

Mincon Group plc

Audit Committee

Terms of Reference

19 March 2020

1. Membership

- 1.1. The audit committee (the “**Committee**”) of Mincon Group plc (the “**Company**”) shall comprise at least two members. Members of the Committee shall be appointed by the Board of the Company (the “**Board**”), on the recommendation of the Nomination Committee of the Company in consultation with the chairman of the Committee (the “**Committee Chairman**”).
- 1.2. All members of the Committee shall be independent non-executive directors of the Company, at least one of whom shall have recent and relevant financial experience. The chairman of the Board (the “**Board Chairman**”) may also serve on the Committee as an additional member (but shall not be the Committee Chairman) if he or she was considered independent on appointment as the Board Chairman and the Board continues to consider him or her to be independent.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals including the chief financial officer and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4. The external auditor will be invited to attend meetings of the Committee on a regular basis.
- 1.5. Appointments 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.
- 1.6. The Board shall appoint the Committee Chairman who shall be an independent non-executive director of the Company. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

2. Secretary

- 2.1. The company secretary of the Company or his or her nominee shall act as the secretary of the Committee (the “**Secretary**”) and will 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. **Quorum**

- 3.1. The quorum necessary for the transaction of business shall be two members. 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.

4. **Meetings**

- 4.1. The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5. **Notice of meetings**

- 5.1. Meetings of the Committee shall be called by the Secretary at the request of any of its members or at the request of the external or internal auditor if they consider it necessary.
- 5.2. 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 to each member of the Committee, any other person required to attend and all other non-executive directors, no later than three 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.

6. **Voting arrangements**

- 6.1. 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.
- 6.2. 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 permitted to vote at the meeting.
- 6.3. Save where he has a personal interest, the Committee Chairman will have a casting vote.

7. **Minutes of meetings**

- 7.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

8. **Duties**

The Committee should carry out the duties below for the Company as a whole.

8.1. Financial reporting

- 8.1.1. 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, reviewing significant financial reporting issues and judgements which they contain.

- 8.1.2. In particular, the Committee shall review and challenge where necessary:
 - 8.1.2.1 the consistency of, and any changes to, accounting policies on a year on year basis and, where applicable, across the Company and, if applicable, its subsidiaries;
 - 8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 8.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 8.1.2.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
 - 8.1.2.5 all material information presented with the financial statements, such as the business review or operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

8.2. Internal controls and risk management systems

8.2.1. The Committee shall:

- 8.2.1.1 keep under review and challenge the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems; and
- 8.2.1.2 review and approve the statements to be included in the annual report of the Company concerning internal controls and risk management.

8.3. Compliance, Whistleblowing and Fraud

8.3.1 The Committee shall:

- 8.3.1.1 review the adequacy and security of the Company's arrangements for its contractors and employees, if any, 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;
- 8.3.1.2 review the Company's procedures for detecting fraud;
- 8.3.1.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 8.3.1.4 review compliance reports and keep under review the adequacy and effectiveness of the Company's compliance function.

8.4. Internal Audit

The Committee shall periodically review the need for an internal audit function and, for such financial years where there remains no internal audit function, approve the statements to be included in the annual report of the Company setting out the reasons for the absence of an internal audit function.

8.5. External Auditor of the Company (the “**Auditor**”)

8.5.1 The Committee shall:

8.5.1.1 consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting of the Company, in relation to the appointment, re-appointment and removal of the Auditor;

8.5.1.2 oversee the selection process for a new Auditor and if an Auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

8.5.1.3 oversee the relationship with the Auditor including (but not limited to):

8.5.1.3.1 recommendations on their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;

8.5.1.3.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

8.5.1.3.3 assessing annually their independence and objectivity taking into account relevant Irish and UK professional and regulatory requirements and the relationship with the Auditor as a whole, including the provision of any non-audit services;

8.5.1.3.4 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) which could adversely affect the Auditor’s independence and objectivity;

8.5.1.3.5 agreeing with the Board a policy on the employment of former employees of the Auditor, then monitoring the implementation of this policy;

8.5.1.3.6 monitoring the Auditor’s compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

8.5.1.3.7 assessing annually the qualifications, expertise and resources of the Auditor and the effectiveness of the audit process, which shall include a report from the Auditor on their own internal quality procedures;

8.5.1.3.8 seeking to ensure co-ordination with the activities of the internal audit function; and

8.5.1.3.9 considering the risk of the withdrawal of the Company’s present auditors from the market.

8.5.1.4 meet regularly with the Auditor, including 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;

8.5.1.5 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;

8.5.1.6 review the findings of the audit with the Auditor. This shall include but not be limited to, the following:

8.5.1.6.1 a discussion of any major issues which arose during the audit;

8.5.1.6.2 any accounting and audit judgements;

8.5.1.6.3 levels of errors identified during the audit; and

8.5.1.6.4 the effectiveness of the audit.

8.5.2 The Committee shall also:

8.5.2.1 review any representation letter(s) requested by the Auditor;

8.5.2.2 review the Company's letter and the Company's response to the Auditor's findings and recommendations; and

8.5.2.3 develop and implement a policy on the supply of non-audit services by the Auditor, to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

9. **Reporting responsibilities**

9.1. The Committee Chairman shall report formally to the Board on the Committee's proceedings after each meeting of the Committee on all matters within its duties and responsibilities and the Committee shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

9.1.1 the significant issues that it considered in relation to the financial statements and how these issues were addressed.

9.1.2 its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor.

9.1.3 its assessment of the need for an internal audit function including any recommendations to the Board.

9.1.4 the matters it has considered in respect of risk management.

9.1.5 any other issues on which the Board has requested the Committee's opinion.

9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3. The Committee shall produce a report on its activities to be included in the Company's annual report.

- 9.4. The Committee Chairman shall attend the annual general meeting of the Company to answer and respond to any shareholder questions on the Committee's activities.

10. **Other matters**

- 10.1 The Committee shall:

- 10.1.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
- 10.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new Committee members and on an on-going basis for all Committee members;
- 10.1.3 give due consideration to laws and regulations, the provisions of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-size Quoted Companies, the AIM Rules for Companies published by the London Stock Exchange plc from time to time, the ESM Rules for Companies published by the Irish Stock Exchange plc, Part V of the Companies Act, 1990 (as same may be amended or replaced from time to time), Criminal Justice Act 1993 (UK) and the Financial Services and Markets Act 2000 (UK) and any other applicable rules or legislation, as appropriate;
- 10.1.4 oversee any investigation of activities which are within its terms of reference; and
- 10.1.5 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.

11. **Authority**

- 11.1 The Committee is authorised:

- 11.1.1 to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference;
- 11.1.2 to 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;
- 11.1.3 to do all other matters as the Committee believes appropriate in respect of the conduct of its duties, including, without limitation, the matters referred to herein; and
- 11.1.4 to call any employee to be questioned at a meeting of the Committee as and when required.