

## **AUDIT COMMITTEE'S TERMS OF REFERENCE**

### **ACCESS INTELLIGENCE PLC**

#### **1. CONSTITUTION**

The audit committee (**Committee**) is constituted in accordance with the articles of association (**Articles**) of Access Intelligence plc (**Company**) and shall have the delegated authority of the board of directors (**Board**) in respect of the functions and powers set out in these terms of reference.

#### **2. DUTIES AND TERMS OF REFERENCE**

The Committee should carry out the duties below for the parent company, subsidiaries and the Access Intelligence plc group (together the **Group**) as a whole, as appropriate.

**2.1** The Committee shall monitor the integrity of the financial statements of the Company and the Group, including its annual and half yearly reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing and reporting to the Board significant financial reporting issues and judgements which they contain having regard to the matter communicated to it by the auditor.

**2.2** The Committee shall review and challenge where necessary:

- (a)** the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company and the Group;
- (b)** the methods used to account for significant or unusual transactions where different approaches are possible;
- (c)** whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (d)** the clarity and completeness of disclosure in the Company and the Group's financial reports and the context in which statements are made; and
- (e)** all material information presented with the financial statements, such as the business review/operating and financial review and any corporate governance statement (insofar as it relates to the audit and risk management).
- (f)** any other statements requiring board approval which contain financial information first, where to carry out a review prior to board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation.

**2.3** If the Committee is not satisfied with any aspect of the proposed financial reporting by the Company and/or Group, it shall report its views to the Board.

**2.4** Where requested by the Board, 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 Group's performance, business model and strategy and the Committee should also advise the Board on whether the annual report and accounts incorporates the Board's statement in the annual report on these matters.

**2.5** The Committee shall:

- (a)** keep under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems; and
- (b)** review and approve the statements to be included in the annual report concerning internal controls and risk management, including the assessment of principal risks, emerging risks, and the viability statement.

**2.6** The Committee shall review:

- (a)** the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- (b)** the Group's procedures for detecting fraud; and
- (c)** the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.
- (d)** The Committee shall keep under review the need for an internal audit function and in the event such role is deemed necessary recommend such to the Board and facilitate its implementation and thereafter revise these terms of reference.

**2.7** The Committee shall:

- (a)** 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 Company's external auditor. If an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- (b)** ensure that at least once every ten years the audit services contract is put out to tender 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 oversee the selection process and further ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process.
- (c)** oversee the relationship with the external auditor including (but not limited to):
  - (i)** recommendations on their remuneration, including fees for audit or 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 UK professional and regulatory requirements (including any ethical standard) and the relationship with the auditor as a whole, including any threats to the auditor's independence and safeguards applied to mitigate those threats including the provision of any non-audit services;

- (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company and/or the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- (v) agreeing with the Board a policy on the employment of former employees of the Group's auditor taking into account any relevant ethical standard and legal requirements, then monitoring the implementation of this policy;
- (vi) monitor the auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- (vii) monitor the level of fees paid by the Group to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;
- (viii) assessing annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- (ix) seeking to ensure co-ordination with the activities of any internal audit function when implemented; and
- (x) evaluating the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the committee and consideration of the need to include the risk of the withdrawal of their auditor from the market on that evaluation.

**2.8** Meet regularly with the external 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 their remit and any issues arising from the audit.

**2.9** Discuss with the external auditor the factors that could affect audit quality and 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.

**2.10** Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

- (a) a discussion of any major issues which arose during the audit;
- (b) any key accounting and audit judgements;
- (c) the auditor's explanation of how the risks to audit quality were addressed;
- (d) the auditor's view of their interactions with senior management;
- (e) levels of errors identified during the audit; and
- (f) the effectiveness of the audit.

- 2.11** Review any representation letter(s) requested by the external auditor before they are signed by management.
- 2.12** Review the management letter and management's response to the auditor's findings and recommendations.
- 2.13** Review the effectiveness of the audit process, including assessment of the quality of the audit, the handling of key judgements by the auditor and the auditor's response to questions from the Committee.
- 2.14** Develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. This policy should include consideration of the following matters:
- (a)** threats to the independence and objectivity of the external auditor and any safeguards in place;
  - (b)** the nature of non-audit services;
  - (c)** whether the external audit firm is the most suitable supplier of the non-audit service;
  - (d)** the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
  - (e)** the criteria governing compensation.
- 2.15** The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. The report shall include:
- (a)** the significant issues that it had considered in relation to the financial statements and how these were addressed;
  - (b)** the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans;
  - (c)** any other issues on which the Board has requested the Committee's opinion.
- 2.16** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.17** The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report shall include an explanation of how the Committee has addressed the effectiveness of the audit process, independence of the external auditor, the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed having regard to matters communicated to it by the auditor.
- 2.18** In compiling the reports referred above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should

include at least those matters that have formed the board's assessment of whether the company is a going concern and the inputs to the board's viability statement.

**2.19** The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- (b) 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;
- (c) give due consideration to applicable laws and regulations, the provisions of the QCA Corporate Governance Code (2018), PLSA Corporate Governance Policy & Voting Guidelines for Smaller Companies and the requirements of the London Stock Exchange's rules for AIM companies as appropriate;
- (d) be responsible for co-ordination of the auditors;
- (e) oversee any investigation of activities which are within its terms of reference; and
- (f) arrange for periodic review of its own performance and, at least once a year, 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.

