



**INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED**  
(THE “COMPANY”)

**AUDIT & RISK COMMITTEE**  
**TERMS OF REFERENCE**

**1. Composition and Procedure**

1.1 The Audit & Risk Committee (the “Committee”) shall consist of a minimum of three members. The Committee and the Chairman thereof (who shall not be the Chairman of the Board) shall be appointed by the Board. Membership shall be confined to non-executive Directors, excluding the Chairman of the Board. The members of the Committee for the time being shall be:

John Le Poidevin (Chairman)  
Julia Bond (with particular responsibility for Risk)  
Sally-Ann David  
Meriel Lenfestey  
Claire Whittet  
Stephanie Coxon

1.2 Other directors and third parties may be invited by the Committee to attend meetings as and when appropriate.

1.3 Care should be taken by the Committee to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. It is recommended that, where possible, the Chairman and members of the Committee should be rotated on a regular basis.

1.4 In the absence of the Committee Chairman, the remaining members present shall elect one other member present to chair the meeting.

1.5 The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

1.6 The quorum 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.

1.7 The Committee shall meet not less than three times a year and at such other times as the Committee Chairman shall require. Meetings of the Committee may be held by telephone.

1.8 Any member of the Committee may request that a meeting be convened by the Secretary of the Committee. The external auditors may request that a meeting be convened if they deem it necessary.

1.9 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be forwarded to each member of the Committee and any other person required to attend, no fewer than five business days prior to the date of the meeting.

1.10 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

1.11 Minutes of Committee meetings shall be circularised promptly to all members of the Board.

**2. Annual General Meeting**

2.1 The Committee Chairman shall attend each annual general meeting of the Company, prepared to respond to any shareholder questions on the Committee’s activities.

### **3. Internal Control and Risk Assessment**

- 3.1 The Committee shall keep under review the effectiveness of the Company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks. *Refer to section 10.*
- 3.2 The Committee shall review any statements on internal control systems provided by the Investment Adviser, Administrator and Operator prior to endorsement by the Board.
- 3.3 The Committee shall ensure co-ordination between the auditors of the Investment Adviser and the Company's external auditors and, where appropriate, between the external auditors and the auditors of the Administrator.

### **4. External Audit**

- 4.1 The Committee shall consider and make recommendations to the Board in relation to the appointment and re-appointment of the Company's external auditors.
- 4.2 The Committee shall meet with the external auditors at least once each year to discuss, before the audit commences, the nature and scope of the audit.
- 4.3 The Committee shall keep under review the relationship with external auditors including (but not limited to):
  - 4.3.1 the independence and objectivity of the external auditors;
  - 4.3.2 the consideration of audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities in line with the Company's non-audit service policy<sup>1</sup>; and
  - 4.3.3 discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made regarding internal controls.
- 4.4 The Committee shall consider putting the external audit out to tender at least every ten years.

### **5. Internal Audit**

- 5.1 The Committee shall consider at least once a year whether there is a need for an internal audit function.

### **6. Financial Statements**

- 6.1 The Committee shall keep under review the consistency of accounting policies on a year to year basis.
- 6.2 The Committee shall be responsible for satisfying itself that:
  - 6.2.1 the annual accounts, the preliminary statement of financial results, the interim statement of financial results and any other major financial statements issued by the Company follow generally accepted accounting principles and taken as a whole gives a true and fair view of the Company's and any associated undertakings' affairs, is understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and

<sup>1</sup> See Appendix A for the INPP Policy for non-audit services

6.2.2 matters raised by the external auditors about any aspect of the accounts or, of the Company's control and audit procedures, are appropriately considered and, if necessary, brought to the attention of the Board, for resolution.

