

ARTEMIS UK FUTURE LEADERS PLC

Audit Committee Terms of Reference

1. Objective

The Audit Committee will support the Board in fulfilling its oversight responsibilities. The Audit Committee will review the effectiveness of the financial reporting process, the systems of internal control, the management of financial and operational risks, the audit process and the Company's processes for monitoring its compliance with applicable law, regulation, the AIC Code of Corporate Governance and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, the Manager, the Manager's Compliance and Internal Audit functions and the Company's external auditors. For service providers other than the Manager, the Committee shall also review the adequacy of the overall service provided.

2. Authority

The Board authorises the Audit Committee, within the scope of its responsibilities, to:

2.1 Investigate and undertake any activity within these terms of reference. It is authorised to seek any information if properly requires from any employee of the Artemis Group:

2.2 Seek any information it requires from:

- Compliance and Internal Audit;
 - Distribution Division;
 - Any other relevant person within the Artemis Group; and
- External Parties including auditor, broker, registrar, lawyer, custodian and third party providers.

Obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference, up to an initial level of £10,000 without reference to the Board.

2.3 Seek the attendance of any relevant persons from the Artemis Group at meetings as appropriate and to seek any information it requires from them in order to perform its duties.

2.4 All such employees are directed to co-operate with any such request made by the Committee. The Chairman of the Committee has a right of direct access to Artemis's Heads of Compliance and Internal Audit, and vice versa.

2.5 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.

3. Organisation

Membership

3.1 The Audit Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee and comprise at least three independent non-executive Directors. At least one member shall have recent and relevant financial experience.

- 3.2 Each member should be capable of making a valuable contribution to the Committee.
- 3.3 The membership presently comprises: Graham Paterson– Chairman, Simon Longfellow, Mike Prentis and Bridget Guerin.
- 3.4 The Chairman of the Audit Committee will be appointed by the Board from time to time.
- 3.5 The Chairman of the Company may be a member of the Committee as long as the Company is not deemed to be a large company in accordance with the UK Corporate Governance Code 2018 (defined as a FTSE 350 company), provided he was considered independent on appointment as Chairman.
- 3.6 The Chairman of the Company shall not be eligible to be appointed as Chairman of the Committee.
- 3.7 So long as members are considered independent, the Audit Committee shall not have a policy of tenure.
- 3.8 A quorum for any meeting will be two members.
- 3.9 The Secretary of the Audit Committee will be the Company Secretary, or such other person as nominated by the Board from time to time.

Attendance at Meetings

- 3.10 If a regular member is unable to act due to absence, illness or any other cause the Chairman of the Committee may appoint another Director of the Company to serve as an alternate member.
- 3.11 Only members of the Committee have the right to attend committee meetings.
- 3.12 The Audit Committee may invite such other persons (including, but not limited to, the Chairman of the Board, Compliance and Internal Audit teams) to attend all or part of its meetings, as it deems necessary.
- 3.13 The external auditor will be invited to attend meetings of the Committee on a regular basis.
- 3.14 Meetings of the Audit Committee shall be held not less than three times a year. Meetings of the Audit Committee shall be summoned by the Company Secretary at the request of the Chairman of the Committee. Other meetings may be convened as required. All meetings will normally be notified at least five days in advance. Internal Audit or the external auditor may convene a meeting if they consider that it is necessary.
- 3.15 The Secretary shall minute the proceedings and resolutions of all Committee meetings. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Draft minutes of Committee meetings shall be sent to the Chairman of the Committee within 10 working days of the meeting and circulated to all Members thereafter (unless a conflict of interest exists), following approval of the Chairman of the Committee.

4. Duties

The Audit Committee is authorised by the Board and will carry out the duties below:

Internal Control and Risk Management Systems

- 4.1 Keep under review the effectiveness and adequacy of the Company's (and, as appropriate, the Manager's) internal controls and risk management systems.
- 4.2. Review and approve the statement to be included in the annual financial report concerning internal controls and risk management.
- 4.3. Evaluate whether the Manager is setting the appropriate 'control culture' by communicating the importance of internal control and risk management and is ensuring that all relevant Artemis employees have an understanding of their roles and responsibilities.
- 4.4 Consider how the Manager ensures the security of computer systems and applications, and maintains contingency plans for processing financial information in the event of a systems breakdown.
- 4.5 Gain an understanding of whether internal control recommendations made by Compliance and the external auditors have been implemented by the Manager.
- 4.6 Evaluate whether the Manager is complying with regulatory matters.
- 4.7 Review all relevant reports (or call for such reports to be provided) on the Company relating to the operation of the internal controls in the Company or at third party service providers.
- 4.8 Annually review the Audit Committee's terms of reference and make recommendations to the Board as to their amendments and approval.
- 4.9 Regularly review the Company's Risk Control Summary and related Risk Control Matrix, ensuring that all significant risks are identified, the ratings applied are appropriate and that the most significant risks to the Company post mitigation are aligned to the principal risks and uncertainties published in the annual financial report. Also ensure that these risks and emerging risks are appropriately considered in the drafting of the viability statement in the annual financial report.
- 4.10 Review third party service providers' whistleblowing policies and receive reports on whether there have been any incidents that impact the Company.