**2.20** To consider such other matters as may be requested by the Board.

### **3. MEMBERSHIP**

**3.1** The members of the Committee shall be appointed by the Board. All of the members of the Committee should be non-executive directors and the majority of such members should be those who are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Committee shall, where possible, include at least one member of the Remuneration Committee.

**3.2** The Committee shall have at least two members and at least one member should have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies.

**3.3** Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years.

**3.4** A quorum may be any two members of the Committee.

### **4. SECRETARY**

**4.1** The Company Secretary or his/her delegate shall be the secretary of the Committee.

**4.2** The secretary of the Committee or his/her delegate shall attend meetings of the Committee to take minutes.

**4.3** In the absence of the secretary of the Committee, the members present at the meeting of the Committee shall elect another person as the secretary.

- 4.4 All members of the Committee shall have access to the advice and services of the secretary of the Committee with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.

## 5. **ROLE OF THE CHIEF FINANCIAL OFFICER**

- 5.1 The Chief Financial Officer, while not a member of the Committee, shall work closely with the chairman and secretary of the Committee to ensure that supporting papers of the meeting are both comprehensive and comprehensible and are available for distribution sufficiently in advance of meetings of the Committee.

- 5.2 The Chief Financial Officer will have responsibility for developing and implementing all necessary policies and procedures for sound financial management and control.

- 5.3 The Chief Financial Officer will attend most meetings of the Committee in order to participate in discussions on papers prepared by the finance team, and decisions which he or she may be involved in implementing.

## 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 and must refrain from participating in discussions relating to the approval of such matter.

- 6.3 Save where he has a personal interest, the Chair of the Committee will have a casting vote.

## 7. **ATTENDANCE AT MEETINGS**

- 7.1 The Committee will meet at least twice a year at appropriate intervals in the financial reporting and audit cycle. The Committee may meet at other times during the year as agreed between the members of the Committee or as required.

- 7.2 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chair, Chief Executive Officer, Chief Financial Officer, and the external audit lead partner.

- 7.3 Only members of the Committee have the right to attend Committee meetings, however, the Chief Financial Officer of the Company, the external audit lead partner and other appropriate individuals as the Committee may in its sole discretion determine will be invited to attend Committee meetings on a regular basis and other directors or non-members may be invited to attend all or part of any meeting as and when considered by the Committee Chair to be appropriate.

- 7.4 The Company's external auditors may be required to attend Committee meetings but not in the presence of any of the executive directors of the Company, with a view to consulting with the Committee.

- 7.5 The Company Secretary or his or her nominee shall be the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to all issues.

## **8. NOTICE OF MEETINGS**

- 8.1** Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of the external or internal auditors if they consider it necessary.
- 8.2** Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.
- 8.3** Meetings of the Committee may be conducted when the members are physically present or in the form of either a video or audio conference.
- 8.4** Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **9. AUTHORITY**

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. The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to have unrestricted access to the Group's external auditors and to obtain, at the Company's expense, professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

The Committee shall 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. If the board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the Committee's recommendation and the reasons why the board has taken a different position.

## **10. REPORTING**

- 10.1** The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted. The Secretary of the Committee (or his/her delegate) shall ascertain, at the beginning of each meeting, the existence of any conflicts of interests and minute them accordingly. The minutes should also include any concerns raised by any member of the Committee and/or dissenting views expressed.
- 10.2** Draft minutes of each meeting will be circulated promptly by the Secretary of the Committee to all members of the Committee. Once approved, the minutes of each meeting will be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair. Minutes of the Committee meetings shall be available from the Secretary for inspection by any member of the Committee at any reasonable time on reasonable notice.
- 10.3** The Committee shall annually review its terms of reference and its own effectiveness and recommend any necessary changes to the Board. The Committee shall prepare a report on its role and responsibilities for inclusion in the Annual Report and Accounts. The Chair shall, as a minimum, attend the Board meeting at which the accounts are approved.

- 10.4** To the extent required by legislation and the AIM Rules such a report should specifically include:
- 10.4.1 a summary of the role of the Committee;
  - 10.4.2 the names and qualifications of all members of the Committee during the period;
  - 10.4.3 the number of Committee meetings and attendance by each member; and
  - 10.4.4 the way the Committee has discharged its responsibilities.
- 10.5** Where disagreements between the Committee and the Board cannot be resolved, the Committee shall report the issue to the shareholders as part of the report on its activities in the Company's Annual Report.
- 10.6** If the Board does not accept the Committee's recommendation regarding the appointment, reappointment and removal of the external auditors, the Committee shall include a statement in the Annual Report explaining its recommendation and reasons why the Board has taken a different stance. The Committee Chair shall attend the AGM and shall answer questions, through the Chair of the Board, on the Committee's activities and their responsibilities.
- 11. GENERAL MATTERS**
- 11.1** The Chair of the Committee should make himself or herself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.
- 11.2** The recommendations of the Committee minutes must be approved by the Board before they can be implemented.
- 11.3** The Committee shall work and liaise as necessary with all other Board Committees, taking particular account of the impact of risk management and internal controls being delegated to different committees.
- 11.4** The Committee shall make available to shareholders these terms of reference.

**Adopted by the Board on 24 February 2021.**