

CAVENDISH FINANCIAL PLC (THE "COMPANY")
AUDIT & RISK COMMITTEE - TERMS OF REFERENCE

1 Membership

- 1.1 The Audit & Risk Committee (the "**Committee**") shall comprise of a minimum of two members. All members of the Committee should be independent non-executive directors. At least one member of the Committee should have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Committee as a whole should have competence relevant to the sector in which the Company operates.
- 1.2 Members of the Committee shall be appointed by the Board of the Company (the "**Board**") on the recommendation of the Nomination Committee and in consultation with the Committee Chair. Appointments to the Committee shall be for a period for up to three years, which may be extended by no more than two further three-year periods, provided the members continue to be independent.
- 1.3 The Board (on the recommendation of the Nomination Committee) shall appoint the Chair of the Committee (who must be an independent non-executive director) and shall determine the period for which he/she shall hold office. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not be eligible to be appointed as Chair of the Committee.
- 1.4 Only Committee members have the right to attend Committee meetings. However, the Chief Financial Officer, external audit lead partner, Head of Internal Audit, Head of Compliance and General Counsel will be invited to attend meetings of the Committee on a regular basis, and other individuals may be invited to attend all or part of any meets as and when appropriate and necessary.

2 Secretary

- 2.1 The Company Secretary, or their nominee, shall act as 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.

3 Quorum and voting

- 3.1 The quorum for decisions of the Committee shall be any two members. Meetings of the Committee may be conducted when the members are physically presented together, or in the form of either a video or audio (telephone) conference.
- 3.2 A decision is taken at a meeting of the Committee by a majority of the votes of the members of the Committee who are participating in the meeting, with each participating member having one vote. If there is an equality of votes, the Committee Chair (or other person chairing the meeting) has a casting vote.
- 3.3 Each member of the Committee must, at or prior to the commencement of each meeting, disclose to the Committee any interest that he/she has in any matter or proposal to be considered at the meeting. A member of the Committee must not participate in any discussions concerning, and is not entitled to vote in relation to, any

matter or proposal to be considered at a meeting in which he/she has a direct or indirect interest unless that interest cannot reasonably be regarded as likely to give rise to a conflict of interest.

4 Frequency of meetings

4.1 The Committee shall meet at least three times each year and at such other times as the Committee Chair shall require.

4.2 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chair, the Chief Executive Officer, the Chief Financial Officer, and the external audit lead partner.

5 Notice of meetings

5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or any of its members, or at the request of the external audit lead partner if they consider it necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date 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.

6 Minutes of meetings

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

6.2 Draft minutes of the meeting of the Committee shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless, in the opinion of the Committee Chair, it would be inappropriate to do so.

7 Annual general meeting

7.1 The Committee Chair should attend the Company's Annual General Meeting prepared to answer to any shareholder questions on the Committee's activities and areas of responsibility.

8 Duties

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

8.1 Financial reporting

8.1.1 The Committee shall monitor the integrity of the financial statements of the Company and the Group including its annual and half-yearly reports, interim management statements, preliminary results' announcements and any other formal announcement

relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

8.1.2 The Committee shall review and challenge where necessary:

8.1.2.1 the application and appropriateness of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the Company has adopted appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the clarity and completeness of disclosures in the Company's financial statements and the context in which statements are made; and

8.1.2.5 all material information presented with the financial statements, such as the strategic report and the corporate governance statement (insofar as it relates to the audit and risk management).

8.1.3 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.

8.2 Narrative reporting

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

8.3 Internal financial controls and risk management systems

The Committee shall:

8.3.1 keep under review, and monitor the adequacy and effectiveness of, the Group's internal financial controls and internal control and risk management systems (including processes for identifying, assessing and escalating major or emerging risks);

8.3.2 where requested by the Board, ensure that a robust assessment of the principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity), that procedures are in place to identify emerging risks, and provide advice on the management and mitigation of those risks;

8.3.3 Consider the Group's risk appetite and make suitable recommendations to the Board regarding risk appetite; and

- 8.3.4 review and approve the statements to be included in the annual report concerning internal controls and risk management.

8.4 Compliance, whistleblowing and fraud

The Committee shall:

- 8.4.1 review the adequacy and security of the Group's arrangements for its employees 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;
- 8.4.2 review the Group's procedures for detecting fraud; and
- 8.4.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

8.5 Internal audit

The Committee shall:

- 8.5.1 monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;
- 8.5.2 approve the appointment and removal of the head of the internal audit function;
- 8.5.3 consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- 8.5.4 ensure the internal auditor has direct access to the Chair of the Board and to the Committee Chair, and is accountable to the Committee;
- 8.5.5 review and approve the annual internal audit workplan (ensuring it is aligned to the key risks of the Group's business), and receive reports on the results of the internal auditor's work on a periodic basis;
- 8.5.6 review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
- 8.5.7 meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out;
- 8.5.8 be responsible for co-ordination of the activity of the internal audit function and external auditors; and
- 8.5.9 consider whether an independent, third-party review of internal audit effectiveness and

processes is required.

If at any time the Company does not have an internal audit function.

The Committee shall:

- 8.5.10 consider at least annually the need for an internal audit function, and make any recommendation to the Board if determined that an internal audit function should be recruited; and
- 8.5.11 as part of its consideration, assess whether the processes applied by management to ensure that internal controls systems are functioning as intended provide sufficient and objective assurance for their effectiveness.

