

Victoria PLC Audit Committee Terms of Reference

Adopted by the Board on 27 September 2018

1 CONSTITUTION

- 1.1 The committee has been established by a resolution of the board of directors of the Company (the “**Board**”) and in accordance with the Company’s Articles of Association as the Audit Committee (the “**Committee**”). In these terms of reference, the “**Group**” means the Company and its subsidiaries from time to time.

2 MEMBERSHIP

- 2.1 The members of the Committee shall be appointed by the Board from amongst the directors of the Company, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee, and shall consist of no fewer than two members. Members of the Committee shall be non-executive directors of the Company, at least one of whom shall have recent relevant financial experience.
- 2.2 The Chair of the Committee shall be appointed by the Board and shall not be the Chair of the Board. In the absence of the chairman of the Committee or any deputy appointed by the Board, the remaining members present at any meeting shall elect one of their number to chair the meeting.
- 2.3 Each member of the Committee shall disclose to the Committee:
- (a) any personal, financial or other interest in any matter to be decided or discussed by the Committee; and/or
 - (b) any potential conflict of interest arising from a cross-directorship or otherwise; and
- any such member shall abstain from voting on resolutions of the Committee in relation to which an interest under (a) or (b) above exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee or absent himself from all or part of the meeting of the Committee in question.
- 2.4 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Appointment to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 2.5 Membership of the Committee shall be noted in the annual directors’ report of the Company.
- 2.6 If a regular member is unable to act due to absence, illness or other cause, the chairman of the Committee may, if there are any other independent non-executive directors, appoint another independent non-executive director of the Company to serve as an alternate member.

3 SECRETARY

- 3.1 The Company Secretary will be the Secretary of the Committee and in absence of the Company Secretary the Committee may at each meeting appoint one of their number to be the Secretary of the Committee in that meeting.
- 3.2 The secretary of the Committee shall be such person as the Committee shall from time to time decide. The secretary of the Committee shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

- 3.3 The secretary of the Committee shall keep a record of any non-audit services provided by the external auditors (the “**Auditors**”) to enable the Company to make the necessary statement in the annual report on safeguarding the Auditors’ objectivity and independence.

4 ATTENDANCE AT MEETINGS

- 4.1 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair of the Board, Chief Executive Officer, Chief Financial Officer, other directors, senior management, and representatives from the finance function and/or external advisers may be invited to attend all or part of any meeting as and when appropriate but such persons have no right of attendance.

- 4.2 A representative of the external auditors shall normally attend meetings. At least once in each year the members of the Committee shall meet the external auditors without the presence of any executive director or other employee of the Company and the Committee shall decide if the executive directors (or any of them) should be present or not at any other meeting attended by the external auditors.

5 PROCEEDINGS AT MEETINGS

- 5.1 A quorum for a meeting of the Committee shall be two members and Committee members should be financially literate and at least one member of the Committee should have recent and relevant financial experience. 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.

- 5.2 Meetings may be held by telephone.

- 5.3 Subject as provided in paragraph 2.4 above, each member of the Committee shall have one vote. In the event of an equality of votes, the Chair of the Committee shall have a second or casting vote (again subject as provided in paragraph 2.4 above). In the absence of the Chair or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

6 FREQUENCY OF MEETINGS

Meetings shall be held at least two times in each financial reporting period at the time of the interim and year-end financial statements and at such other times as the Chair of the Committee shall require. The external auditors may request a meeting if they consider that one is necessary.

7 NOTICE OF MEETINGS

- 7.1 Meetings of the Committee shall be called by the Company Secretary at the request of any of its members or at the request of external or internal auditors (if applicable) if they consider it necessary.

- 7.2 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 by the Company Secretary to each member of the Committee, any other person required to attend, the external auditors and all other non-executive directors no later than five working days (which notice may be waived by any director) before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8 MINUTES OF MEETINGS

- 8.1 The Company Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 8.2 The Company Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3 In the absence of the Company Secretary, the individual appointed by the Committee to be the Secretary of the Committee in that meeting, shall perform the roles of the Company Secretary described in this paragraph 8.

9 ANNUAL GENERAL MEETING

- 9.1 The Chair of the Committee shall attend the annual general meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities and responsibilities.

