

## Terms of Reference of the Audit and Risk Committee

The Board of Miton Group plc (the 'Company') is responsible for directing the business of the Company and its subsidiaries (the 'Group') in such a way as to meet shareholder and regulatory requirements and in accordance with applicable corporate governance practices.

The Board has delegated responsibility to the Audit and Risk Committee (the 'Committee') to ensure that the financial statements presented to shareholders by the Company conform with applicable legal requirements and that the Group's systems of risk management and financial control are, and continue to be, adequate for the Group as a whole.

### 1. Membership

- 1.1. The Committee membership shall comprise three Non-Executive Directors.
- 1.2. The Committee Chairman will be as agreed from time to time by the Board of Directors of the Company.
- 1.3. The Chairman of the Board shall not be a member of this Committee.
- 1.4. If the Committee Chairman is not present at any meeting of the Committee, the members present shall appoint one of their number to chair the meeting.

### 2. Secretary

- 2.1. The Company Secretary shall act as Secretary of the Committee.

### 3. Quorum

- 3.1. The quorum for a meeting of the Committee is two members present in person or by telephone.
- 3.2. 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.
- 3.3. Decisions of the Committee may be made by way of email circular at the discretion of the Committee Chairman.

### 4. Frequency

- 4.1. The Committee shall meet at least twice in each financial year of the Company and at such times as shall reasonably be decided by the Committee.

### 5. Attendance

- 5.1. No one other than the Committee members and shall be entitled to attend meetings of the Committee.
- 5.2. The Committee may invite a representative of the auditors, any directors, other executives or professional advisors to attend, but not vote at, meetings of the Committee.
- 5.3. On at least one occasion in each year the Committee shall meet the auditors without any Executive Director present.

### 6. Minutes

- 6.1. At the beginning of each meeting the Secretary shall ascertain the existence of any conflicts of interest and minute them accordingly. Each member of the Committee shall disclose to it: (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; and (b) any potential conflict arising from a cross directorship.
- 6.2. Minutes of meetings of the Committee and of its decisions and recommendations will be prepared and, subject to approval by the Committee Chairman, circulated to all Directors of

the Company unless in the opinion of the Committee Chairman it would be inappropriate to do so.

- 6.3. Draft Minutes may be approved by email following review by the Committee members present at the meeting to which the draft Minutes relate.

## 7. Voting

- 7.1. Each member of the Committee shall have one vote which may be cast on matters considered at a meeting of the Committee. Votes can only be cast by members attending a meeting of the Committee.
- 7.2. 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, the remaining members of the Committee will then decide by majority vote if the member may participate in discussions concerning the matters disclosed or vote on resolutions concerning the matters disclosed.

## 8. Annual General Meeting

- 8.1. The Committee Chairman of the Committee should be prepared to respond to any questions which may be raised by shareholders at the Annual General Meeting on matters concerning the Committee's functions.

## 9. Principal Duties and Terms of Reference

On behalf of the Board and in accordance with the authority delegated to it, the Committee shall undertake the duties set forth below for the Company and the Group as a whole, as appropriate.

For the avoidance of doubt, the Committee will not be responsible for monitoring or reviewing the financial reporting or the external audit of the financial reporting of funds managed by the Group.

### Financial Reporting

The Committee shall:

- 9.1. Monitor the integrity of the full year and half year financial statements of the Company;
- 9.2. Review the content of the annual report 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 financial and operating performance;
- 9.3. Review and report to the Board on significant financial reporting issues, estimates and judgements, having regard to the following matters:
  - a) application of and any changes in accounting policies and practices
  - b) major judgemental areas
  - c) significant adjustments
  - d) the going concern assumption
  - e) compliance with accounting standards
  - f) compliance with the requirements of the Alternative Investment Market of the London Stock Exchange
  - g) compliance with legal and regulatory requirements

### Risk and Internal Controls

The Committee shall:

- 9.4. Keep the Company's internal financial controls and risk management systems under review;
- 9.5. Review and advise the Board on the Company's management of risk exposure and risk strategy;
- 9.6. Review and report to the Board on the Company's Internal Capital Adequacy Assessment Process ('ICAAP') and the Pillar 3 disclosure in fulfilment of the regulatory obligations in accordance with the Capital Requirements Directive;
- 9.7. Review and approve the internal control and risk management statements to be included in the annual report.

