



Audit and Risk Committee — Terms of Reference

1. Constitution and Purpose

- 1.1. The Board of Directors (“the Board”) of Telecom Plus PLC (the “Company”) resolved to establish an Audit Committee of the Board (the “Committee”) on 4th April 1997. The Committee was renamed the Audit and Risk Committee on 17th November 2022. The updated Terms of Reference below were formally adopted at a Board meeting on 5 April 2023.
- 1.2. The purpose of the Committee is to assist and provide advice to the Board in the fulfilment of its oversight responsibilities and to ensure the integrity of the financial reporting and audit process, to oversee the maintenance of sound internal control and corporate risk management systems, to review the Company’s attitude to risk, and to monitor compliance with legal obligations and regulatory requirements.
- 1.3. The terms of reference may be amended from time to time with approval by the Board.

2. Membership

- 2.1. The membership of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Committee Chair. The membership of the Committee shall consist of at least three Directors, all of whom shall be independent non-executive Directors. At least one member shall have recent and relevant financial experience and the Committee as a whole shall have the appropriate knowledge, skills and expertise to understand the risk appetite and strategy of the Company, and have competence relevant to the sectors in which the Company operates. The Chair of the Board shall not be a member of the Committee.
- 2.2. Subject to the normal periodic re-election of Directors, the members of the Committee shall serve for an initial term of up to three years. The appointment may be extended for further periods of up to two additional three-year periods, provided the director still meets the criteria for membership of the Committee.
- 2.3. The Chair of the Committee will be appointed by the Board from amongst the independent non-executive Directors. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair any meeting.
- 2.4. The Company Secretary, or their 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 relevant issues.

3. Meetings

3.1. Quorum

The quorum shall be two members of the Committee. 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.

3.2. Frequency of meetings

- 3.2.1. The Committee Chair shall, in consultation with the Secretary of the Committee, decide the frequency and timing of the Committee meetings and in particular allow for a sufficient interval between meetings of the Committee and meetings of the Board to permit any work arising from the Committee to be carried out and reported to the Board as appropriate.
- 3.2.2. Committee meetings shall be held as and when requested to handle specific matters and at regular intervals to deal with routine matters. The external auditor may request a meeting if they consider one is necessary. The Committee will meet at least three times per year.
- 3.2.3. Outside the formal meetings the Chair, and to the extent necessary other members, will maintain a dialogue with key individuals involved in the Company's governance including the Chair of the Board, the Co-Chief Executive Officers, the Chief Financial Officer and the Head of Compliance.

3.3. Attendance

- 3.3.1. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meetings, as and when appropriate and necessary.
- 3.3.2. The external auditor will be invited to attend meetings of the Committee on a regular basis. At least once a year the Committee shall meet with the external auditor without any management present.
- 3.3.3. The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 3.3.4. Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.

3.4. Notice of meetings

- 3.4.1. Committee meetings shall be called by the Secretary of the Committee, at the request of the Committee Chair or any of its members.

- 3.4.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be sent to each member of the Committee and any other person required to attend no later than five working days prior to the meeting, unless agreed by the Committee Chair. The agenda of items to be discussed and supporting papers shall be sent to Committee members and to other attendees as appropriate in a timely manner to enable full and proper consideration to be given to the issues.

3.5. **Minutes of meetings**

The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and circulate the draft minutes to all Committee members promptly. Once agreed, the minutes shall be circulated by the Secretary to all members of the Board, unless exceptionally, the Committee Chair decides it would be inappropriate to do so for example, because a conflict of interest exists.

The Secretary is responsible for ensuring any matters arising are followed up with the action owners and for status updates to be provided at subsequent meetings(s).

3.6. **Engagement with shareholders**

The Committee Chair shall be available at the Annual General Meeting of the Company to answer questions on the Committee's activities.

In addition, where appropriate, the Committee Chair shall seek engagement with the Company's shareholders on significant matters related to the Committee's areas of responsibility.

4. Duties

The duties of the Committee are as follows:

4.1. **Financial and narrative reporting**

- 4.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance. The Committee shall review and report to the Board on significant financial reporting issues and judgements which such documents contain.

