



Audit Committee
Terms of Reference

Version 2.0

AMIGO HOLDINGS PLC

AUDIT COMMITTEE TERMS OF REFERENCE

The following are the terms of reference of the Audit Committee (the “**Audit Committee**”) of Amigo Holdings PLC (the “**Company**”) and its subsidiaries (together, the “**Group**”).

1. Membership

- 1.1 The Audit Committee shall be appointed by the board of directors of the Company (the “**Board**”) in consultation with the Chairman of the Audit Committee. The Audit Committee shall be made up of at least two members and shall comprise at least two independent non-executive directors.
- 1.2 The majority of the members of the Audit Committee shall be independent non-executive directors.
- 1.3 The Board shall appoint the Chairman of the Audit Committee (the “**Chairman**”), who shall be an independent non-executive director. The chairman of the Board or any former executive director of the Company shall not be a member of the Audit Committee. In the absence of the Chairman, the remaining members present shall elect one member who is an independent non-executive director to chair the meeting.
- 1.4 In deciding chairmanship and membership of the Audit Committee, the value of ensuring that Audit Committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account.
- 1.5 At least one member of the Audit Committee should have recent and relevant financial experience and at least one member of the Audit Committee should have competence in accounting and/or auditing. The Audit Committee as a whole shall have competence relevant to the sector in which the Group operates.
- 1.6 Appointments to the Audit Committee shall be for a period of up to one year, extendable for additional periods of up to one year, provided that the majority of the Audit Committee’s members remain independent and that appointments will only be effective for so long as the director still meets the criteria for membership of the Audit Committee. Membership of the Audit Committee shall be reviewed by the Board at least annually.
- 1.7 The company secretary (or his or her nominee) shall act as the secretary of the Audit Committee (the “**Secretary**”) and shall ensure that the Audit Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

2. Terms of Reference to be made available

- 2.1 The Audit Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board.
- 2.2 These terms of reference have been produced to identify and formalise the roles, tasks and responsibilities of the Audit Committee and the authority delegated to it by the Board in compliance with the UK Corporate Governance Code (the “**Code**”).
- 2.3 The requirement to make this information available would be met by making such information available on request and including the terms of reference and such explanation on the Company’s website.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members of the Audit Committee. Ideally, at least one of the members present in any quorum should have competence in accounting and/or auditing.
- 3.2 A duly convened and quorate meeting of the Audit Committee shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Committee.
- 3.3 No member of the Audit Committee shall attend or form part of the quorum in relation to any matter in which he or she has a personal interest unless such personal interest has been fully disclosed to the Audit Committee and the remaining members present at the meeting unanimously agree that such member may attend or form part of the quorate in relation to such matter.

4. Frequency of meetings

- 4.1 The Audit Committee shall meet at least four times a year at appropriate intervals to coincide with key dates in the financial reporting and audit cycle and at such other times as required. Meetings may be convened by telephone when necessary or as video or audio conferences.
- 4.2 Outside the formal meeting programme, the Audit Committee Chairman will maintain a dialogue with key individuals involved in the Group's governance, including the Chief Executive Officer, the Chief Finance Officer, the external audit lead partner and the head of internal audit.

5. Notice of meetings

- 5.1 Meetings of the Audit Committee shall be called by the Secretary at the request of any of its members or at the request of any of the following people if they consider a meeting to be necessary or expedient:
 - (a) the Chief Executive Officer, the Chief Finance Officer or any member of the Group's internal audit provider; or
 - (b) the external audit lead partner.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Audit Committee, and to other attendees as appropriate, no later than five working days before the date of the meeting.

6. Proceedings of the Audit Committee

- 6.1 Only Audit Committee members have the right to attend Audit Committee meetings. However, the Audit Committee will usually invite the Chief Finance Officer, the external auditor and the Chief Executive Officer to attend meetings. The Audit Committee may also invite other non-members (such as the chairman of the board, the Chief Risk Officer, the Director of Legal & Compliance, other directors or the head(s) of the internal audit provider) to attend all or part of any meeting as and when appropriate.
- 6.2 At least once a year the Audit Committee will meet the external auditors without executive directors or other management present.

- 6.3 Similarly, the Audit Committee may meet separately with any of the executive directors without any other executive directors being present.
- 6.4 The Chairman will be available to the Secretary and the Chief Finance Officer to discuss any matters of concern in relation to financial reporting matters or internal control concerns, in the widest sense, should this be considered necessary by those individuals.
- 6.5 Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Chairman having a second, casting vote in the event of a tie (except where he or she has a personal interest). An Audit Committee member who remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.

