



# Audit Committee Terms of Reference

Arbuthnot Banking Group PLC

Approved by ABG Board

22 November 2023

## Audit Committee Terms of Reference

<b>Chair</b>	<b>Ian Dewar, Independent Non-Executive Director</b>
<b>Secretary</b>	Nick Jennings, Company Secretary
<b>Members</b>	Jayne Almond, Independent Non-Executive Director Sir Nigel Boardman, Independent Non-Executive Director Angela Knight, Independent Non-Executive Director Lord Sassoon, Independent Non-Executive Director Sir Alan Yarrow, Independent Non-Executive Director
<b>Invitees</b>	As decided by the Chair of the Committee but to include the Head of Internal Audit, Arbutnot Latham & Co., Limited (“AL”) and, from time to time, the external auditors.
<b>Attendees</b>	Sir Henry Angest, Chairman & Chief Executive Frederick Angest, Non-Executive Director James Cobb, Group Finance Director Andrew Salmon, Group Chief Operating Officer
<b>Quorum</b>	Two members; in the event of a disagreement, no member shall have a casting vote and the item in question will be deferred to the next meeting at which there are three members present.
<b>Meetings</b>	The Committee will normally meet at least four times each year with the external auditors present on at least three occasions. The Company’s internal and external auditors shall have a right of direct access to the Chairman of the Committee at all times.  At least once a year the Chairman of the Committee will invite the external auditors and the internal auditors to meet the Committee without any member of the Executive being present.
<b>Delegated Authority</b>	The Board of Arbutnot Banking Group PLC (“the Company”) authorises the Committee, within the scope of its responsibilities, to: <ul style="list-style-type: none"> <li>• Obtain any information it requires from any employee or external party;</li> <li>• Obtain outside legal or other professional advice, subject to reasonable costs;</li> <li>• Require the attendance of company officers at meetings as appropriate.</li> <li>• Conduct or oversee any investigation into matters within its scope of responsibility;</li> </ul>

	<ul style="list-style-type: none"> <li>• Appoint, approve compensation for and oversee the external auditors; Resolve any disagreements between external / internal auditors and management;</li> <li>• Invite tenders for the provision of audit services and decide the frequency of any such invitation to tender;</li> <li>• Approve any provision of audit services to the Company and in addition any significant provision of non-statutory audit services to the Company by the external auditor.</li> </ul> <p>In the event of any doubt about whether the provision of non-audit services to the Company by the external auditor is significant the matter should be referred to the Committee.</p> <p>The Committee will keep the Company’s Chairman and CEO fully informed of significant issues.</p>
<p><b>Responsibilities</b></p>	<p>The purpose of the Committee is to oversee, on behalf of the Board, the financial reporting process and external audit thereof, the appropriateness and effectiveness of systems and controls and the work of Internal Audit, AL, in reviewing applicable risk management, governance and systems of internal control.</p> <p>The Committee’s responsibilities are to:</p> <ul style="list-style-type: none"> <li>• Review arrangements established by management for compliance with financial reporting requirements;</li> <li>• Monitor the integrity of the statutory accounts and other financial statements and formal announcements relating to the Company’s financial performance, and reviewing significant financial reporting judgements contained in them, focusing particularly on: <ul style="list-style-type: none"> <li>- critical accounting policies and practices and any changes to them;</li> <li>- matters of judgment or requiring subjective review or consideration;</li> <li>- significant adjustments resulting from the external audit;</li> <li>- the going concern assumption and the long-term viability of the Company;</li> <li>- compliance with accounting standards, Financial Conduct Authority, AIM and AQSE requirements and company law;</li> <li>- the clarity of disclosures; and</li> </ul> </li> </ul>

- whether the annual report and accounts taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- Oversee the work of external auditors, specifically to:
  - review and approve the terms of their appointment, proposed audit scope and approach;
  - review and monitor the performance of the external audit, including the auditor's independence, objectivity and effectiveness;
  - approve the external audit plan and oversee progress against it;
  - review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
  - ensure there is no restriction on the scope of the statutory audit, assessing the risks to the quality and effectiveness of the financial reporting process;
  - make recommendations on the auditor's appointment, remuneration and dismissal;
  - approve the auditors' remuneration;
  - review the activities, findings (including accounting errors identified during the external audit), conclusions and recommendations of the external auditors;
  - obtain feedback about the conduct of the external audit from key people involved; and
  - develop and implement policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required; and
  - conduct the tender process, as and when required.
- Monitor and review the effectiveness of Internal Audit, AL, where applicable to the Company.
- Keep under consideration the need for internal audit work to be carried out specifically in relation to the Company, and on such occasions make the necessary arrangements.
- Commission, as appropriate, audit assignments to be conducted on its behalf.
- Review reports from the Financial Regulatory Reporting Committee.

- Review whistleblowing arrangements for employees to raise concerns in confidence.
- Review its own terms of reference and its effectiveness on an annual basis, and to recommend any changes to the Board.
- Report to the Board on how it has discharged its responsibilities.

Where such monitoring and review activities reveal cause for concern, or scope for improvement, the Committee should make recommendation to the Board on action needed to address the issue or to make improvements.

The Audit Committee must have due regard to proportionality and cost effectiveness of all actions and measures proposed at all times.