

**ANGLING DIRECT PLC**  
**(the "Company")**

**AUDIT AND RISK COMMITTEE TERMS OF REFERENCE**

**29 JUNE 2017 (updated 21 April 2021)**

**1. CONSTITUTION**

The Audit and Risk Committee (the "**Committee**") was constituted by resolution of the board of directors of the Company (the "**Board**") on Thursday 29 June 2017 in accordance with the articles of association of the Company.

**2. DUTIES AND TERMS OF REFERENCE**

- 2.1 The duties of the Committee shall be to monitor the integrity of the financial statements of the Company including its annual and half yearly reports, interim management statements, preliminary results, announcements and any other formal announcement relating to its financial performance, review significant financial reporting issues and judgements which they contain.
- 2.2 The Committee shall review and challenge where necessary:
- 2.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its group;
  - 2.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
  - 2.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of an external auditor;
  - 2.2.4 the level and clarity of disclosure in the Company's financial reports and the context in which statements are made; and
  - 2.2.5 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).
- 2.3 The Committee shall also be required to:
- 2.3.1 keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and appropriateness of the Company principle risk register;
  - 2.3.2 review and approve the statements to be included in the annual report concerning internal controls and risk management;

- 2.3.3 establish and oversee the independence, autonomy and effectiveness of the Company's whistleblowing processes, in accordance with regulatory requirements. The Committee Chair shall be the Group 'Whistleblowing Champion' and is responsible for overseeing the integrity, independence and effectiveness of the Company's policies and procedures on whistleblowing including those policies and procedures intended to protect whistleblowers from being victimised because they have disclosed reportable concerns;
- 2.3.4 ensure that internal whistleblowing arrangements are able to handle all types of disclosure, not just limited to accounting matters, from any person (not just employees) and allow for disclosures to be made through a range of communication methods and ensuring these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 2.3.5 at least annually, present a formal report to the Board on the whistleblowing function;
- 2.3.6 review the Company's procedures for detecting fraud;
- 2.3.7 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance (in line with the Company's anti-bribery policy); and
- 2.3.8 review regular reports from the Money Laundering Reporting Officer (being the Company Secretary) and the adequacy and effectiveness of the Company's anti-money laundering systems and controls.

2.4 In addition, the Committee shall:

- 2.4.1 monitor at least annually the need for an internal audit function in the context of the Company's overall risk management system;
- 2.4.2 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;
- 2.4.3 conduct the tender process in relation to the appointment, re-appointment removal or resignation of the auditor ensuring that at least once every five years the external audit services contract is put out to tender.
- 2.4.4 oversee the relationship with the external auditor including (but not limited to):
  - (i) approval of their terms of engagement and remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;

- (ii) assessing annually their independence and objectivity taking into account relevant jurisdictions professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - (iii) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business);
  - (iv) agreeing with the Board a policy on the employment of former employees of the company's auditor, then monitoring the implementation of this policy.
  - (v) Monitoring the auditors compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
  - (vi) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the auditor on their own internal quality procedures.
- 2.5 The Committee shall meet on a regular basis with the external auditor, including once after the audit at the reporting stage. This will include the review and approval of the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- 2.6 The Committee shall review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- 2.6.1 a discussion of any major issues which arose during the audit;
  - 2.6.2 the auditor's explanation of how the risks to audit quality were addressed;
  - 2.6.3 any accounting and audit judgements;
  - 2.6.4 levels of errors identified during the audit; and
  - 2.6.5 the effectiveness of the audit.
- 2.7 The Committee shall also review the management letter and management's response to any findings and recommendations of the auditor.
- 2.8 The Committee shall:
- 2.8.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;

- 2.8.2 be provided with appropriate and timely training as considered necessary;
  - 2.8.3 give due consideration to applicable laws and regulations, the provisions of the UK Corporate Governance Code, the QCA Corporate Governance Guidelines for Small and Mid-Size Quoted Companies and the requirements of the London Stock Exchange's rules for AIM companies as appropriate;
  - 2.8.4 be responsible for co-ordination of the internal and external auditors;
  - 2.8.5 oversee any investigation of activities which are within its terms of reference; and
  - 2.8.6 arrange for periodic review of its own performance and, at least once every two years, 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.
- 2.9 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Chairman shall (on behalf of the Committee) make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.10 The Committee shall compile a report to shareholders on its activities to be included in the company's annual report.

### **3. MEMBERSHIP**

- 3.1 The members of the Committee shall be appointed by the Board. All of the members of the Committee should be independent non-executive directors.
- 3.2 The Committee shall have at least two members and at least one member should have recent and relevant financial experience.
- 3.3 It has been agreed that the members of the Committee will be Christian Keen and Nicola Murphy the Committee shall be chaired by Christian Keen. A quorum shall be any two members of the Committee.
- 3.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director remains independent.

### **4. ATTENDANCE AT MEETINGS**

- 4.1 The Committee will meet at least twice a year, and at other times during the year as agreed between the members of the Committee or as required.
- 4.2 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.

- 4.3 The Company secretary or his or her nominee shall be the secretary of the Committee.

**5. NOTICE OF MEETINGS**

- 5.1 Meetings of the Committee shall be called by the Chairman of the Committee at the request of any of its members or at the request of the external or internal auditors if they consider if necessary.
- 5.2 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 two 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.

**6. VOTING**

- 6.1 Each member of the Committee shall have one vote which may be cast on matters considered at any 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.
- 6.3 Subject to item 6.2, the Chairman of the Committee will have a casting vote.

**7. 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 Company'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.

**8. REPORTING**

The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be submitted to the Board as a formal record of the decisions of the Committee on behalf of the Board unless a conflict of interest exists or it is otherwise inappropriate to do so.

**9. GENERAL MATTERS**

- 9.1 The Chairman 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.

- 9.2 The recommendations of the Committee minutes must be approved by the Board before they can be implemented.
- 9.3 The Committee shall consider such other matters as may be requested by the Board.