Financial Reporting

The Committee should carry out the duties below for the Company, as appropriate:

- 4.11 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and other formal announcements relating to its financial performance and shall review, and where deemed necessary, challenge any significant financial and reporting issues and judgements which they contain.
- 4.12 In particular, the Committee shall review and challenge where necessary –
 - 4.12.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;

- 4.12.2 the methods used to account for significant or unusual transactions where different approaches are possible;
- 4.12.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 4.12.4 the clarity of disclosure in the Company's financial reports and context in which statements are made;
- 4.12.5 all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);
- 4.12.6 the 'going concern' assumption; and
- 4.12.7 the form and basis of any 'viability statement'.

Internal Audit and Compliance

- 4.13 Review the activities and organisational structure of the Artemis Compliance and Internal Audit Functions and ensure no unjustified restrictions or limitations are made.
- 4.14 Review the effectiveness of the Artemis Internal Audit, Compliance and Administration functions.
- 4.15 Meet separately with Artemis's director of Compliance and Head of Internal Audit to discuss any matters that either party believes should be discussed privately.
- 4.16 Ensure that significant findings and recommendations made by Artemis's Compliance or Internal Audit are received and discussed on a timely basis.
- 4.17 Ensure that management responds to recommendations by Artemis's Compliance or Internal Audit.
- 4.18 Be satisfied that the Manager and Company Secretary's Internal Audit function is adequately resourced and has appropriate standing within the Artemis Group.
- 4.19 Confirm that Artemis's Head of Internal Audit has 'direct' access to the Board of the Company.

External Audit

- 4.20 The Committee shall have primary responsibility for making recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall 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.
- 4.21 Oversee the Company's relationship with the external auditor.
- 4.22 Review the external auditor's proposed audit scope and ensure no unjustified restrictions or limitations have been placed on the scope.

- 4.23 Review the performance of the external auditor and assess annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.
- 4.24 Consider the independence and objectivity of the external auditor 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
- 4.25 Monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners and consider whether it may be beneficial to conduct an Audit Tender at least once every ten years.
- 4.26 Approve the terms of engagement, including any engagement letter issues at the start of each audit, and agree the audit partner and the scope of the audit.
- 4.27 Review and approve the annual audit plan and ensure it is consistent with the nature and scope of the audit engagement.
- 4.28 Agree the audit fee and ensure that the level of fee is appropriate to enable an adequate audit to be conducted.
- 4.29 Meet separately with the external auditor to discuss any matters that the Committee or external auditor believe should be discussed privately.
- 4.30 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - 4.30.1 a discussion of any major issues which arose during the audit;
 - 4.30.2 any accounting and audit judgements;
 - 4.30.3 levels of errors identified in the audit;
 - 4.30.4 the overall effectiveness of the audit;
 - 4.30.5 consider whether the auditor has met the audit plan; and
 - 4.30.6 obtain feedback about the conduct of the auditor from key individuals.
- 4.31 Ensure that the Manager responds to recommendations by the external auditor.
- 4.32 Review and approve the Letter of Representation to the external auditor before its presentation to the Board.
- 4.33 Agree a non-audit services policy. Review any non-audit services, taking into account relevant guidance regarding the provision of non-audit services by an external audit firm; and report to the board, identifying any matters in respect of which it considers that action or improvement is needed, making recommendations as to the steps to be taken.
- 4.34 Consider the need to include the risk and withdrawal of the Company's auditor from the market in their risk evaluation and planning and that companies were encouraged to include in their audit committee's report information on the appointment, re-appointment or removal of auditor.

Compliance with Laws and Regulations

- 4.35 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- 4.36 Obtain regular updates from the Manager and the Company's legal counsel regarding compliance matters in particular: S1158 CTA 2010, FCA Listing Rules, the Companies Act and other relevant legislation.
- 4.37 Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- 4.38 Review the findings of any examinations by regulatory agencies.

Reporting Responsibilities

- 4.39 The Committee Chairman shall report formally to the Board about Committee proceedings after each meeting on all matters within its duties and responsibilities. The Audit Committee is also required to report to the Board on how it has discharged its responsibilities. The report should include:
 - a) information on any significant issues that the Committee considered in relation to the financial statements and how they were addressed;
 - b) an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor and information on the length of tenure of the current audit firm and when a tender was last conducted;
 - c) if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.
- 4.40 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 4.41 Where requested by the Board, the Audit Committee should provide advice 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.
- 4.42 Produce a report to shareholders on its activities to be disclosed in the annual financial report; including a description of any significant issues - in relation to the financial statements - that the Committee considered during the year, and how they were addressed.

Other Responsibilities

The Committee shall

- 4.43 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 4.44 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

- 4.45 Give due consideration to laws and regulations, the provision of the AIC Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.
- 4.46 Review the arrangements and service level provided by the depositary, the Registrar and any other major service provider, with the exception of the Manager but including any third-party appointed by the Manager to provide accounting and administrative services.
- 4.47 Perform other oversight functions as requested by the Board (e.g. consider the way in which the management fee and financing costs have been calculated and charged).
- 4.48 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 4.49 Review and update the Terms of Reference; seek approval of changes from the Board.
- 4.50 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.
- 4.51 To perform his or her role effectively, each Committee member shall seek to obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business, operations and risks. Committee members should keep themselves adequately informed on matters relevant to their duties. New members should receive an induction briefing.

5. Annual General Meeting

- 5.1 The Chairman of the Audit Committee shall attend the Company's Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.