

Audit Committee – Terms of Reference

January 2024

1. There shall be a Committee of the Board to be known as "The Audit Committee".

2. Not less than three Non-Executive Directors who are considered by the Board to be independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgment shall be the members of the Committee. The Board shall periodically review the membership of the Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals and that each member has adequate time to fulfil their duties. At least one of the members of the Committee shall have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies. The Committee as a whole shall have relevant sector experience. The Company Chairman shall not be a member of the Committee.

Members of the committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the Committee Chairman. Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members continue to be independent.

3. An independent Non-Executive Director shall be the Chairman of the Committee. The Committee Chairman shall attend the AGM to answer any shareholder questions. In addition the Committee Chairman should seek engagement with shareholders on significant matters related to the committee's areas of responsibility

4. Two members of the Committee (of which the majority shall be independent Non-Executive Directors) shall constitute a quorum.

5. The Company Secretary shall be the Secretary of the Committee and shall keep appropriate minutes of its proceedings 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.

6. A majority of members shall be independent Non-Executive Directors.

7. Only members of the Committee shall have the right to attend Committee meetings. Relevant executive management, the Company Chairman and a representative of the external auditors and internal auditors shall be invited to attend meetings as appropriate.

8. Agendas and supporting papers shall be circulated in advance to all members of the Committee.

9. Meetings shall be held not less than three times a year and otherwise when requested by the Chairman. At least one meeting a year, or part thereof, shall be with external auditors and without management present, where necessary. External auditors may request a meeting if they consider one is necessary.

10. Minutes of all Committee and sub Committee meetings shall be circulated to all Committee members and, following their approval, to all Board members.

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- 11.** The Committee is authorised by the Board to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from any employee of the Group and all employees of the Group shall be directed to co-operate with any request by the Committee. The Committee shall have oversight of the group as a whole and, unless require otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole.
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- 12.** The Committee may obtain outside legal or independent professional advice and such advisors may attend meetings as necessary and appropriate. Such advice must be sought at a reasonable cost commensurate with the matter under review.
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- 13.** The Committee is authorised by the Board to approve the appointment of or termination of employment or engagement of any regulatory compliance officer, any Group health and safety officer and the Internal Auditor (if any).
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- 14.** The Committee is authorised by the Board to ensure that the Internal Audit (if established), regulatory compliance, risk management and health, safety and environmental compliance functions are adequately resourced and have appropriate authority within the Company.
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Duties

The duties of the Committee shall be:

Corporate governance To monitor and review the Company's internal financial controls and the internal control and risk management systems; along with related statements in the annual report.

To review the Company's governance strategy and recommend how changes in guidance, legislation and regulation should be implemented.

To consider ways of improving the quality of financial reporting and the implementation of critical information systems.

Risk management The Board, following review by the Committee, will undertake the following specific activities:

- review annually, the Company's systems established by management (The Risk Register) to identify, assess, manage and monitor financial and non-financial risks;
- regularly review the Risk Register, risks identified as having higher likelihood or impact and associated management action plans;
- review changes or additions to the policies and practices that support the Company in achieving effective risk management as required; and
- review, and if necessary 'call for' evaluations and/or investigations into specific incidents.

Legal and regulatory compliance To review any current and pending litigation or regulatory proceedings to which the Company is a party, and which could have a material and significant effect upon the financial, legal, regulatory or compliance position or operational results of the Company and the manner in which these have been or will be disclosed in the financial statements.

To ensure that each employee or officer of the Company with responsibility for legal or regulatory compliance (including the Company Secretary) has a right of direct access to the Chairman of the Committee.

To review the annual legal and regulatory compliance programme and any subsequent changes thereto.

To approve or delegate approval of other reports which management may from time to time submit in relation to legal and regulatory compliance matters including receiving reports directly from the compliance function in regard to good corporate governance (including complying with London Stock Exchange regulations and recommendations).

To review arrangements by which employees and contractors may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. These arrangements should allow proportionate and independent investigation of such matters and appropriate follow up action.

