

**P2P GLOBAL INVESTMENTS PLC**  
(the "Company")

**AUDIT COMMITTEE**

**Terms of Reference**

**DEFINITIONS**

Reference to the "**Committee**" shall mean the Audit Committee.

Reference to the "**Board**" shall mean the Board of Directors of the Company.

**1. MEMBERSHIP**

- 1.1 The Committee shall be made up of at least three members. Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee.
- 1.2 The Board shall appoint the committee chairman ("Committee Chairman") who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Company Chairman may be a member of, but not chair, the Committee provided (s)he was independent on appointment as Chairman.
- 1.3 All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Audit Committee as a whole shall have competence relevant to the sector.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the director continues to be independent.
- 1.5 Only members of the Committee have the right to attend and vote at committee meetings. The Committee may ask senior representatives of the Manager and Administrator to attend meetings, either regularly or by invitation, but invitees shall have no right of attendance.
- 1.6 The Committee shall invite a representative of the external auditors and the Manager's operational control function to attend meetings at the request of the Committee. The Committee should have at least one meeting, or part thereof, with the external auditor without management being present should the Committee deem that to be necessary.
- 1.7 Other non-members of the Board may be invited to attend all or part of any meeting as and when appropriate and necessary.

**2. SECRETARY**

- 2.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.
- 2.2 The Committee shall have access to the services of the Secretary on all Audit Committee matters including: assisting the Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information.

### **3. QUORUM**

- 3.1 The quorum necessary for the transaction of business shall be two Committee 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. Other Directors may attend the meetings by invitation but, if they are non-independent, they may not vote.

### **4. FREQUENCY OF MEETINGS**

- 4.1 The Committee shall meet at least twice a year at appropriate times in the financial reporting and audit cycle and otherwise as required.
- 4.2 Meetings can be requested by the external auditors or by the Investment Manager if they consider that to be necessary.
- 4.3 Outside of the formal meeting programme, the Committee Chairman will maintain dialogue with key individuals involved in the Company's governance, including the Board Chairman, the Investment Manager, the administrator and the external audit lead partner.

### **5. NOTICE OF MEETINGS**

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members.
- 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, any other person required to attend and all other members of the Board, 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.
- 5.3 Any member of the Committee shall be entitled, by notice to the Secretary of the Committee, to include other matters relevant to the functions of the Committee in the agenda of a Committee meeting.

### **6. MINUTES**

- 6.1 The Committee Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Committee Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

### **7. ANNUAL GENERAL MEETING**

- 8.1 The Committee Chairman shall attend the Annual General Meeting to answer shareholder questions on the Committee's activities.

### **8. DUTIES**

- 8.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings (if any) and the group as a whole (if a group is in existence), as appropriate.

#### **8.2 Financial reporting**

- 8.2.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, and any other formal

statements relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain, having regard to matters communicated to it by the auditor.

8.2.2 In particular, the Committee shall review and challenge where necessary the Company's financial statements taking into account:

- a. the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/group;
- b. decisions requiring a major element of judgement;
- c. the methods used to account for significant or unusual transactions where different approaches are possible;
- d. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- e. the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
- f. significant adjustments resulting from the audit;
- g. the going concern assumption;
- h. 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); and
- i. the Manager's Report, confirming that the Manager has conducted the affairs of the Company in compliance with the regulations applying to it.

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.

### 8.3 **Internal Controls**

8.3.1 The Committee shall, as appropriate given the nature of the Company, monitor and keep under review the adequacy and effectiveness of the Company's internal financial controls;

### 8.4 **Whistleblowing**

8.4.1 The Committee will review the whistleblowing procedures of the Manager.

### 8.5 **Operational Control Function**

8.5.1 The Committee shall monitor and review promptly all reports on the Company from the Manager's operational and compliance control functions.

8.5.2 The Manager's COO shall have the right of direct access to the Chairman of the Committee.

8.5.3 The Committee shall consider the major findings of internal investigations and management's response.

### 8.6 **Internal audit**

8.6.1 The Committee shall consider annually whether there is a need for an internal audit function and make a recommendation to the Board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report.

## 8.7 External audit

### 8.7.1 The Committee shall:

- a. 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 and the provision of non-audit services by the Company's external auditor;
- b. oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- c. oversee the relationship with the external auditor including (but not limited to):
  - (i) making recommendations of their remuneration, including both fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
  - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - (iii) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - (iv) 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) which could adversely affect the auditor's independence and objectivity;
  - (v) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
  - (vi) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- d. 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, without management being present, to discuss their remit and any issues arising from the audit with respect to accounting or internal control systems, and to ensure that the auditors' management letters and the Manager's responses are reviewed;
- e. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement; and
- f. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - a discussion of any major issues which arose during the audit;
  - any accounting and audit judgements;
  - levels of errors identified during the audit; and
  - the effectiveness of the audit process.

### 8.7.2 The Committee shall keep under review the relationship with the external auditors including (but not limited to), discussions with the external auditors concerning such issues as compliance with

accounting standards and any proposals which the external auditors have made, e.g. in respect of the Manager's internal auditing standards.

8.7.3 The Committee shall also:

- a. review any representation letter(s) requested by the external auditor before they are signed by management;
- b. review the management letter and management's response to the auditor's findings and recommendations; and
- c. develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter and report to the Board, identifying any matters on which it considers action or improvement is needed and recommending what steps should be taken.

## **9. REPORTING RESPONSIBILITIES**

9.1 Where requested by the Board, the Committee shall 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.

9.2 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. This report shall include:

- 9.2.1 the significant issues that it considered in relation to the financial statements and how these were addressed;
- 9.2.2 its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
- 9.2.3 any other issues on which the Board has requested the Committee's opinion.

9.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.4 The Committee shall compile a report to shareholders 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 auditor; and all other information requirements set out in the AIC Code of Corporate Governance (the "AIC Code").

9.5 The Committee or its Chairman shall discuss formally with the Board, at least once a year, the relationship with the external auditors, and identify any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

9.6 In compiling the report referred to in 9.4, 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 formed the Board's assessment of whether the Company is a going concern. The report to the shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

## **10. OTHER MATTERS**

10.1 The Committee shall:

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

- 10.1.2 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;
- 10.1.3 give due consideration to applicable laws and regulations including the requirements of the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules and the provisions of the UK Corporate Governance Code and the Association of Investment Companies' Code of Corporate Governance as such apply to the Company from time to time;
- 10.1.4 be responsible for co-ordination of the internal, if any, and external auditors;
- 10.1.5 oversee any investigation of activities which are within its terms of reference; and
- 10.1.6 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.
- 10.1.7 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.
- 10.2 The Committee is responsible for ensuring that financial information used within the business or published is reliable.

## **11. AUTHORITY**

The Committee is authorised to:

- 11.1 seek any information it requires from the Manager, Secretary and Administrator of the Company in order to perform its duties;
- 11.2 obtain, at the Company's expense, independent legal or other professional advice on any matter within its terms of reference;
- 11.3 to request that representatives of the Manager, Secretary and Administrator be available to answer questions at meetings of the Audit Committee;
- 11.4 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.

Approved 5 September 2018