8.6 External Audit

The Committee shall:

8.6.1 Appointment, reappointment and resignation

- 8.6.1.1 consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, about the appointment, re-appointment and removal of the Company's external auditor;
- 8.6.1.2 ensure that at least once every ten years consideration is given to putting the audit services contract out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent external auditor with those of other audit firms; and in respect of any such tender develop and oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- 8.6.1.3 if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.6.1.4 evaluate the risks to the quality and effectiveness of the financial reporting process and consider the need to include the risk of the withdrawal of their external auditor from the market in that evaluation.

8.6.2 Terms of engagement

- 8.6.2.1 Oversee the relationship with the external auditor including (but not limited to): agreeing their terms of engagement, including any engagement letter issued at the start of each audit, the scope of the audit; and approving their remuneration (including fees for audit and non-audit services) to ensure that the level of fees is appropriate to enable an effective and high quality audit to be conducted;

8.6.3 Independence and expertise

- 8.6.3.1 Review and assess on an annual basis:

(A) the external auditor's independence and objectivity taking into account relevant UK law, other professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services; and

(B) the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures.

8.6.3.2 seek reassurance from the external auditor and their staff and satisfy itself that they have no relationships (such as family, employment, investment, financial or business) between with the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

8.6.3.3 monitor the external auditor's processes for maintaining independence, its compliance with the relevant ethical and professional guidance (including on the rotation of audit partners), and other related requirements;

8.6.3.4 agree with the Board a policy on the employment of former employees of the Company's external auditor, then monitor the implementation of this policy;

8.6.4 Fees

8.6.4.1 Monitor the level of fees paid by the Company compared to the overall fee income of the audit firm, office and partner and assess these in the context of legal, professional and regulatory requirements, guidance;

8.6.4.2 Develop and implement a policy on the supply of non-audit services by the external auditor, ensuring there is prior approval of non-audit services, considering the impact this may have on independence and taking into account any relevant ethical guidance on the matter. The policy should include an assessment of:

(A) threats to the external auditor's independence and objectivity and any safeguards in place to eliminate or reduce threats;

(B) the nature of the non-audit services;

(C) in light of the external audit firm's skills and experience, whether it is the most suitable supplier of the non-audit service;

(D) the fees for the non-audit services, both for individual services and in aggregate relative to the audit fee, including special terms and conditions; and

(E) the criteria governing compensation of the individuals performing the audit

8.6.4.3 Keep the policy for the provision of non-audit services under review;

8.6.5 Audit cycle

8.6.5.1 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

8.6.5.2 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 annually) meet with the external auditor without management being presented to discuss the auditor's remit and any issues arising from the audit;

- 8.6.5.3 review any representation letter(s) requested by the external auditor before they are signed;
- 8.6.5.4 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (A) a discussion of any major issues which arose during the audit;
 - (B) key accounting and audit judgements;
 - (C) the auditor's explanation of how the risks to audit quality were addressed;
 - (D) the auditor's view of their interactions with senior management;
 - (E) levels of errors identified during the audit;
- 8.6.5.5 review the management letter and management's response to the external auditor's findings and recommendations; and
- 8.6.5.6 at the end of the audit cycle, 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.

8.7 Risk and Compliance

The Committee shall:

- 8.7.1 Review, monitor and make recommendations to the Board relating to the Group's compliance with all legal and regulatory requirements, including any matters referred to it by the Risk and/or Compliance functions;
- 8.7.2 Review reports from the CFO, Head of Internal Audit and Head of Compliance on compliance, regulatory and risk management issues and activities throughout the Group;
- 8.7.3 Review regular reports from the Head of Compliance, and keep under review the adequacy and effectiveness of the Group's compliance function. These reports will include the company's anti-money laundering systems and controls, breach statistics and the annual Money Laundering Reporting Officer (MLRO) report;
- 8.7.4 Keep under review the Group's compliance policy, and approve the compliance strategy and annual compliance/risk management work plan;
- 8.7.5 Oversee and challenge the operational, financial and regulatory risk management processes of the Group's regulated entities;
- 8.7.6 Consider and continually review the Group's capital resources requirements, and the Internal Capital and Risk Assessment Process ("ICARA") applicable to its regulated

entities.

9 Reporting Responsibilities

- 9.1 All proceedings of the Committee shall be reported formally to the Board by the Committee Chair.
- 9.2 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor; and all other information requirements set out in the Quoted Companies Alliance (QCA) Corporate Governance Code (the "QCA Code").
- 9.3 In compiling the report referred to in 9.2, 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.
- 9.4 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10 Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, the provisions of the QCA Code, the QCA's Audit Committee Guide for Small and Mid-Size Quoted Companies, the AIM Rules for Companies and the requirements of the Financial Conduct Authority's Prospectus and Disclosure Guidance and Transparency Rules as appropriate;
- 10.4 oversee any investigation of activities which are within its terms of reference;
- 10.5 work and liaise as necessary with all other Board committees;
- 10.6 conduct an annual review of its work, constitution, performance and these terms of reference to ensure it is operating at maximum effectiveness and shall make recommendations for any changes to the Board

11 Authority

- 11.1 The Committee is authorised:
- 11.1.1 to investigate any activity within its terms of reference and seek directly any information it requires from any employee or contractor of the Company (all such persons being

directed to co-operate with any such request by the Committee);

- 11.1.2 to obtain outside legal or other independent professional advice at the cost of the Company to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary (but such persons shall not be members of the Committee); and
- 11.1.3 to call any employee to be questioned at a meeting of the Committee as and when required.

References in these terms of reference to the "Group" mean the Company, its subsidiaries and its subsidiary undertakings.

Adopted by the Board of the Company on 31 August 2023