Internal audit The Committee shall

- Approve the appointment or termination of the internal auditor.
 - Review and approve the role and mandate of internal audit and monitor the effectiveness of its work.
 - 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.
 - Ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate and ensure there is open communication between different functions of the Group and the internal auditor.
 - Ensure the internal auditor has direct access to the Chairman and Committee Chairman, providing independence from the executive and accountability to the Committee.
 - Monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of finance and the external auditor.
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External audit To ensure that the audit services contract is put out to tender at least once every ten years to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender, initiate and supervise the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tender process.

To make recommendations to the Board in relation to the selection process for and the appointment of the external auditor, the audit fee, the terms of engagement and any questions arising on the auditor's resignation or giving cause to consider dismissal of the auditor.

To discuss with the external auditor before the audit commences the nature and scope of the audit, the factors that could affect audit quality and review and approve the annual audit plan ensuring it is consistent with the scope of the audit engagements, having regard to the seniority, expertise and experience of the audit team.

To monitor and review annually the external auditor's independence, objectivity and effectiveness, taking into consideration the auditor's quality control procedures and steps taken by the auditor to respond to changes in relevant UK professional and regulatory requirements including in relation to the provision of non-audit services.

To discuss issues arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary).

To review the external auditor's management letter and management's response to this (and the corrective action agreed as a result of any recommendations) and the letter of representation.

To develop and implement the policy for provision of non-audit services by the external auditor (attached in these terms of reference) and to keep under review the nature and extent of non-audit services supplied by the auditors.

To pre-approve fees in respect of non-audit services provided by the external auditor in accordance with the policy approved by the Board and to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity.

Financial reporting The Committee should 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 position and performance, business model and strategy.

To monitor the integrity of the half year and annual financial statements, and trading update announcements before submission to the Board reviewing significant financial reporting and issues and judgments, focusing particularly on matters of material financial impact. The Committee shall also review the clarity and completeness of disclosures in the financial statements. Generally, it should pay particular attention to:

- all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management;
- critical accounting policies and practices, and any changes in them;
- decisions requiring a major element of judgement;
- whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditors views on the financial statements
- the extent to which the financial statements are affected by any unusual transactions in the period in question and how they are disclosed;
- the clarity and completeness of disclosures;
- significant adjustments resulting from the audit;
- the statements concerning internal control and risk management, including the assessment of principal risks and emerging risks,
- the going concern assumption and viability statement;
- compliance with accounting standards;
- compliance with stock exchange and other legal and regulatory requirements.
- reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company;
- any formal announcements relating to the Company's financial performance; and
- the impact of the funding position of any pension scheme, if any.

Where, following its review, the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it must report its views to the Board.

To review management statements which accompany such financial statements for adequacy and consistency of disclosure with the financial statements themselves.

To consider any other matter, which should be taken into account in reaching its recommendations to the Board of Directors, concerning the approval of the financial statements and to escalate issues of concern to the Board.

Reporting responsibilities The Committee shall formally report to the Board on how it has discharged its responsibilities.

The Committee shall include within the annual report a description Committee's work explaining how it has discharged its responsibilities. This report shall include:

- the significant issues that it considered in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the auditors;
 - an explanation of how the Committee has assessed the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor, including information on the length of tenure of the current audit firm and when the last tender was conducted;
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- an explanation of how auditor objectivity and independence is safeguarded in light of non-audit services provided; and
 - any other issues on which the Board has requested the Committee's opinion.
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Other matters The Committee shall:

- have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
 - 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;
 - give due consideration to laws and regulations, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
 - be responsible for co-ordination of the internal and external auditor's work;
 - oversee any investigation of activities which are within its terms of reference;
 - work and liaise as necessary with all other board committees; and
 - 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.
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General To escalate any significant issues to the Board and make recommendations for resolving these issues.

To consider other topics as defined from time to time by the Board.

To conduct an annual review of their work and these terms of reference and make recommendations to the Board.

To monitor the integrity of the management accounts presented to the Board.

To review the statement on internal control to be included in the corporate governance statement in the annual report prior to its endorsement by the Board ensuring that it contains a separate section describing the role of this Committee and the action it has taken.

Monitor compliance with all other regulations and codes to ensure the upholding of Board-led standards of conduct in the best interests of shareholders.

Definitions In these Terms of Reference:

"**Assura**" or the "**Company**" shall mean Assura plc; and "**Group**" shall mean Assura plc, and its subsidiaries and subsidiary undertakings for the time being.