10 AUTHORITY

- 10.1 The Committee is authorised by the Board to investigate and undertake any activity within its terms of reference. It shall have unrestricted access to the auditors, is authorised to seek any information it properly requires from any director, employee or professional adviser of the Company and all directors, employees and professional advisers are directed to co-operate with any request made by the Committee.
- 10.2 The Committee is authorised by the Board to obtain outside legal, accounting or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The cost of obtaining such advice or services shall be borne by the Company within such limits as may be authorised by the Board from time to time.

11 DUTIES

- 11.1 The Committee shall carry out its duties for the Company and the Group and its duties shall be as described in this Paragraph 11.

11.2 Financial statements

The duties of the Committee shall be:

- (a) to monitor the integrity of the financial statements of the Company (including its annual and half-yearly reports and any other formal announcement relating to its financial performance), and to review and report to the Board on accounting methodologies used, significant financial reporting issues and judgements which such financial statements contain, having regard to matters communicated to the Committee by the Auditors;
- (b) to keep under review the consistency of, and changes to, accounting policies both on a year to year basis and across the Group;
- (c) to review and challenge where necessary the financial statements, annual accounts and accompanying reports to shareholders and preliminary announcements of results and any other announcement regarding the Group's results or other financial information to be made public with particular reference to:
 - (i) critical accounting policies, methodologies and practices and any changes to them;

- (ii) major judgmental decisions or areas;
 - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the Auditors;
 - (iv) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - (v) the clarity and completeness of disclosures and the context in which statements are made;
 - (vi) significant adjustments resulting from the audit;
 - (vii) the going concern assumption;
 - (viii) compliance with applicable accounting standards; and
 - (ix) compliance with legal requirements and all applicable codes of corporate governance practices;
- (d) to report its views to the Board if it is not satisfied with any aspect of the proposed financial reporting by the Company;
 - (e) to discuss whether the Committee should recommend that the financial statements and accompanying reports should be approved by the Board in the meeting of the Board following the Committee meeting and, if so, whether that approval should be granted subject to any matters discussed by the Committee.

11.3 **Internal control and risk assessment**

- (a) To monitor and keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.
- (b) To promote and review sound risk management and internal control systems, including operational and compliance controls.
- (c) To monitor and keep under review the policies and overall process for identifying and assessing business risks and managing their impact on the Company and the Group.
- (d) To receive and review regular assurance reports from management, internal audit, external audit and others on matters related to risk and control, in particular as to the effectiveness and testing of risk management and internal control systems.
- (e) To review and recommend to the Board the disclosures included in the annual report in relation to internal control, risk management and the viability statement.
- (f) To advise the Board on the Company's overall risk appetite, tolerance and strategy.
- (g) To oversee and advise the Board on the current risk exposures of the Company and the Group and future risk strategy.

11.4 **Whistleblowing, fraud, bribery and other compliance**

- (a) To review the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting or other

matters, with the aim of ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

- (b) To review the Company's policies and procedures for preventing and detecting fraud, its systems and controls for preventing bribery, its code of corporate conduct/business ethics and its policies for ensuring that the Group complies with relevant regulatory and legal requirements, receive reports and consider appropriate action.

11.5 **Internal audit**

Where there is no internal audit function, the Committee shall consider annually whether there is a need for one and make a recommendation to the Board.

11.6 **External audit**

The duties of the Committee shall be:

- (a) to 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 Auditors;
- (b) if the Auditors resign, to investigate the issues leading to this and decide whether any action is required;
- (c) to oversee the relationship with the Auditors including (but not limited to):
 - (i) recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the Auditors as a whole, including the provision of any non-audit services;
 - (iv) requesting the auditor to reconfirm independence at the conclusion of every annual audit;
 - (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) the nature and extent of non-audit services supplied by the auditors (where they supply a substantial volume of such services to the Company), seeking to balance the maintenance of objectivity and value for money;
 - (vii) develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

- (viii) discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made *vis-à-vis* the Company's internal auditing standards, if applicable;
- (ix) ensuring that the external auditors report in a timely manner to the Committee on:
 - (A) all accounting policies and practices used or to be used;
 - (B) all alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and
 - (C) all other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences;
- (x) ensuring that procedures are in place for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- (xi) 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;
- (xii) assessing annually the qualifications, expertise and resources of the Auditors and the effectiveness of the audit process, which shall include a report from the Auditors on their own internal quality procedures;
- (xiii) discussing with the Auditors such issues as compliance with accounting standards;
- (d) to meet regularly with the Auditors (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management (except for the secretary of the Committee) being present, to discuss the Auditors' remit and any issues arising from the audit and shall ensure that any Auditors' management letters and management's responses are reviewed;
- (e) to review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- (f) to review the findings of the audit with the Auditors. This shall include, but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) key accounting and audit judgements;
 - (iii) levels of errors identified during the audit; and
 - (iv) the effectiveness of the audit process;

