

Terms of Reference of the Audit Committee of the Board of Directors of Consort Medical plc ("The Committee")

Membership

1. The Committee will consist of at least two members, each appointed by the Board of Directors (the "Board").
2. All members of the Committee will be independent non-executive directors. At least one member of the Committee should have recent and relevant financial experience and the Committee as a whole shall have competence relevant to the sector in which the Company operates.
3. The Chair of the Board shall not be a member of the Committee.
4. Appointments to the Committee shall be for periods up to 3 years, which may be extended for two further three year periods, provided the director remains independent.
5. The Board shall appoint the Chair of the Committee and determine the period for which the Chair shall hold office.

Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee.

Meetings

1. Meetings shall be held not less than three times a year as appropriate to coincide with key dates in the Company's financial reporting cycle including once at the planning stage before the audit and once after the audit at the reporting stage.
2. A meeting of the Committee may be called by any member of the Committee or by the Secretary or, if they consider that one is necessary, the external auditors or the internal auditors.
3. The quorum for any meeting shall be two.
4. In the absence of the Chair of the Committee, the remaining members present shall elect one of their number to chair the meeting.
5. Only members of the Committee have the right to attend meetings. The Chief Financial Officer, the head of internal audit (if any) and a representative from the external auditors shall be invited regularly to attend meetings. Other individuals e.g. the Chief Executive may be invited to attend and speak at meetings at the request of the Chair of the Committee.
6. The Committee shall meet with the external auditors and internal auditors (if any) at least once a year without Executive Board members or other members of senior management being present.
7. The Committee or its Chair shall meet formally with the Board at least twice a year to discuss such matters as the interim and annual financial statements, the reports of the external and

internal auditors to the Committee and the relationship with the external and internal auditors.

Notice of Meetings

1. Meetings shall be called by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
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, before the date of the meeting to allow sufficient time to read and consider them. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Minutes of Meetings

1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interests and minute them accordingly.
3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

Annual General Meeting

1. The Chair of the Committee shall attend the Annual General Meeting (“AGM”) prepared to respond to any shareholder questions on the Committee’s activities.

Responsibilities

1. The Committee shall carry out the duties below for the parent company, and the group as a whole, as appropriate.

Financial Reporting

1. The Committee shall monitor the integrity of the financial statements of the Company and group, including its annual and half yearly reports, preliminary 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 auditor.
2. The Committee shall review and challenge where necessary:
 - 2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;
 - 2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 2.3 the going concern statement and the longer term viability statement;



- 2.4 whether the Company/Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 2.5 the clarity and completeness of disclosure in the Company's/Group financial reports and the context in which statements are made;
 - 2.6 all material information presented with the financial statements, including the Strategic Report and the corporate governance statement (insofar as it relates to the audit and risk management); and
 - 2.7 any other statements requiring Board approval which contain financial information prior to Board review/approval, where to carry out such 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 or the Disclosure, Guidance and Transparency Rules sourcebook.
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.

Narrative Reporting

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, position, business model and strategy.

Internal Controls and Risk Management Systems

The Committee shall

1. assist the Board in keeping under review the adequacy and effectiveness of the Company's internal controls and risk management systems to include emerging risks (the review of the Company's internal control and risk management systems being a matter for the Board as a whole); and
2. review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement.

Whistleblowing and Fraud

The Committee shall

1. review the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrong doing 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; and
2. assist the Board in reviewing the Company's procedures for detecting fraud.

Internal Audit

The Committee shall

1. review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
2. where an internal audit function does not exist, consider annually whether such a function should be introduced and make a recommendation to the Board;
3. approve the appointment or dismissal (where one exists) of the head of internal audit;
4. monitor and review the effectiveness of the Company's internal audit function including:
 - 4.1 approving the internal audit plan to ensure it is aligned to the key risks of the business and receive regular reports on work carried out;
 - 4.2 receiving a report on the results of the internal audit work including any outsourced to external providers;
 - 4.3 reviewing and monitoring management's responsiveness to the findings and recommendations of the internal audit function;
 - 4.4 monitoring and assessing the role and effectiveness of the internal audit function in the overall context of the Company's risk management system.

External Audit

The Committee shall

1. consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor and if an auditor resigns investigate the issues leading to this and decide whether any action is required;
2. develop and oversee the selection process for new auditors at least once every 10 years, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
3. oversee the relationship with the external auditor including (but not limited to):
 - 3.1 approval of their remuneration, whether 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;
 - 3.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;



- 3.3 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;
 - 3.4 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;
 - 3.5 agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of the policy;
 - 3.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
 - 3.7 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
 - 3.8 seeking to ensure co-ordination with the activities of the internal audit function (where one exists); and
 - 3.9 evaluating the risks to the quality and effectiveness of the financial reporting process and considering the risk of the withdrawal of the Company's present auditor from the market in that evaluation;
- 4 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once per year, without the management being present, to discuss their remit and any issue arising from the audit;
 5. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
 6. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 6.1 a discussion of any major issues which arose during the audit;
 - 6.2 any accounting and audit judgements;
 - 6.3 the auditors' explanation of how risks to audit quality were addressed;
 - 6.4 the auditors view of their interactions with management; and
 - 6.5 levels of errors identified during the audit;
 7. the Committee shall also review the effectiveness of the audit;



8. review any representation letter requested by the external auditor before they are signed by management;
9. review the management letter and management's response to the auditors findings and recommendations; and
10. develop and recommend a policy on the supply of non audit services by the external auditor, to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

Treasury & Expenses

The Committee shall

1. review the half-yearly Treasury Report by the Group Treasury function and recommend its adoption or otherwise to the Board; and
2. review the expense claims of the executive directors, the Chairman and the non-executive directors on an annual basis with the external auditors.

Authority

The Committee is authorised:

1. to seek any information it requires from any employee of the Company in order to perform its duties;
2. to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
3. to call any employee to be questioned at a meeting of the Committee as and when required; and
4. to 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.

Reporting Responsibilities

1. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall formally report to the Board on how it has discharged its responsibilities. This report shall include:
 - 1.1 the significant issues that it considered in relation to the financial statements and how these were addressed;
 - 1.2 its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - 1.3 any other issues on which the Board has requested the committee's opinion.



2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
3. 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 auditor; and all other information requirements set out in the UK Corporate Governance Code.
4. In compiling the reports referred to in 9.1 and 9.3, 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 and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could cross reference to that information.

Other Matters

The Committee shall

1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
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;
3. give due consideration to laws and regulations, the provisions of the UK Corporate Governance code and the requirements of the UK Listing Authority's listing, Prospectus and Disclosure Guidance and Transparency Rules as appropriate;
4. be responsible for the co-ordination of internal and external auditors;
5. oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort; and
6. arrange for periodic reviews 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.

Adopted by the Board of Consort Medical plc on 24 April 2019