

The Audit Committee (the "Committee") has been established by the board of directors (the "Board") of Mattioli Woods plc (the "Company" or the "Group") as a committee of the Board.

## **1 PURPOSE**

- 1.1 The purpose of the Committee is to assist the Board of the Company in carrying out its responsibilities relating to accounting policies, internal controls and financial reporting functions.
- 1.2 The Committee may sub-delegate any of its powers and authority as it sees fit, including, without limitation, through the establishment of sub-committees to consider particular issues and report back to the Committee.

## **2 COMMITTEE COMPOSITION**

- 2.1 Membership will be made on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee.
- 2.2 The Committee shall have at least two members and members shall be independent non-executive directors. The Committee shall include at least one member of the Board Risk and Compliance Committee.
- 2.3 Only members of the Committee shall have the right to attend meetings. Membership is personal to the position holder and cannot be delegated.
- 2.4 Membership shall be for a period of three years, which may be extended for up to two additional three-year periods, provided the member still meets the criteria for membership of the Committee.
- 2.5 The Committee's Chair shall be appointed by the Board and shall be accountable for the effective operation of the Committee. In the absence of the Committee Chair, their deputy, or, in their absence, the remaining members shall elect one of themselves to chair the meeting.
- 2.6 At least one member shall have recent and relevant financial services sector experience.
- 2.7 Other individuals may also be invited to attend all or part of any meeting as and when the Chair deems it appropriate and necessary.
- 2.8 Regular invited attendees are likely to be, but are not limited to, the Chief Executive Officer, the Chief Financial Officer, the Head of Finance Reporting, the Group Compliance Officer, the appointed Internal Auditor, and a representative of the external auditors.
- 2.9 The Chair of the Board may be a member of, but not chair, the Committee.

## **3 MEETINGS**

- 3.1 The secretary of the Committee shall be the Company Secretary or such other person as the

Committee may appoint.

- 3.2 The Committee shall meet at least quarterly and meetings shall include two full Audit Committee meetings with a further two specific item meetings in order to consider the Annual and Interim Reports and the review of the Internal Capital Adequacy and Risk Assessment (ICARA). The Chair has the discretion to cancel, reschedule or call additional meetings as required. Meetings shall be called by the Secretary at the request of the Chair or any of its members, or at the request of the Group Compliance Officer, if they consider it necessary or appropriate.
- 3.3 Meetings may be conducted either in person, by telephone, or video conference, and decisions made by the latter two means shall be appropriately recorded and shall have the same effect as those conducted in person.
- 3.4 The quorum necessary for the transaction of business shall be two members.
- 3.5 At least once per year the Committee shall meet with the Internal Auditor and the external auditors without the Chief Financial Officer or any other executive director present.
- 3.6 In addition, the Committee Chair shall maintain a dialogue with key individuals involved in the Company's financial management, risk management and compliance including, the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Group Compliance Officer, the external lead audit partner and the Internal Auditor.
- 3.7 The agenda for each meeting shall be approved by the Chair. Notice of each meeting, together with an agenda of items to be discussed shall be forwarded to each Committee member, and any attendees, no later than 5 working days before the meeting. Supporting papers shall be sent to Committee members, and other attendees as appropriate, at the same time.
- 3.8 The Secretary shall prepare formal minutes for every meeting capturing key issues raised and any decisions/approvals made/granted by the Committee.

#### **4 RESPONSIBILITIES**

The Committee will be mindful of the Company's obligations in respect of The Consumer Duty, ensuring the best interests of Mattioli Woods' clients are central to the challenges and decisions made in its proceedings. The duties of the Committee shall be to:

##### **Financial Reporting**

- 4.1 Monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's actual and forecast financial performance, reviewing significant financial reporting judgements contained in them, having regard to matters communicated to it by the external auditors.
- 4.2 Review and discuss any unusual items or matters brought to its attention requiring the exercise of managerial judgement affecting the preparation of the statements and

announcements of the Company.