### Whistleblowing

The Committee shall:

- 9.8. Review the adequacy and security of the Group's whistleblowing arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

### Fraud Prevention

The Committee shall:

- 9.9. Review the Group's procedures for the prevention and detection of fraud;
- 9.10. Review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.

### Financial Crime

The Committee shall:

- 9.11. Review regular reports from the Money Laundering Reporting Officer on the adequacy and effectiveness of the Company's anti-money laundering systems and controls;
- 9.12. Review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the compliance function.

### Internal Audit

The Group does not currently have an internal audit function, however the Committee shall:

- 9.13. Consider, on an annual basis, the need to establish an internal audit function based on the growth of the Company, the scale and complexity of the Company's activities and number of employees, as well as cost and benefit considerations, and the decision on whether or not to set up an internal audit function shall be made by the Board of Directors on the recommendation of the Committee. If the Board recommends the appointment of an internal audit function, the Committee shall: (a) review and approve an annual audit plan; (b) review the findings of the internal audits performed; (c) monitor the implementation of agreed actions from audits performed; (d) monitor the performance of the internal auditors; and (e) approve the appointment of any new internal auditors.

### External Audit

The Committee shall:

- 9.14. 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 of the Company's external auditors;
- 9.15. Develop and oversee the selection procedure for the appointment of the audit firm, ensuring that in the event of an Audit tender, all tendering firms have access to all necessary information and individuals during the tendering process;
- 9.16. Oversee the relationship with the external auditors. In this context the committee shall:
  - a) Approve their remuneration for audit services and review their remuneration for non-audit services
  - b) Approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit
  - c) Assess annually the external auditors' independence and objectivity taking into account relevant UK law, regulation, the Ethical Standard and other professional requirements and the Company's relationship with the auditors as a whole
  - d) Assess annually the qualifications, expertise and resources, and independence of the external auditors and the effectiveness of the external audit process
  - e) Evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditors' communications with the Committee
  - f) Discuss with the external auditors the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope

- of the audit engagement, having regard to the seniority, expertise and experience of the audit team
- g) Review the findings of the audit with the external auditors. This shall include but not be limited to, the following:
    - i. a discussion of any major issues during the audit
    - ii. the auditors' explanation of how the risks to audit quality were addressed
    - iii. key accounting and audit judgements
    - iv. the auditors' view of their interactions with senior management
    - v. materiality of any errors identified during the audit
  - h) Review any letters of representation requested by the auditors
  - i) Review the effectiveness of the audit process

## 10. Responsibilities

- 10.1. The Committee Chairman shall formally report to the Board on its proceedings after each meeting.
- 10.2. The Committee shall make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. The Committee shall make a statement in the annual report about its activities, an explanation on 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.
- 10.4. The Committee's terms of reference shall be made available on the Company's website.

## 11. Other

The Committee shall:

- 11.1. Have access to sufficient resources to undertake its duties including the provision of suitable training;
- 11.2. Seek any information it reasonably requires in order to perform its duties effectively;
- 11.3. Have ability to delegate any of its duties to such persons as it thinks fit;
- 11.4. Give due consideration to applicable law and regulation, the London Stock Exchange Rules for AIM companies, Disclosure Guidance and Transparency Rules and the provisions of the QCA Corporate Governance Code;
- 11.5. At least once a year the Committee shall review its performance, duties and responsibilities to ensure that it is operating effectively and make such changes as it considers necessary;
- 11.6. Consider such other matters as may be requested by the Board of Directors.

## 12. Authority

- 12.1. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.