

AUDIT COMMITTEE TERMS OF REFERENCE

1. Constitution

- 1.1. The audit committee (“the Committee”) was constituted as a committee of the board of directors (“the Board”) of Pollen Street Group Limited (“the Company”) at a full meeting of the Board held on 8 December 2023 in accordance with the articles of association of the Company.
- 1.2. The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.3. The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the company secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

2. Status

- 2.1. These terms of reference were adopted by the Board and the Committee on 10 December 2024.

3. Membership

- 3.1. All Committee members shall be independent non-executive directors of the Company, have an understanding of finance and accounting and be able to read and understand financial statements, and the audit committee as a whole shall have competence relevant to the sector in which the company operates. At least one member shall have recent and relevant experience and a professional qualification from one of the professional accountancy bodies, either in the UK or elsewhere. The Committee shall consist of not less than three members and shall include at least one member of the Risk Committee. A quorum shall be two members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee.
- 3.2. The Board shall appoint the Chair of the Committee from amongst the independent non-executive directors. In the absence of the Committee Chair and / or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting,
- 3.3. The chair of the Board shall not be a Committee member but may be invited to attend its meetings. The chair of the Board shall not chair the Committee.

4. Secretary

- 4.1. The secretary of the Company 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 issues.

5. Attendance at meetings

- 5.1. No one other than the Committee members shall be entitled to attend meetings of the Committee.
- 5.2. However, the Chief Financial Officer and representatives of the internal auditor and external auditor shall attend meetings at the invitation of the Committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate.

6. Frequency of meetings

- 6.1. Meetings shall be held three times per year (two of which coincide with the publication of the Company’s interim and full-year financial accounts) or as otherwise required.

6.2. Outside of the formal meeting programme, the Committee Chair, and to a lesser extent other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer and the external audit partner and the internal auditor.

7. Notice of meetings

7.1. Meetings shall be convened by the secretary of the Committee at the request of any of its members, or at the request of the external or internal audit lead partner if they consider it necessary.

7.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

8. Minutes of Meeting

8.1. The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.

8.2. Draft minutes of Committee meetings shall be circulated to all of the Committee members and, once approved, to all members of the Board unless, exceptionally, it would be inappropriate to do so.

9. Voting

9.1. Each Committee member shall have one vote which may be cast on matters considered at the meeting. Questions arising at any meeting shall be determined by a majority vote. Votes can only be cast by members attending a Committee meeting whether in person or by audio or video conference.

9.2. Subject to the provisions of the Companies (Guernsey) Law 2008 (Companies Law), and provided that they have disclosed to the other directors in accordance with the Companies Law the nature and extent of any material interest of his, a director notwithstanding their office may be counted in the quorum present at any meeting in relation to any resolution in respect of which they have declared an interest and they may vote thereon.

9.3. In the event of an equality of votes, except where he or she has a personal interest, the Committee Chair shall have a casting vote.

9.4. The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

10. Annual General Meeting and Shareholder Engagement

10.1. The Committee Chair should attend the annual general meeting to answer shareholder questions on the Committee's activities. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the committee's areas of responsibility.

11. Authority

11.1. The Committee is authorised to:

- 11.1.1. seek any information that it requires from any employee of the Company in order to perform its duties;
- 11.1.2. obtain outside legal, accounting or independent professional advice on any matters if it believes it necessary to do so at the Company's expense and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- 11.1.3. call any employee to be questioned at a meeting of the Committee as and when required;

- 11.1.4. 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, re-appointment 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.

12. Role

- 12.1. The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:
- 12.1.1. The integrity of the financial and narrative statements and other financial information provided to shareholders.
 - 12.1.2. The Company's system of internal controls and risk management.
 - 12.1.3. The internal and external audit process and auditors.
 - 12.1.4. The processes for compliance with laws, regulations and ethical codes of practice
 - 12.1.5. That the Company follows the Audit Committee and the External Audit Minimum Standard.

13. Duties and Responsibilities

The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate:

13.1. Financial Reporting

- 13.1.1. monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and review significant financial reporting issues and judgements contained in them having regard to matters communicated to it by the auditor;
- 13.1.2. review, and challenge where necessary:
 - i. Consistency and application of significant accounting policies and practices and any changes to them;
 - ii. Whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
 - iii. The methods used to account for significant or unusual transactions in the year where different approaches are possible;
 - iv. Clarity and completeness of disclosures in the financial statements and the context in which statements are made;
 - v. 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;
 - vi. The going concern assumption and, with input from the Risk Committee where appropriate, the assessment of the Company's prospects detailing the period over which this has been done and why it considers that period to be appropriate, and its expectations as to the Company's viability;
 - vii. To review analyses prepared by management or the external auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements of the Company; and
 - viii. Any discrepancy between the actual results compared to budgeted or forecast results.
- 13.1.3. the Committee shall review 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 including the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook;

- 13.1.4. where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board; and
- 13.1.5. provide advice (where requested by 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 and whether it informs the Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code (the "Code").

