

Equals Group PLC

Audit Committee - Terms of Reference

1. Introduction

The purpose of this document is to set out;

- a. the duties and responsibilities of the Audit Committee; and
- b. the constitution of the Audit Committee and the regulations governing proceedings of the Committee

1.1 The Audit Committee (“AC”) is a sub-committee of the Board of Equals Group PLC is primarily responsible for:

- reviewing the Interim and Final financial statements of Equals Group plc prior to their release to the Stock Exchange or any other regulatory body
- overseeing the appointment of the Group’s auditors, overseeing the relationship with the external auditor, agreeing the scope of the audit and reviewing the audit findings
- monitoring the integrity of the group’s financial statements,
- reviewing significant financial reporting issues,
- reviewing the effectiveness of the group’s internal control and risk management systems
- ensuring that obligations of the subsidiary companies to the FCA are adhered to and that safeguarding audits are performed thereon

2. Membership

2.1 The members of the AC shall be appointed by the Board from amongst the non-executive directors of the group and shall consist of not less than two members.

2.2 The chair of the AC shall be an independent non-executive director who shall be appointed by the members of the Equals Group Board. In the absence of the AC Chairman and/or a deputy appointed by him/her, the remaining members present shall elect one of their number to chair the meeting.

2.3 Appointments to the AC shall be for a period of up to three years or such shorter period as determined by membership of the Board of Equals Group PLC

2.4 The Board shall have the power at any time to remove any members of the AC and to fill any vacancies created by such removal. The Board must appoint a person to fill any vacancy on the AC within 40 business days after the vacancy arises.

3. Meetings

3.1 The AC will meet at least 3 times a year at appropriate times in the reporting and audit cycle not least to:

- approve the annual financial statements
- approve the interim financial statements
- approve the annual budget.

3.2 Minutes of the proceedings shall be taken, and resolutions of all meetings shall be recorded. The Secretary to the AC shall circulate the agreed minutes of the meetings of the AC.

3.3 Any member of the AC and/or external auditors may request a meeting if they feel that one is necessary.

3.4 Notice of each meeting shall be forwarded to each member of the AC normally not fewer than 5 working days prior to the date of the meeting. Meetings may also be convened with a shorter period of notice as may be necessary to conduct expected and/or urgent items of business.

3.5 The quorum for the meetings shall be two.

3.6 The Chief Financial Officer, and Chief Executive Officer, will be invited to attend meetings as required

3.7 A representative of the external auditors will be invited to attend meetings.

3.8 The Chair of the AC shall attend the Annual General Meeting of the Group and respond to any questions on the AC's activities.

4. Roles and Responsibilities

4.1 Financial Reporting

- a. ensure the integrity of the financial statements and their compliance with UK company law and accounting regulations;
- b. review significant financial reporting judgements and the application of accounting policies, including compliance with the accounting standards;
- c. consider the areas of risk and what is done to optimise these risks and ensure that these are communicated to the auditors;
- d. ensure the Annual Report and Accounts are fair, balanced and understandable and recommend their approval to the Board;
- e. monitor the integrity of announcements containing financial information.

4.2 Internal controls

- a. monitor adequacy and effectiveness of the internal financial controls and processes, and ensuring any material shortcomings are rectified at the earliest opportunity whilst maintaining a log of other issues that will get resolved in time with a budget;
- b. where appropriate, ensure compliance with the UK Corporate Governance Code, Quoted Company's Alliance Code, Information Commissioner's Office, HMRC and the Financial Conduct Authority's relevant regulatory framework.

4.3 Risk management

- a. review and provide oversight of the processes by which risks are identified, evaluated, and managed, including the management information and indicators used to monitor such risks.

4.4 External audit

- a. manage the relationship with the Group's external auditor;
- b. monitor and review the independence and performance of the external auditor and formally evaluate their effectiveness;

- c. review the policy on non-audit services carried out by the external auditor, taking account of relevant ethical guidance;
- d. negotiate and approve the external auditor's fee, the scope of the audit and the terms of their engagement;
- e. make recommendations to the Board for the appointment or reappointment of the external auditor.

5. Reporting responsibilities

5.1 The Chair of the AC 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.

5.2 The AC 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 matter communicated to it by the auditor; and all other information requirements set out in the UK Corporate Governance Code.

6. Authority

The Audit Committee is authorised to:

- 6.1 seek any information it requires from any employee of the Group in order to perform its duties;
- 6.2 obtain, at the Group's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 6.3 call any employee to attend a meeting of the Audit Committee as and when required; and
- 6.4 have the right to publish in the Group's annual report, details of any issues that cannot be resolved between the Audit Committee and the Board.

7. Sundry

The terms of reference of the AC shall be published on the investor relations website of Equals Group PLC.