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

- 4.1.2.1. the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its subsidiaries ("the Group");

- 4.1.2.2. the methods used to account for significant or unusual transactions where different approaches are possible;
 - 4.1.2.3. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 4.1.2.4. the clarity of disclosures in the Company's financial statements and the context in which statements are made; and
 - 4.1.2.5. all material information presented with the financial statements, such as the business review, operating and financial review and the corporate governance statement (insofar as it relates to audit and risk management).
- 4.1.3. The Committee shall review the governance and assurance arrangements in place for the Company's climate-related financial disclosures; and
- 4.1.4. The Committee shall, review the content of the annual report and accounts, and advise the Board 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, and whether it informs the Board's statement in the annual report on these matters as required by the UK Corporate Governance Code ("the Code").
- 4.2. **Internal controls and risk management systems**
 - The Committee shall as appropriate:
 - 4.2.1. keep under review the adequacy and effectiveness of the Company's internal financial controls and internal risk controls and risk management systems, at least annually. The review should cover all material controls, including financial, operational and compliance controls;
 - 4.2.2. consider, and advise the Board on, the appropriate level of risk appetite for the Company and the principal and emerging risks that the Company is willing to take across all major activities, taking into account the long-term strategy of the Company, its future plans and other internal information, as well as the external environment;
 - 4.2.3. review metrics and trends to monitor the risk management performance, including risks associated with any acquisitions;
 - 4.2.4. have oversight of the activities of any subsidiary through regular reports from and/or presentations by members of the subsidiary's board; and
 - 4.2.5. review and approve the statements to be included in the annual report concerning internal control, risk management (including the

assessment of principal risks and emerging risks), and the viability statement.

4.3. Compliance, whistleblowing and fraud

The Committee shall as appropriate:

- 4.3.1. review the adequacy and security of the Company's arrangements for its subsidiaries, employees, Partners, contractors, consultants, agency staff and external parties to raise concerns, in confidence and in good faith without fear of reprisals, about possible wrongdoing 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 action;
- 4.3.2. review the Company's procedures for detecting fraud;
- 4.3.3. review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance; and
- 4.3.4. monitor and review the scope and effectiveness of the Company's compliance-related activities and compliance function.

4.4. Internal audit

The Committee shall:

- 4.4.1. Monitor and review the effectiveness of the company's internal audit function or, where there is not one, consider annually whether an internal audit function is required and make a recommendation to the Board accordingly.

4.5. External audit

The Committee shall:

- 4.5.1. consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor in accordance with the Code and applicable regulatory rotation requirements, and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 4.5.2. oversee the relationship with the external auditor including (but not limited to):
 - 4.5.2.1. recommendations on their remuneration, whether fees for audit or non-audit services, and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 4.5.2.2. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

- 4.5.2.3. assessing annually their independence and objectivity taking into account relevant laws, UK professional and regulatory requirements, and the Group's relationship with the auditor as a whole, including the provision of any non-audit services;
- 4.5.2.4. satisfying itself that there are no relationships which could adversely affect the auditor's independence and objectivity;
- 4.5.2.5. monitoring the external auditor's process for maintaining independence, and compliance with relevant ethical and professional guidance on the rotation of audit partners and staff, and the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- 4.5.2.6. assessing annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
- 4.5.3. meet regularly with the external auditor, including at least once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 4.5.4. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 4.5.5. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 4.5.5.1. a discussion of any major issues which arose during the audit;
 - 4.5.5.2. any accounting and audit judgements;
 - 4.5.5.3. the auditor's view of their interactions with senior management;
 - 4.5.5.4. levels of errors identified during the audit; and
 - 4.5.5.5. the effectiveness of the audit.
- 4.5.6. review any representation letter(s) requested by the external auditor before they are signed by management;
- 4.5.7. review the management letter and management's responsiveness to the auditor's findings and recommendations; and
- 4.5.8. develop and recommend to the Board a policy on the provision of non-audit services by the external auditor, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account any relevant ethical guidance on the matter, and an assessment of whether non-audit services have a direct or material effect on the audited financial statements.

5. Reporting procedures

- 5.1. The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities (both via circulation of the Committee minutes and verbally at each relevant Board meeting) and shall also formally report, annually, to the Board on how it has discharged its responsibilities;
- 5.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- 5.3. The Committee shall produce a report to be included in the Company's annual report about its activities, including:
 - 5.3.1. any significant issues that it considered in relation to the financial statements and how such issues were addressed;
 - 5.3.2. an explanation of how the Committee 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, when a tender was last conducted and advance notice of any retendering plans;
 - 5.3.3. an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the Code; and
 - 5.3.4. any other matters of importance.
- 5.4. The Committee shall exercise judgment in deciding which of the issues it considers are significant in relation to the financial statements and include at least those matters that have informed the key inputs into the Company's viability statement, and the Board's assessment of whether the Company is a going concern.

6. Other matters

The Committee shall:

- 6.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
- 6.2. 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;
- 6.3. give due consideration to laws and regulations, the provisions of the Code and the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules sourcebook and any other applicable rules, as appropriate;

- 6.4. oversee any investigation of activities which are within its terms of reference;
- 6.5. 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 for approval.

7. Authority

The Committee is authorised by the Board:

- 7.1. to seek any information it requires from employees of the Company in order to perform its duties;
- 7.2. to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- 7.3. to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board. If the Board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the Committee's recommendation and the reasons why the board has taken a different position.