Schedule to the Terms of Reference

Group policy for provision of non-audit services by the external auditors

1. The Smith report recommends that procedures be adopted for non-audit services provided by external auditors to ensure that such matters do not impair the judgement or independence of the auditors. This policy is to assist the Group's control over such matters. In addition, the Committee notes the provisions of **REGULATION (EU) No 537/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("PIE Regulations")**
 2. The Group has adopted the growing practice of disclosing the auditors' remuneration in its annual Report and Accounts split two ways between:

Audit and Audit-Related Fees and Non-Audit Fees.

 - "Audit and Audit-Related Fees" are defined as – audit of financial statements of the Group and its subsidiaries, review of interim results and Interim Management Statements, audit of regulatory returns; and
 - "Non-Audit Fees" will include – tax computation and tax compliance support, tax planning advice, due diligence work for acquisitions, assurance reviews on compliance and controls, general accounting advice including application of new accounting and reporting standards, any work in connection with listing particulars and public documents plus any other reviews or support projects not covered above.
 3. All audit fees and any material non-audit services and/or material audit related services require approval of the Audit Committee. This requirement applies to the Group and all its subsidiaries. Furthermore, in relation to any proposed material consultancy contract involving the possible use of the auditors then a clear and transparent process for selection/procurement of the provider of the services in question should be discussed between the Chief Executive and the Chairman of the Audit Committee before any engagement is entered into.
 4. For this purpose, materiality is set as cost in excess of £25,000 or 10% of the audit fee, whichever is the lower, before VAT and expenses. The threshold for large consultancy contracts to be considered for specific procurement review is set at cost in excess of £50,000 before VAT and expenses). These levels should apply whether the work in question is a discrete project or linked series of assignments. Any fees to be based upon a contingency fee basis would require approval by the Audit Committee, irrespective of size.
 5. Where there is an urgent need to engage the auditors for non-audit services above the lower threshold, the Group Chief Executive can discuss and agree the matter with the Chairman of the Audit Committee and report their conclusion at the next Audit Committee meeting.
 6. The cost of all non-audit services provided by the auditors, both above and below the materiality threshold, will be reported to the Group Board annually. The Chief Executive shall be responsible for obtaining such a report from the auditors.
 7. When assessing the non-audit services for approval the Audit Committee will take the following into consideration:
 - whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
 - whether there are safeguards in place to ensure that there is no threat to the objectivity or independence in the conduct of the audit resulting from the provision of such services by the external auditor;
 - the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the audit fee; and
 - the criteria which govern the compensation of the individuals performing the audit.
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8. The following services are prohibited non-audit services that cannot be provided by the external auditor pursuant to the PIE Regulations:

- Provision of tax services relating to:
 - Preparation of tax forms
 - Payroll tax
 - Customs duties
 - Identification of public subsidies and tax incentives, unless support from the statutory auditor or audit firm in respect of such services is required by law
 - Support regarding tax inspections by tax authorities, unless support from the statutory auditor or audit firm in respect of such inspections is required by law
 - Calculation of direct and indirect tax and deferred tax
 - Provision of tax advice
- Services that involve playing any part in the management or decision making of the audited entity
- Bookkeeping and preparing accounting records and financial statements
- Payroll services
- Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or financial information technology systems
- Valuation services, including valuations performed in connection with actuarial services or litigation support services
- Legal services, with respect to:
 - Provision of general counsel
 - Negotiating on behalf of the audit client
 - Acting in an advocacy role in the resolution of litigation
- Services related to the audit client's internal audit function
- Services linked to the financing, capital structure, and allocation, and investment strategy of the audit client, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audit client
- Promoting, dealing in, or underwriting shares in the audited entity
- Human resources services with respect to:
 - Management in a position to exert significant influence over the preparation of the accounting records or financial statements, which are the subject of the statutory audit, where such services involve:
- Searching for or seeking out candidates for such positions or
- Undertaking reference checks of candidates for such positions
 - Structuring the organization design and
 - Cost control

9. Under the PIE Regulations, fees for permissible non-audit services should not exceed 70% of the average audit fees paid in the last three consecutive financial years.
