

RANDALL & QUILTER INVESTMENT HOLDINGS LTD.
AUDIT COMMITTEE (the “Committee”)
TERMS OF REFERENCE

1. Membership

- 1.1. The Committee shall comprise at least three members. The Committee shall include at least one member of the Risk Committee.
- 1.2. Members of the Committee shall be appointed by the board, on the recommendation of the Remuneration & Nominations Committee in consultation with the chair of the Committee.
- 1.3. All members of the Committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing. The chair of the board shall not be a member of the Committee.
- 1.4. Only members of the Committee have the right to attend Committee meetings. However, the Executive Chair, the Chief Executive Officer, the Chief Financial Officer and Head of Group Finance will ordinarily attend. The Head of Internal Audit and the external audit lead partner will be invited to attend meetings of the Committee when appropriate and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.5. The board shall appoint the Committee chair. In the absence of the Committee chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

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.

3. Quorum and Voting

- 3.1. The quorum necessary for the transaction of business shall be two members.
- 3.2. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee. In the event of an equal vote on a matter, it shall be marked forward to a subsequent meeting for further discussion, but in the event of a further equal vote on the same matter the Chair shall have a casting vote.
- 3.3. Members who attend by phone or by video conference shall be treated in the same way as those attending in person.
- 3.4. The members shall declare, at the beginning of each meeting, the existence of any conflicts of interest, which will be minuted accordingly. If a matter that is considered by the

Committee is one where a member of the Committee, either directly or indirectly, has a personal interest, that member shall not be entitled to vote on that matter at the meeting.

4. Meetings

- 4.1. The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2. Outside of the formal meeting programme, the Committee chair, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the company's governance, including the board Executive Chair, the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and the external audit lead partner.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members, or at the request of the external audit lead partner or Head of Internal Audit if they consider it necessary.
- 5.2. 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 and to other attendees as appropriate, at the same time.
- 5.3. Notices, agendas and supporting papers can be sent or posted in electronic form.

6. Minutes of Meetings

- 6.1. The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. Draft minutes of Committee meetings shall be agreed with the Committee chair and then circulated promptly to all members of the Committee for approval at the next meeting or earlier if the Committee Chair so requests, unless it would be inappropriate to do so in the opinion of the Committee chair.

7. Stakeholder Communication

- 7.1. The Committee chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities.
- 7.2. The Committee shall ensure that disclosures of information regarding financial matters as set out in the QCA Code and other relevant guidance are made in the Annual Report or other suitable documentation.

8. Duties

The Committee shall, unless required otherwise by regulation, carry out the duties below:

Statements of Financial Performance

- 8.1. The Committee shall monitor the integrity of the financial statements and consolidated financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements relating to its financial performance (“Statements of 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 external auditor.
- 8.2. In particular, the Committee shall review and challenge where necessary, taking into account the external auditor’s views on the financial statements:
 - (a) the application of significant accounting policies and any changes to them;
 - (b) compliance with International Financial Reporting Standards;
 - (c) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (d) whether the Company has made appropriate estimates and judgements; and
 - (e) all material information presented with the Statements of Financial Performance, including any review of the business, any statements by the Executive Chair, the Chief Executive Officer, the Chief Financial Officer or other executive management, and any related corporate governance statements.
- 8.3. The Committee shall review any other Statements of Financial Performance requiring board approval, 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.
- 8.4. 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.

8.5 Audit Committee Function Within Subsidiaries

Notwithstanding the independence of the audit committees of subsidiaries the Committee shall monitor the activities of audit committees of subsidiaries or of the relevant board, Risk or other committee of a subsidiary where such board or committee discharges the audit committee functions (“Subsidiary AC”), to gain necessary comfort that the financial information forwarded by those subsidiaries for inclusion in the Company’s Statements of Financial Performance is complete, accurate and reliable, having regard to the significance of the relevant subsidiary to the Company’s financial statements. In doing so the Committee may:

- (a) request copies of relevant minutes of meetings of a Subsidiary AC;
- (b) require a Subsidiary AC to make general or specific enquiries into any particular areas or subject matter in the subsidiary's financial information that may be relevant to the Company's Statements of Financial Performance or other statement;
- (c) require reports from a Subsidiary AC on such enquiries to be issued to the Committee within such timescale as the circumstances require, in sufficient detail to enable any necessary amendments to be made to the Company's Statement of Financial Performance or other statement;
- (d) request copies of any other report issued by the Subsidiary AC to the relevant board of directors;
- (e) require a subsidiary AC to carry out a review in a form, reasonably acceptable to the Committee, of the performance of an auditor of a subsidiary and to issue to the Committee a copy of any results or report of that review; and
- (f) require a subsidiary AC to notify the Committee of any plan to change the auditor of that subsidiary and to respond to any questions raised by the Committee relating to the actual or proposed appointment of a new auditor.