6.3 The Committee shall exercise the following powers and discretions:

6.3.1 to ensure that a framework for strong corporate governance and best practice is in place, which is believed to be suitable for an investment company and which enables the Company to comply with appropriate international governance codes;

6.3.2 to review all transactions outside of the normal course of business (e.g. share buybacks);

6.3.3 to review the half-year and annual accounts before their submission to the Board, focusing in particular on:

- (i) changes in accounting policies and practices;
- (ii) main judgmental areas;
- (iii) significant adjustments arising from the audit;
- (iv) the "going concern" assumption;
- (v) compliance with accounting standards; and

6.3.4 to ensure compliance with legal and regulatory (including as to corporate governance) requirements;

6.3.5 to discuss and resolve any problems or reservations which the Company's auditors may have arising from final audits and any interim audits or otherwise;

6.3.6 to review the Company's external auditors' management letter and the response of the Investment Adviser, Operator or Administrator; and

6.3.7 to consider any other matter specifically referred to the Committee by the Board.

## **7. Reporting Responsibilities**

7.1 The Committee or its Chairman shall meet formally with the Board at least once a year to discuss such matters as the annual report and the Company's relationship with its external auditors.

7.2 In the light of its other duties, the Committee shall make whatever recommendations to the Board it deems appropriate and shall, where appropriate, compile a report to shareholders to be included in the Company's annual report and accounts.

7.3 The Committee shall report to the Board how it has discharged its responsibilities.

## **8. Other Matters**

8.1 The Committee shall oversee any investigation of activities which are within its terms of reference and act as a court of the last resort.

8.2 The Committee shall, on a regular basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

## **9. Authority**

9.1 The Committee is authorised by the Board:

9.2 to seek any information it requires from the Investment Adviser, Operator or Administrator or any other provider of services to the Company (for example, solicitors, tax advisers, management consultants) in order to perform its duties; and

- 9.3 to obtain, at the cost of the Company, such outside legal or other independent professional advice as the Committee shall consider, in its discretion, to be appropriate to the exercise of its powers and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **RISK SUB-COMMITTEE**

### **10. Risk and Risk management**

- 10.1 The Risk Sub-Committee will meet at least annually to review the effectiveness of the Company's risk management function and framework, in relation to the investment policy of the Company including the acquisition and disposal of assets, the valuation of assets and ensuring that the risk management function of the Investment Adviser, Administrator and other third-party service providers are adequate and to seek assurance of the same.
- 10.2 The Risk Sub-Committee shall review on a regular basis risk management reports from the Investment Adviser to consider the process established by the Investment Adviser for risk identification and management, assess the risks involved in the Company's business and how they are controlled and monitored by the Investment Adviser.
- 10.3 The Risk Sub-Committee shall review the Company's procedures concerning the prevention and detection of fraud and financial crime.
- 10.4 The Risk Sub-Committee shall review the Company's arrangements for regulatory compliance and consider any material findings from regulatory reviews.

Last updated: 22 March 2022

## APPENDIX A

### Purpose

This policy is in place to mitigate any risks threatening, or appearing to threaten, the independence and objectivity of the external audit firm for International Public Partnerships Limited ('the external audit firm' / 'the auditor') arising through the provision of non-audit services – namely services which:

- create conflicts of interest between the external audit firm and International Public Partnerships Limited and its subsidiaries ('the Group');
- result in the external audit firm functioning in the role of management;
- result in a fee which is material relative to the audit fee or to the compensation of the individuals performing the audit;
- place the external audit firm in the position of auditing its own work; or
- place the external audit firm in the position of being an advocate for the Group.

This policy is in line with the recommendations set out in the Financial Reporting Council's (FRC's) Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019). In line with these recommendations and requirements, an external audit firm is only appointed to perform a service when doing so would be consistent with both the requirements and overarching principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier. In addition, the Ethical Standard requires an assessment of whether it is probable that an objective, reasonable and informed third party would conclude independence is not compromised.