- 4.3 Report to the Board on whether the annual report and accounts, taken as a whole, is fair balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- 4.4 Review and challenge, before submission of the relevant documents to the Board, the half yearly financial results, the preliminary announcement of annual results, the annual accounts and the accompanying reports to shareholders (including the strategic report and corporate governance statements) and any other announcement regarding the Company's results or other financial information, focusing particularly on:
  - 4.4.1 the application of, and any changes in, accounting policies and practices;
  - 4.4.2 the methods used to account for significant or unusual transactions where different approaches are possible;
  - 4.4.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditors;
  - 4.4.4 significant adjustments resulting from the audit;
  - 4.4.5 the clarity and completeness of disclosures and the context in which statements are made; and
  - 4.4.6 the going concern assumption and statement.
- 4.5 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 AIM Rules for Companies, the Market Abuse Regulations and the Disclosure Guidance and Transparency Rules sourcebook.
- 4.6 Where not satisfied with any aspect of the proposed financial reporting by the Company, the Committee shall report its views to the Board.

#### **External Audit**

- 4.7 Consider and make recommendations to the Board, to be put forward for approval at the annual general meeting, in relation to the appointment, re-appointment and the removal of the external auditors.
- 4.8 If an auditor resigns, investigate the reasons behind this resignation and whether any follow-up actions are necessary.
- 4.9 Fix the remuneration of the external auditors, as authorised by shareholders, and approve the terms of engagement of the external auditors.
- 4.10 Develop and oversee the selection procedure for the appointment of external auditors,

ensuring a fair, open and transparent tender process. Ensure that at least every ten years the audit services contract is put out to tender.

- 4.11 Discuss with the external auditors before the audit commences the nature and scope of the audit, and other relevant matters and approve the terms of engagement of the external auditors.
- 4.12 Review and monitor:
  - 4.12.1 the scope, effectiveness and results of the external audit as well as its cost effectiveness, taking into consideration relevant UK professional and regulatory requirements; and
  - 4.12.2 the non-audit services provided by the external auditors to the Company under the non-audit services policy referred to in paragraph 4.23 below.
- 4.13 Satisfy itself that there are no relationships between the auditors and the Company (other than in the ordinary course of business) which could adversely affect the external auditor's independence and objectivity.
- 4.14 Agree with the Board a policy on the employment of former employees of the Company's auditors, considering the Ethical Standard and legal requirements, and monitor the application of this policy.
- 4.15 Monitor the auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff.
- 4.16 Monitor the level of fees paid by the Company to the external auditors compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard.
- 4.17 Assess annually the qualifications, expertise and resources, and independence of the external auditors and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures.
- 4.18 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.
- 4.19 Review the findings of the audit with the external auditors, including a discussion on major issues which arose during the audit, and accounting and audit judgements, the auditor's view of their interactions with senior management and the level of errors identified during the audit.
- 4.20 Resolve any disagreements between management and the external auditors regarding financial reporting and review any representation letters requested by the external auditor.
- 4.21 Review the external auditor's management letter and management's response to the findings

and recommendations.

- 4.22 Ensure co-ordination of the external audit with the activities of the Internal Audit function.
- 4.23 Develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditors and assess whether non-audit services have a direct or material effect on the audited financial statements. The policy should be in compliance with the most recent version of the Financial Reporting Council's Ethical Standards for Auditors and should include the process for prior approval of non-audit services by the Committee and specify the types of non-audit service to be pre-approved.
- 4.24 Discuss issues and recommendations arising from the audit and any matters which the external auditors wish to discuss (in the absence of management, where necessary).

### **Standards of Internal Controls**

- 4.25 Review the Company's systems of internal controls in relation to financial management, compliance with laws and/or regulation relating to financial reporting or accounting issues and safeguarding of assets.
- 4.26 Review the procedures for monitoring the effectiveness of such controls.
- 4.27 Monitor any significant deficiencies and material weaknesses in internal controls and disclosure controls and procedures relating to the Company, as reported by Internal Audit and the external auditors, and the implementation by management of appropriate remedial action.
- 4.28 Review and approve the statements to be included in the Annual Report regarding internal controls.