7. Minutes of meetings

- 7.1 The Secretary shall minute the proceedings and decisions of all Audit Committee meetings and record the names of those present and in attendance.
- 7.2 The members of the Audit Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly.
- 7.3 Draft minutes of Audit Committee meetings shall be circulated to all members of the Audit Committee as soon as practicable after each meeting. Once approved, minutes shall be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairman.

8. Annual general meeting

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

9. Authority

- 9.1 The Audit Committee is entitled to sufficient resources from the Group to undertake its duties, including access to the Group functions for assistance as required. Accordingly, the Audit Committee is authorised by the Board to:
- (a) undertake any activity within its terms of reference;
 - (b) seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company in order to perform its duties, including to call any such person to be questioned at a meeting of the Audit Committee as and when required. All employees, directors, consultants and other service providers of services are directed to co-operate with requests for information made by the Audit Committee including requests to attend meetings of the Audit Committee;
 - (c) obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference;
 - (d) have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Audit Committee and the Board;
 - (e) at any time seek advice and assistance from executive managers, including requests to carry out such reviews as the Audit Committee deems necessary and report back to

the Audit Committee, although it must ensure that such roles are clearly separated from the roles of the senior management within the business.

10. Responsibilities

Internal audit provider

10.1 The Audit Committee shall:

- (a) monitor and review the effectiveness of the Company's internal audit provider in the context of the Company's overall risk management system, ensuring that the internal audit plan is aligned to the business's key risks;
- (b) approve the appointment and removal of the internal audit provider;
- (c) approve the remuneration of the internal audit provider for recommendation to the Board
- (d) consider and approve the remit of the internal audit provider and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards. The Audit Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- (e) review and assess the annual internal audit plan, liaising as necessary with the internal audit provider;
- (f) review promptly the key findings from all reports on the Group from the internal auditor provider;
- (g) review and monitor management's responsiveness to the findings and recommendations of the internal audit provider;
- (h) ensure there is open communication between the different functions and that the internal function evaluates the effectiveness of risk, compliance and finance functions as part of its audit plan;
- (i) meet the head(s) of the internal audit provider at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head(s) of the internal audit provider shall be given the right of direct access to the chairman of the Board and to the Audit Committee; and
- (j) consider whether an independent, third party review of internal audit effectiveness and processes is required.

External audit

10.2 The Audit 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, reappointment or removal of the external auditors;
- (b) ensure that at least once every ten years the audit services contract is put out to tender to enable the Audit 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, oversee the selection process and ensure that all tendering

firms have such access as is necessary to information and individuals during the tendering process;

- (c) evaluate the risks to the quality and effectiveness of the financial reporting process, especially in light of the auditor's communications with the Audit Committee;
- (d) monitor the statutory audit of the Company's own and consolidated accounts and review and agree with the external auditors the results of their audit. This shall include, but not be limited to, the following:
 - (i) a discussion of any major issues or reservations which arose during the audit;
 - (ii) key accounting and audit judgements;
 - (iii) levels of errors identified during the audit; and
 - (iv) effectiveness of the audit.

10.3 If an auditor resigns, the Audit Committee shall investigate the issues leading to this and decide whether any action is required.

10.4 The Audit Committee shall oversee the relationship with the external auditor, which shall include (but is not limited to):

- (a) approval of their remuneration for recommendation to the Board, including fees for both audit and non-audit services, and ensuring that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
- (b) approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (c) assessing annually their independence and objectivity, taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- (d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- (e) seeking annually from the audit firm information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding the rotation of audit partners and staff;
- (f) agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
- (g) developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors, ensuring that the provision of non-audit services does not impair the external auditor's independence or objectivity, and reporting 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;
- (h) monitoring the auditor's compliance with relevant ethical and professional guidance, including guidance on the rotation of audit partners and staff, the level of fees paid by

the Company compared with the overall fee income of the firm, office and partner and other related requirements for maintaining independence and objectivity;

- (i) at least annually, formally reviewing the relationship with the external auditor, including to assess the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures; and
 - (j) seeking to ensure co-ordination with the activities of the internal audit provider.
- 10.5 The Audit Committee shall meet regularly with the external auditor (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 executive directors or management being present, to discuss the auditor's remit and any issues arising from the audit.
- 10.6 The Audit Committee shall 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.
- 10.7 The Audit Committee shall consider and review the findings of any external tax advisor to the Group.
- 10.8 The Audit Committee shall also:
- (a) review any representation letter(s) requested by the external auditor before they are signed by management; and
 - (b) review the management letter and management's response to the auditor's findings and recommendations.