8.6 Narrative Reporting

Where requested by the board, the Committee shall 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.

8.7 Internal Controls and Management Systems

The Committee shall have an oversight role in relation to the internal control systems to support their consideration and approval of Statements of Financial Performance and shall:

- (a) receive a report each year from the Chief Risk Officer on the work of the Risk Committee in relation to internal controls and whether the systems of internal control are appropriate for the Group and for enabling the production of complete, accurate and reliable financial information;
- (b) receive a report each year from the Head of Internal Audit confirming whether or not the work of Internal Audit during the year has identified any areas where there has been a significant breakdown of internal controls such that Statements of Financial Performance under review may be subject to material error or misstatement;
- (c) receive copies of review reports of Internal Audit; and

- (d) call for any additional information it may reasonably require to fulfil its duties in relation to the design or operation of internal controls to fulfil its responsibilities.

8.8 Whistleblowing, Fraud and Bribery

The Committee shall receive annually a report from the Head of Governance concerning:

- (a) 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 and ensure that such arrangements call for proportionate and independent investigation of such matters and appropriate follow up action;
- (b) the Company's procedures for detecting fraud; and
- (c) the Company's systems and controls for the prevention of bribery;

and receive reports on non-compliance.

8.9 Internal audit

The Committee shall:

- (a) approve the appointment or termination of appointment of the Head of Internal Audit;
- (b) review and approve the role and mandate of internal audit and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- (c) review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- (d) ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- (e) ensure the internal auditor has direct and unfettered access to the board Executive Chair and to the committee chair, providing independence from the executive and accountability to the Committee;
- (f) carry out a periodic assessment of the effectiveness of the internal audit function and as part of this assessment:

- (i) meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;
 - (ii) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business;
 - (iii) review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function; and
 - (iv) assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system, the compliance and finance functions, and the external auditor.
- (g) consider whether an independent, third party review of processes is appropriate.

8.10 External Audit

The Committee shall:

- (a) 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;
- (b) 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;
- (c) if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (d) oversee the relationship with the external auditor and in particular:
 - (i) 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
 - (ii) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (e) assess annually the external auditor's independence and objectivity taking into account relevant UK law, regulation, the auditor's Ethical Standard ("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;

- (f) 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;
- (g) agree with the board a policy on the employment of former employees of the Company's auditor, taking into account the Ethical Standard and legal requirements, and monitor the application of this policy;
- (h) 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;
- (i) 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;
- (j) 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 control procedures;
- (k) 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, specification of 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:
 - (i) threats to the independence and objectivity of the external auditor and any safeguards in place;
 - (ii) the nature of the non-audit services;
 - (iii) whether the external audit firm is the most suitable supplier of the non-audit service;
 - (iv) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - (v) the criteria governing compensation.
- (l) meet regularly with the external auditor including once at the planning stage before the audit and once after the audit at the reporting stage;
- (m) if requested by either the Committee or the external auditor, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;

- (n) 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;
- (o) review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) the auditor's explanation of how any risks to audit quality were addressed;
 - (iii) key accounting and audit judgements;
 - (iv) the auditor's view of their interactions with senior management; and
 - (v) levels of errors identified during the audit;
- (p) review any representation letter(s) requested by the external auditor before they are signed by management;
- (q) review the management letter and management's response to the auditor's findings and recommendations; and
- (r) 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. Reporting Responsibilities

- 9.1 The Committee chair shall report in writing to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 If requested by the board, the Committee shall report to the board each year on how it has discharged its responsibilities. This report shall include:
 - (a) the significant issues that it considered in relation to the financial statements and how these were addressed;
 - (b) its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length of tenure of the audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - (c) any other issues on which the board has requested the Committee's opinion.
- 9.3 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

9.4 The Committee shall compile a report on its activities to be included in the Company's annual report, including 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.

9.5 In compiling the reports referred to in 9.1, 9.2 and 9.4, 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.

10. General Matters

The Committee shall:

10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for 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, the provisions of the UK Corporate Governance Code, the QCA Corporate Guidelines for Small and Mid-Sized Quoted Companies and the requirements of the London Stock Exchange Rules for AIM companies as appropriate;

10.4 oversee any investigation of activities which are within its terms of reference;

10.5 liaise as necessary with all other board committees; and

10.6 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.

11 Authority

The Committee is authorised to:

11.1 seek any information it requires from any employee of the Company in order to perform its duties;

11.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;

11.3 call any employee to be questioned at a meeting of the Committee as and when required; and

11.4 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.

1 April 2021