### **Internal Audit**

- 4.29 Approve the appointment and termination of any service providers responsible for providing the services for Internal Audit.
- 4.30 Review and approve the Internal Audit function's mandate and ensure that the Internal Audit function has the necessary resources and access to information to enable it to fulfil that mandate. Ensure there is open communication between functions and that Internal Audit evaluates the effectiveness of those functions as part of its plan.
- 4.31 Approve, annually, the Internal Audit Charter, ensuring it is appropriate for the current needs of the Company.
- 4.32 Review and approve the Internal Audit plan to ensure it is aligned to the key risks of the Company, and that it is adequately resourced.
- 4.33 Ensure the service provider has direct access to the Board Chair and to the Committee Chair, providing independence from the executive and accountability to the Committee.
- 4.34 Monitor and review, at least annually, the effectiveness of Internal Audit and assess and

confirm its independence. As part of this assessment, meet with the Internal Auditor in the absence of management to discuss the effectiveness of the function.

- 4.35 Consider the major findings of internal audit reviews and management's response and ensure co-ordination between the internal and external auditors, as well as to track management actions in relation to Internal Audit findings.
- 4.36 In conjunction with the Risk and Compliance Committee, review and challenge, before submission of the relevant documents to the Board, the ICARA.

### **Whistleblowing**

- 4.37 Review the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, ensuring that such arrangements allow independent investigation of such matters and appropriate follow up action.

## **5 SHAREHOLDER ENGAGEMENT**

- 5.1 The Chair of the Committee should attend the Company's Annual General Meeting for the purpose of handling any questions or enquiries at the meeting about the latest audit and the activities of the Committee over the previous year.

## **6 REPORTING RESPONSIBILITIES**

- 6.1 The Chair shall report to the Board on the Committee's proceedings on all matters within its accountabilities and responsibilities and the minutes for all Committee meetings shall be included in the papers for the subsequent Board Meeting.
- 6.2 The Committee shall also formally report to the Board on how it has discharged its responsibilities, including the significant issues it considered in relation to the financial statements and the assessment of the effectiveness of the external audit process.
- 6.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for Board discussion when necessary.
- 6.4 The Committee Chair shall make a statement in the Company's Annual Report about the activities of the Committee, including, where significant and/or have informed the Board's assessment of whether the Company is a going concern:
  - 6.4.1 the significant issues the Committee considered in relation to the financial statements and how these issues were addressed;
  - 6.4.2 an explanation of how the Committee has assessed the independence and effectiveness of the external audit process, the approach taken on the appointment or reappointment of the external auditors, information on the length of tenure of the current audit firm,

- when a tender was last conducted and advance notice of any retendering plans; and
- 6.4.3 an explanation of how auditor independence and objectivity are safeguarded if the external auditors provide non-audit services.
- 6.5 The Committee has the right to publish within the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

## **7 OTHER MATTERS**

- 7.1 The Committee shall:
- 7.1.1 Have access to sufficient resources in order to carry out its duties, including access to the Secretary for advice and assistance as required.
- 7.1.2 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.
- 7.1.3 Give due consideration to all relevant laws and regulations, the provisions of the QCA Corporate Governance Code and associated guidance, the requirements of the London Stock Exchange plc, AIM Rules for Companies, the Market Abuse Regulations (to the extent applicable) the Disclosure Guidance and Transparency Rules, and any other applicable rules, as appropriate.
- 7.1.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.
- 7.1.5 At least annually, review the Committee's 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.
- 7.2 The Committee is authorised by the Board to investigate any activity within its terms of reference.
- 7.2.1 Investigate any activity within its terms of reference.
- 7.2.1 Obtain any information it requires from any employee, director, and all such employees or directors will be directed to co-operate with any request made by the Committee.
- 7.2.2 Obtain outside legal or other independent professional advice at the Company's expense.
- 7.2.3 Instruct external professional advisers to attend any meeting if it considers this necessary or appropriate at the Company's expense.
- 7.3 The Committee will consider reports or topics, as may be requested by the Board.
- 7.4 The Committee will perform oversight functions as requested by the Board.
- 7.5 The Committee shall make available these terms of reference and include the information on the Company's website.

These terms of reference were adopted on 29 March 2023.

### **Appendix: Committee Membership**

The current members of the Committee are:

- a) Anne Gunther (Chair)
- b) Edward Knapp
- c) Martin Reason