

**COHORT PLC  
AUDIT COMMITTEE  
TERMS OF REFERENCE**

**Revised 10 October 2019**

**Membership**

1. The Committee shall be appointed by the Board of Cohort plc (the Company) from amongst the Non-Executive Directors. The Committee shall consist of not less than two members. A quorum shall be two members.
2. The Chairman of the Committee shall be appointed by the Board. The current members of the Committee are Edward Lowe and Jeff Perrin, with the last acting as Chairman.
3. The Chief Executive, Executive Directors, Company Secretary and other Senior Managers may be invited to attend meetings by the Chairman of the Committee.

**Attendance at Meetings**

4. The external auditor will be invited to attend meetings on a regular basis. At least once a year, the Committee shall ensure that it meets with the external auditor without Executive Board members present.
5. The Deputy Company Secretary, or such nominee as approved by the Chairman, shall act as the Secretary of the Committee. The Secretary shall attend meetings and record the proceedings and decisions of the Committee for prompt circulation to all Committee members. Once approved, minutes shall be circulated to other Board members, unless a conflict of interest exists.

**Frequency of Meetings**

6. The Committee will hold a minimum of three meetings each year timed so as to allow the Committee to consider:
  - a. the audit plan and approval of the audit fee; and
  - b. the interim and annual financial accounts together with related advice from the external auditor and, as appropriate, to recommend the accounts' adoption by the Board.
7. Additional meetings may be summoned by the Secretary of the Committee at the request of any of its members or the external auditor. Unless otherwise agreed, notice of each meeting shall be forwarded to each member of the Committee no later than 5 working days before the date of the meeting.

**Notice of Meetings**

8. 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 at the same time.
9. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

**Minutes of Meeting**

10. The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
11. Draft minutes of Committee meetings shall be agreed with the Committee chairman and then circulated promptly to all members of the Committee, unless it would be inappropriate to do so in the opinion of the Committee chairman.

## **Authority**

12. The Committee is authorised by the Board to investigate any activity within its terms of reference.
13. The Committee will have access to such information and advice, at the expense of the Company, both from within the Company and externally, as it deems necessary.

## **Duties**

14. The Committee will have oversight of the group as a whole and the duties of the Committee shall be kept under periodic review. Unless required otherwise by regulation, the duties of the Committee will include those listed below for the Company, major subsidiary undertakings and the group as a whole.

### *Financial Reporting*

15. To review the integrity of the financial statements of the Company, including:
  - a. the interim and annual financial statements;
  - b. any other formal announcement relating to its financial performance; and
  - c. significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor;before recommending the related accounts to the Board.
16. In particular, to review and challenge where necessary:
  - a. the application of, significant accounting policies and practices and any changes to them;
  - b. the methods used to account for significant adjustments or unusual transactions where different approaches are possible;
  - c. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - d. the use of alternative performance measures and their benefit to stakeholders;
  - e. the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
  - f. 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 the audit and risk management).

### *Internal controls and risk management systems*

17. To keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems, and how these are reflected in the annual report.
18. Review and approve statements to be included in the annual report concerning internal financial controls and risk management.

### *Compliance, whistle blowing and fraud*

19. To review the adequacy and security of the Company's arrangements for its employees to raise concerns, in confidence, 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.
20. To review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.
21. Review the Company's procedure for detecting fraud.

### *Management of Risk*

22. To review the risk assessment programme, including the need for an internal audit function.
23. To ensure that the risk management programme is adequately resourced and supported by management and the Committee.
24. To review the process for risk management including financial and operational controls, monitoring and evaluating risks, and its relevance, effectiveness and completeness.
25. To consider the findings of the risk management process and management's response.

### *External Audit*

26. To consider and make recommendations to the Board, to be put to the shareholders for approval at the next AGM, in relation to the appointment, re-appointment and removal of the external auditor.
27. To oversee the relationship with the external auditor including (but not limited to):
  - a. recommendations on their remuneration, whether fees for audit or non-audit services;
  - b. approval of their terms of engagement; and
  - c. monitor and review the external auditor's independence, objectivity and effectiveness on an annual basis, taking into consideration relevant UK and International professional and regulatory requirements.
28. To meet regularly with the external auditor and to discuss, before the audit commences, the nature and scope of the audit.
29. To review the external auditor's management letter and management's response, and to discuss problems and reservations arising from the interim and final audits, including any matters the auditor may wish to discuss (in the absence of management where necessary).
30. To review the findings of the audit with the external auditor including (but not limited to):
  - a. a discussion of any major issues which arose during the audit;
  - b. any accounting and audit judgements;
  - c. levels of errors identified during the audit; and
  - d. the effectiveness of the audit.

### *Assessment of the Committee*

31. The Board will consider the effectiveness of the Committee in carrying out its duties.

### *Other*

32. To consider other topics within its remit and/or as defined by the Board.