- (g) to review any representation letter(s) requested by the Auditors before they are signed by management;
- (h) to review the management letter and management's response to the Auditors' findings and recommendations; and
- (i) to develop and implement policy on the supply of non-audit services by the Auditors in order to avoid any threat to Auditors' objectivity and independence, taking into account any relevant ethical guidance on the matter.

11.7 **Reporting responsibilities**

The duties of the Committee shall be:

- (a) to report to the Board (through the chairman of the Committee) on its proceedings after each meeting on all matters within its duties and responsibilities;
- (b) in light of its other duties, to make whatever recommendations to the Board it deems appropriate and to compile a report to shareholders to be included in the Company's annual report explaining how the Committee addressed the effectiveness of the external audit process; the significant issues that the Committee has considered in relation to the financial statements and how these issues were addressed;
- (c) where requested by the Board, to 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; and

11.8 **Other matters**

The Committee shall:

- (a) perform all its duties on the basis of the considerations required to be taken into account by all applicable codes of practice and laws and the Committee's view of good practice at the relevant time;
- (b) make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- (c) monitor and review, in discussion with the auditors, the integrity of the financial statements, including the half-year financial statements and annual accounts and reports to shareholders and any other public announcement concerning the Company's financial position which has not previously been reviewed by the Board or a committee of the Board before submission to the Board;
- (d) keep under review the consistency of accounting policies both on a year-to-year basis and across the Company;
- (e) discuss problems, reservations and recommendations arising from audits and any matters the external auditors may wish to discuss (in the absence of executive directors and other management, where necessary);
- (f) review any representation letter(s) requested by the external auditors before they are signed by management and the external auditors' management letter and response;

- (g) monitor and review the internal audit programme (or where there is no internal audit function, consider annually whether there is a need for an internal audit function and make recommendations to the Board), ensure co-ordination between the internal and external auditors, and ensure that the internal audit function, if applicable, is adequately resourced and has appropriate standing within the Company's group;
- (h) keep under review and challenge where necessary the effectiveness and adequacy of the Company's internal financial controls, and, unless expressly addressed by a separate Board risk committee composed of independent directors, or by the Board itself, to review the Company's internal control and risk management systems;
- (i) review the effectiveness of the Company's internal control system and to review any statement on internal control and risk management to be included in the directors' report before submission to the Board for its approval;
- (j) review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action;
- (k) keep under review the Company's procedures for handling allegations from whistleblowers;
- (l) oversee the establishment and maintenance, and review the operation of good business practices throughout the Group and investigate, at the request of any member of management, any issues of concern to that person relating to the Group's management, reporting, control or business procedures;
- (m) review the Company's procedures for detecting fraud;
- (n) review the Company's systems and controls for the prevention of bribery and receive reports on non compliance;
- (o) consider the major findings of internal investigations and management's response;
- (p) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- (q) 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; and
- (r) address any other matters relating to its duties referred to the Committee by the Board;
- (s) ensure that its terms of reference are publicly available and include an explanation of its role and the authority delegated to it by the Board; and
- (t) ensure that its terms of reference are reviewed and, where necessary, updated.

12 THE COMMITTEE

12.1 The Committee shall:

- (a) at least once a year, review its own performance, 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;

- (b) give due consideration to laws and regulations, the provisions of the QCA Corporate Governance Code and the requirements of the AIM Rules for Companies of the London Stock Exchange plc and any other applicable rules, in each case as applicable to, or appropriate for, the Company;
 - (c) oversee any investigation of activities which are within its terms of reference; and
 - (d) work and liaise as necessary with all other Board committees.
- 12.2 The Committee shall make available its terms of reference for inspection at the registered office of the Company and on the Company's website.

13 GENERAL

- 13.1 The recommendations of the Committee minutes must be approved by the Board before they can be implemented.
- 13.2 The chairman of the Committee or, as a minimum, another member of the Committee, shall attend the meeting of the Board at which the annual report and accounts are approved.
- 13.3 Any of the terms set out in this document may be varied by a majority resolution of the Board.