### Services

The potential services provided by an external audit firm can be broadly categorised as:

- Permitted audit and assurance services
- Permitted other non-audit services
- Prohibited non-audit services

The types of services covered by these broad categories above are detailed in Appendix A. Permitted services shall be procured and approved subject to the processes and limits below. Where permitted other non-audit services are being procured from the external audit firm, other than those that are clearly trivial, a thorough of the audit firm's independence will be carried out.

### Approval process

The approval of the Committee should be obtained before the external audit firm is engaged to provide any services above certain thresholds. The committee has set pre-clearance levels for the use of the external audit firm subject to the following limits:

- up to £10k – Clearly trivial (subject to aggregation) and pre-approval required from the IPP Holdings 1 Board
- from £10k up to £50k – Pre-approval required from the Committee Chair
- above £50k – Pre-approval required from the Committee

### Procurement

When reviewing requests for non-audit services the Committee will assess:

- Whether the provision of such services impairs the auditor's independence or objectivity and any safeguards in place to eliminate or reduce such threats
- The nature of the non-audit services.
- Whether the skills and experience make the auditor the most suitable supplier of the non-audit service

- The fee to be incurred for non-audit services, both for individual non-audit services and in aggregate, relative to the Group audit fee

### **Fees**

Any arrangement with the auditor that includes contingent fee arrangements is not permitted. The total fees for non-audit services provided by the auditor to the Group shall be limited to no more than 70% of the average of the fees paid in the prior three consecutive financial years for the statutory audits of the Group.

### **Confirmation of independence**

The Committee should seek 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.

### **Permitted audit and audit related services**

- Statutory audit of the Group's consolidated financial statements.
- Statutory audits of the financial statements of subsidiary companies.
- Review of the group's half-year report and interim financial statements.
- Reporting required by law or regulation to be performed by the auditor.
- Reporting on internal financial controls where required by law or regulation.
- Reports on regulatory returns
- Extended audit work performed on financial information and/or financial controls where it is integrated with the statutory audit and performed on the same principal terms and conditions.
- Reports on government grants.

Audit related services (which are the services listed above other than the audit of the financial statements of the Group, parent company and subsidiaries), are still considered non-audit services and are subject to the approval requirements set out in this policy. It is expected that these will be approved as part of the audit committee review of the external audit plan.

In addition, other non-audit services may be engaged where:

- they are closely related to the work performed in the external audit process and are largely carried out by members of the audit team; or
- for reasons of effectiveness or efficiency, it is advantageous to use the external auditors because of their knowledge and expertise.

### **Permitted other non-audit services**

- Due diligence related to mergers and acquisitions.
- Accounting consultations and audits in connection with acquisitions and disposals of businesses or in relation to proposed transactions.
- Investment circular reporting accountant engagements, including comfort letters and consents in relation to documents issued in connection with securities offerings.
- Attestation in relation to matters not required by statute or law (e.g. controls reports).
- Consultations concerning financial accounting and reporting standards not relating to the audit of the group, parent or subsidiary undertakings.
- Other reports required by regulators or assurance services relating to regulatory developments.
- Sustainability audits.
- IT security audits (where this does not extend to designing and implementing internal control or risk management procedures).
- Other non-audit services not prohibited by the Ethical Standard.

### **Prohibited non-audit services**

The following non-audit services cannot be provided by the external auditor.

- Tax services relating to:
  - preparation of tax forms.
  - payroll tax.
  - customs duties.
  - identification of public subsidies and tax incentives unless support from the 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 a part in the management or decision-making of the audited entity.
- Bookkeeping and preparing accounting records and financial statements.
- Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems
- Valuation services, including valuations performed in connection with actuarial services or litigation support services
- Legal services, with respect to:
  - the provision of general counsel
  - negotiating on behalf of the audit entity
  - acting in an advocacy role in the resolution of litigation;
- Services related to the audit entity's internal audit function.
- Services linked to the financing, capital structure and allocation, and investment strategy of the audit entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity.
- Promoting, dealing in, or underwriting shares in the audited entity