetings shall be circulated to all members of the Committee at its next scheduled meeting and to all other directors at the next scheduled Board meeting. The Committee may decide at its discretion not to circulate the minutes of a Committee meeting to the Board, owing to the sensitive nature of the subject matter and/or a conflict of interest that may exist.

### Notice of meetings

- 6.9 Meetings of the Committee shall be called by the Committee Secretary at the request of any member of the Committee, other members of senior management or the Board.
- 6.10 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.

### Attendance and quorum

- 6.11 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 6.12 Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Committee Chair or Committee Secretary.
- 6.13 In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect a member to chair the meeting.
- 6.14 The quorum necessary for the transaction of business shall be two members, provided that at least the majority of the members of the Committee are represented. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

## 7 SECRETARY

The Company Secretary or their nominee shall act as the secretary of the Committee (the “**Committee Secretary**”), attend all Committee meetings and ensure that all information and papers are circulated to Committee members (and invitees, as appropriate) in a timely manner.

## 8 REPORTING RESPONSIBILITIES

- 8.1 The minutes of all Committee meetings shall be included in the agenda of the Board meeting following each Committee meeting.
- 8.2 The Committee Chair shall provide feedback directly to the Board on the Committee’s proceedings at the Board meeting following each Committee meeting, including:
- 8.1.1 the significant issues that it considered in relation to the financial statements and how these were addressed;
  - 8.1.2 the assessment of the effectiveness of the external audit process (as referred to in section 5.6.3(viii) above) and its recommendation on the appointment, re- appointment or removal of the external auditor; and
  - 8.1.3 any other matter within the Committee’s terms of reference or other issues on which the Board has requested the Committee’s opinion.
  - 8.1.4 The 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 Committee shall produce a report to shareholders on its activities to be included in the Company’s annual report and financial statements. The report shall include:
- 8.2.1 the significant issues that it considered in relation to the financial statements and how these issues were addressed;
  - 8.2.2 an explanation of how it has assessed the effectiveness of the external audit process and the objectivity and independence of the external auditor, together with the approach taken to the appointment, re-appointment or removal of the external auditor, and information on the tenure of the current audit firm and when a tender was last conducted;
  - 8.2.3 if the auditor provides non-audit services, an explanation of how the auditor’s objectivity and independence is safeguarded;
  - 8.2.4 the Company’s risk management, mitigation procedures, strategy and internal controls; and
  - 8.2.5 confirmation of compliance with the 2014 CMA Order.

## 9 ANNUAL GENERAL MEETING

- 9.1 The Committee Chair shall attend the Company’s annual general meeting to respond to any shareholder questions on the Committee’s activities.

## 10 OTHER MATTERS

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
- 10.2 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;
- 10.3 give due consideration to relevant laws and regulations, including the general duties of directors set out in the UK Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority’s Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules;

- 10.4 review, approve and monitor the Company's policy in respect of tax planning;
- 10.5 supervise the Company's policies relating to the financing of the Company;
- 10.6 oversee any investigation of activities which are within its terms of reference;
- 10.7 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference (including the allocation of responsibilities in areas of overlap with the Clinical Performance and ESG Committees) to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 10.8 make publicly available its terms of reference explaining clearly the role of the Committee and the authority delegated to it by the Board; and
- 10.9 work and liaise as necessary with all other Board Committees.