13.2. External Audit

- 13.2.1. conduct the tender process in accordance with the applicable Code, and regulatory requirements and consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, about the appointment, reappointment and removal of the external auditor. All tendering firms should have access to all necessary information and individuals during the tendering process;
- 13.2.2. if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 13.2.3. oversee the relationship with the external auditor and in this context the Committee shall:
 - i. Approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and
 - ii. Approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- 13.2.4. at least annually review and monitor the external auditor's independence and objectivity taking into account relevant law, regulation, the Ethical Standard and other professional requirements and the group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
- 13.2.5. satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- 13.2.6. agree with the Board a policy on the employment of former employees of the Company's auditor, taking into account the Ethical Standard and legal requirements, and monitor the application of this policy;
- 13.2.7. 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;
- 13.2.8. monitor the level of fees paid by the Company 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;
- 13.2.9. assess annually the qualifications, expertise and resource, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- 13.2.10. seek to ensure coordination of the external audit with the activities of the internal audit function; evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- 13.2.11. develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditor, ensuring there is prior 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. The policy should include consideration of the following matters:
 - i. threats to the independence and objectivity of the external auditor and any safeguards in place;
 - ii. the nature of the non-audit services;
 - iii. whether the external audit firm is the most suitable supplier of the non-audit service;
 - iv. the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - v. the criteria governing compensation.

- 13.2.12. 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, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 13.2.13. discuss with the external auditor the factors that could affect quality and review and approve the annual audit plan, ensuring that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 13.2.14. review any findings of the audit and recommendations of the external auditors. This shall include but not be limited to:
- i. A discussion of any major issues which arose during the audit;
 - ii. The auditor's explanation of how the risks to audit quality were addressed;
 - iii. Key accounting and audit judgements;
 - iv. The auditor's view of their interactions with senior management;
 - v. Levels of errors identified during the audit;
- 13.2.15. review any representation letter(s) requested by the external auditor before they are signed by management;
- 13.2.16. review the management letter and management's response to the auditor's findings and recommendations; and
- 13.2.17. review the effectiveness of the audit process, including an 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;

13.3. Risk Management and internal control

In collaboration with the Risk Committee:

- 13.3.1. keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems; and
- 13.3.2. review and approve the statements to be included in the annual report concerning internal control, risk management, including the assessment of principal risks and emerging risks, and the viability statement.

13.4. Compliance, speaking-up and fraud

13.4.1. In collaboration with the Risk Committee:

- i. review the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- ii. review the Company's procedures for detecting fraud;
- iii. investigate and address any reports of evidence of breaches of fiduciary duties;
- iv. review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- v. review regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- vi. review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function.

13.5. Internal Audit

- 13.5.1. approve the appointment or termination of the internal auditor;

- 13.5.2. review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- 13.5.3. 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;
- 13.5.4. ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors
- 13.5.5. ensure the internal auditor has direct access to the Chair of the Board and to the Chair of the Committee, providing independence from the executive and accountability to the Committee;
- 13.5.6. carry out an annual assessment of the effectiveness of the internal audit function and, as part of this assessment:
 - i. Meet with the Audit Partner, without the presence of management to discuss the effectiveness of the function;
 - ii. Review and assess the annual internal audit work plan;
 - iii. Receive a report on the results of the internal auditor's work;
 - iv. Determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
 - v. Review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.
 - vi. 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 compliance, finance and the external auditor; and
 - vii. Consider whether an independent, third party review of processes is appropriate.

14. Reporting

- 14.1. The Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and how it has discharged the same. This report shall include, along with any other issues on which the Board has requested the Committee's opinion the significant issues that it considered in relation to the financial statements and how these were addressed, as well as its assessment of the effectiveness of the external audit process taken to the appointment or re-appointment of the external auditor, length of tenure of the audit firm, when a tender was last conducted and advance notice of any re-tendering process.
- 14.2. The Committee shall make whatever recommendations to the Board that it deems appropriate on any area within its remit where action or improvement is needed.
- 14.3. The Committee shall compile a report on its activities and how it has discharged its responsibilities to be included in the Company's annual report and describe the work of the Committee. The report should include
 - 14.3.1. the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
 - 14.3.2. an explanation of how the Committee addressed the independence and effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, information on the length and tenure of the current audit firm, when a tender was last conducted and advance notice of any re-tendering plans; and
 - 14.3.3. an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor;

14.3.4. if a tender process has taken place within the year, the Committee should explain the criteria used to make the selection and the process followed.

14.3.5. all other information requirements as set out in the Code and the Audit Committees and External Audit: Minimum Standard.

14.4. In compiling the reports referred to in 14.1 and 14.2, 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 informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

15. Other Matters

15.1. The Committee shall:

15.1.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;

15.1.2. 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;

15.1.3. give due consideration to all relevant laws and regulations, the provisions of the Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;

15.1.4. be responsible for oversight of the coordination of the internal and external auditors;

15.1.5. oversee any investigation of activities which are within its terms of reference;

15.1.6. work and liaise as necessary with all other Board committees ensuring interaction between committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different committees; and

15.1.7. ensure that a periodic evaluation of the Committee's performance is carried out.

16. Annual Review

16.1. The Committee shall annually review its terms of reference to ensure it is operating at maximum effectiveness and recommend to the Board any changes for approval.