

TEMPLE BAR INVESTMENT TRUST PLC
Audit and Risk Committee – Terms of Reference

Purpose of Committee

The Audit and Risk Committee (the “Committee”) will assist the Board of directors (the “Board”) in ensuring that the Company maintains the highest standards of integrity in financial reporting and internal controls. The Committee will review the financial reporting process, the system of risk management and internal control, the audit process, and the Company’s process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will liaise with the Board, the alternative investment fund manager (“AIFM”), the investment manager, and the external auditors. To perform their role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company’s business, operations and associated risks.

Membership

1. The Committee shall comprise all the directors of the Company and shall not consist of less than three members, all of whom shall be independent non-executive directors. At least one member of the Committee should be considered by the Board to have recent and relevant financial experience and with competence in accounting and/or auditing. The Committee as a whole shall have competence relevant to the investment trust sector.
2. The quorum will be three members.
3. The Chairman of the Committee, who shall not be the Chairman of the Board, shall be appointed by the Board and an independent Director. In the absence of the Committee chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting. If the Chairman of the Board is a member of the Committee, the Board should explain in the Annual Report why it believes this is appropriate.
4. Membership of the Committee shall be reviewed by the Board from time to time.

Company Secretary

5. The named representative of the Company Secretary of the Company shall act as Secretary to the Committee. The Secretary, in conjunction with the chairman of the Committee shall draw up an agenda which shall be available at least one week prior to each meeting to the members of the Committee.

Frequency of Meetings

6. The Committee will meet at such times as may be required but in any event at least twice a year, *inter alia*, to consider the half-yearly and annual reports.
7. The proceedings and resolutions of all meetings will be minuted by the Secretary, including recording the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated to the Committee Chair and, thereafter, 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.

Attendance at Meetings

8. The Committee may invite such other person to its meetings, as it deems necessary. The external auditor shall normally attend the meetings of the Committee at which it considers risks, internal controls, audit planning and the full-year’s results. However, at least once a year, the Committee shall meet with the external auditors without any representatives of the AIFM or investment manager being present.

9. The external auditors shall be invited to make presentations to the Committee as appropriate.

Authority

10. The Board authorises the Committee, within the scope of its responsibilities, to:
- if necessary, institute special investigations of activities which are within its terms of reference and, if appropriate, hire special counsel or experts to assist;
 - seek any information it reasonably requires from external parties in order to perform its duties;
 - obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference;
 - call any officer of the Company or a representative of any of the Company's service providers to be questioned at a meeting of the Committee, as and when required; and
 - 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.

The Committee shall have no executive powers with regard to its findings and recommendations.

Duties

In relation to the following headings, the Committee shall:

Internal Controls and Risk Management Systems

- 11.1 carry out a robust assessment of the Company's emerging and principal risks that might threaten its business model, future performance, solvency and reputation, and confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- 11.2 monitor and review annually whether an internal audit function is required and make a recommendation to the Board;
- 11.3 monitor the Company's risk management and internal financial control systems, and, at least annually, review their adequacy and effectiveness and report on that review in the annual report (the monitoring and review to cover all material controls, including financial, operational and compliance controls). The Committee shall review the internal control reports of the investment manager, the administrator, the depositary and other key service providers at least annually;
- 11.4 monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements and its relationship with the relevant regulatory authorities;
- 11.5 review the Company's procedures for detecting fraud and ensure that there are clear processes for bringing significant issues to the Committee's attention rapidly when required, and agreed triggers for doing so;
- 11.6 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;

- 11.7 evaluate whether the AIFM and investment manager are setting the appropriate “control culture” by communicating the importance of internal control and the management of risk and reviewing the Company’s internal control and risk management systems;
- 11.8 obtain confirmation of whether recommendations made by external auditors have been implemented by the AIFM and investment manager; and
- 11.9 review and approve the statements included in the annual report in relation to internal controls and the risk management systems.