Financial reporting

- 10.9 The Audit Committee shall assist the Board in monitoring the Group's financial reporting process and the integrity of the Group's financial statements, including its annual and half-yearly reports, interim management statements, preliminary results announcements and any formal announcements relating to its financial performance (provided that such monitoring and review is not inconsistent with any requirement for prompt reporting under the UK Listing Authority's Listing Rules ("**Listing Rules**") and Disclosure Guidance and Transparency Rules (the "**DTRs**"), the Market Abuse Regulation and other applicable laws and regulations). The Audit Committee shall review and report to the Board on significant financial reporting issues and judgements which the annual report and accounts contain having regard to matters communicated to it by the external auditor. The Committee shall also assist the Board with the review of interim reports, preliminary announcements, significant financial returns to regulators and material financial information contained in certain other public documents, such as announcements of a price sensitive nature.
- 10.10 The Audit Committee shall review the annual report and accounts of the Company and the Group before submission to the Board for approval, and, through reports from the executive management and the external auditors to the Audit Committee, consider (and challenge where necessary):
- (a) compliance with the Listing Rules and other legal, regulatory and statutory requirements, and the requirements of any body by which the activities of the Group are regulated;
 - (b) the methods used to account for significant or unusual transactions where different approaches are possible;

- (c) the appropriateness of accounting policies selected, the consistency with which they are applied and any changes in significant accounting policies and practice both on a year-on-year basis and across the Company and Group;
- (d) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (e) the appropriateness of the material judgements and estimates made in the course of preparation of the accounts, taking into account the views of the external auditor;
- (f) the clarity and completeness of disclosures in the Company's accounts and the context in which statements are made, taking into account the views of the external auditor;
- (g) significant adjustments resulting from the audit;
- (h) the assumptions or qualifications in support of the going concern statement including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements, and the longer term viability statement, including an assessment of the prospects of the Company and the Group looking forward over an appropriate and justified period; and
- (i) all material related information presented with the accounts, including the strategic report, and corporate governance statements relating to the audit and risk management.

10.11 Where the Audit Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

10.12 Where requested by the Board, the Committee shall review the annual report and accounts and advise the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Internal control and risk management

10.13 The Audit Committee shall, in conjunction with the Risk Committee:

- (a) review, on behalf of the Board, the effectiveness of the Group's system of internal control (including financial and operational);
- (b) approve the statements to be included in the annual report concerning internal control.

10.14 The Audit Committee shall:

- (a) review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing or impropriety in financial reporting or other matters (whistleblowing) , suggesting amendments to the Whistle-blowing Policy where appropriate. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action and are sufficient and objective enough to enable the Board to satisfy itself that they are operating effectively; review the Group's procedures for protecting against and detecting fraud;
- (b) keep under review the adequacy and effectiveness of the Company's compliance function; and

- (c) consider other matters, as determined by the Board.

11. Reporting responsibilities

- 11.1 The Audit Committee shall report to the Board on how it has discharged its responsibilities.
- 11.2 The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Audit Committee shall compile a report to shareholders on its activities to be included in the Company's annual report which shall include:
 - (a) an explanation of its assessment of the effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditors provide non-audit services to the Company and the Group, auditor objectivity and independence is safeguarded) and its recommendation on the appointment, reappointment or removal of the external auditor, including the length of incumbent auditor's tenure, when a tender was last conducted, advance notice of any retendering plans and any contractual provisions restricting the Audit Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services;
 - (b) where its recommendation on the appointment, reappointment or removal of the external auditor is not accepted by the Board, a statement from the audit committee explaining the recommendation and the reasons why the Board has taken a different position (such statement to also be included in any papers recommending such appointment, re-appointment or removal);
 - (c) an explanation of how the Audit Committee has addressed the effectiveness of the internal audit process;
 - (d) all other information requirements set out in the Code; and
 - (e) any other issues on which the Board has requested the Audit Committee's opinion.
- 11.1 In compiling the above report, the Audit Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the longer term viability statement. The above report need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

12. Other matters

- 12.1 The Audit Committee shall:
 - (a) 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;
 - (b) give due consideration to laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provisions of the Code and the requirements of the Listing Rules and DTRs as appropriate;
 - (c) be responsible for co-ordination of the internal and external auditors;
 - (d) supervise the Company's policy in respect of tax planning;
 - (e) oversee any investigation of activities which are within its terms of reference;

- (f) 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; and
- (g) work and liaise as necessary with all other Board committees.

These terms of reference were reviewed and approved by the Board on 28 June 2018.