Financial Statements

- 12.1 monitor the integrity of financial statements of the Company, including its annual and half-yearly reports and any formal announcements relating to the Company’s financial performance, reviewing significant financial reporting issues and judgements contained in them, having regard to matters communicated to it by the external auditor. In particular, the Committee shall review and challenge where necessary:
 - (i) the consistency of, and any changes to, the application of significant accounting policies both on a year-on-year basis and across the Company and the Group;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible; and
 - (iii) 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.
- 12.2 advise the Board on the contents of the annual report and accounts, in particular whether, taken as a whole, it 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 AIC Code of Corporate Governance;
- 12.3 ensure that the annual and half-yearly financial statements include a statement about whether the Directors consider it appropriate to adopt the going concern basis of accounting in preparing them and identify any material uncertainties to the Company’s or the Group’s ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- 12.4 taking into account the Company’s current position and principal risks, to ensure that the Directors explain in the annual report how the Board has assessed the prospects of the Company, over what period it has done so and why it considers that period to be appropriate and whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary (the viability statement);
- 12.5 review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- 12.6 compile a report to be included in the annual report describing the Committee’s activities in discharging its responsibilities in accordance with the requirements of the AIC Code of Corporate Governance;
- 12.7 review the annual and half-yearly financial statements before their submission to the Board and determine whether these are complete and consistent with the information known to the Committee members and assess whether the financial statements reflect appropriate accounting principles; if appropriate, the Committee shall recommend the Company’s annual and half-yearly financial statements to the Board for approval;

- 12.8 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;
- 12.9 meet with the AIFM , investment manager and the external auditors to review the financial statements and the results of the audit;
- 12.10 be briefed on how the investment manager develops final results announcements and interim financial information and the extent to which the external auditors review such information; and
- 12.11 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.

External Audit

- 13.1 review and approve the external auditors' proposed annual audit plan, and ensure that no unjustified restrictions or limitations have been placed on the scope;
- 13.2 discuss any matters arising from the audit and recommendations made by the external auditors;
- 13.3 review the performance of the external auditors and make recommendations to the Board, to be put to the shareholders for their approval in general meeting, regarding the appointment, re-appointment or removal of the external auditors. The Committee shall conduct 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;
- 13.4 ensure that at least once every ten years, the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms and, in respect of such tender, the Committee shall conduct the selection procedure, ensuring that all tendering firms have such access to all necessary information and individuals during the tendering process. No single firm may serve as the Company's auditor for a period exceeding 20 years;
- 13.5 approve the remuneration of the external auditor, 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;
- 13.6 approve the terms of engagement of the external auditor;
- 13.7 to monitor and assess, at least annually, the external auditors' independence and objectivity taking into account relevant law, regulation, the Ethical Standard and other professional requirements and the Company's relationship with the external auditors as a whole;
- 13.8 assess annually the effectiveness of the audit process, taking into consideration the qualification, expertise and resources of the external auditors, which shall include a report from the external auditors on their own internal quality procedures, as well as relevant UK professional and regulatory requirements;
- 13.9 review any representation letter(s) requested by the external auditors before they are entered into by the Board;
- 13.10 to develop and implement policy on the engagement of the external auditors to supply non-audit services, ensuring there is prior approval of non-audit services by the

- Committee and specifying the types of non-audit service to be pre-approved, while considering the impact this may have on independence of the auditors. The policy to include consideration of relevant ethical guidance regarding the provision of non-audit services by the external audit firm and means of determining whether auditor independence and objectivity have been safeguarded, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- 13.11 review the range of services provided in the context of all consulting services bought by the Company; and
- 13.12 at least on an annual basis, meet separately with the external auditors (without the AIFM and investment manager's representatives being present) to discuss any matters that the Committee or auditors believe should be discussed privately.

Compliance with Laws and Regulations

14. Review the effectiveness of the system for monitoring compliance with the laws and regulations applicable to the Company and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.

Reporting Responsibilities

15. The Chairman of the Committee, or in their absence, the elected chairman of the relevant meeting, shall report on the issues raised at the meeting and recommendations of the Committee to the Board after each Committee meeting.
16. At the Committee meeting at which the annual report is considered, the Committee shall report to the Board on how it has discharged its responsibilities during the previous year. This report shall be a separate section of the annual report and shall include:
- a. the significant issues that it has considered in relation to the financial statements and how these were addressed;
 - b. its assessment of the effectiveness of the external audit process, the approach taken to the appointment or re-appointment of the external auditor, length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - c. any other issues on which the Board as requested the Committee's opinion.
17. The Chairman of the Committee shall attend the Annual General Meeting and shall answer questions on the Committee's activities and its responsibilities. In addition, the Committee Chairman should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

Other Matters

The Committee shall:

18. have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
19. 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;
20. give due consideration to applicable laws and regulations including the requirements of the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the provisions of the UK Corporate Governance Code and the AIC Code of Corporate Governance and any other applicable rules, as apply to the Company from time to time;

21. at least once a year, review its own performance, 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;
22. make its terms of reference available on the Company's website; and
23. perform other oversight functions as requested by the Board.

Date of last review: 15 March 2022