

AUDIT COMMITTEE - TERMS OF REFERENCE

Quorum

The quorum of the Audit Committee (“the Committee”) shall be at least two members.

Secretary

The Secretary of the Board of Directors (“the Board”) shall be the Secretary of the Committee.

Attendance

- The Chief Financial Officer, Head of Commercial Finance / Group Finance Director / Group Financial Controller, Head of Internal Audit, Chief Security and Risk Officer and a representative of the external auditors shall attend all the meetings.
- Other Board members or members of senior management shall attend with the agreement of the Committee.
- There should be at least one meeting a year, or part thereof, where the external and internal auditors attend without management’s presence.

Frequency

- The Committee shall meet at least four times a year.
- External auditors or internal auditors may request a meeting if need be.

Authority

The Committee is authorised by the Board to:

- a) investigate any activity within its terms of reference;
- b) seek any information that it requires from any employee and all employees shall cooperate with any request made by the Committee;
- c) have a yearly budget to launch enquiries when necessary.

Duties

Financial reporting

- to review, and challenge where necessary, the actions and judgements of management, in relation to the company's financial statements, operating and financial review, preliminary announcement and related formal statements, including external guidance before submission to the Board, paying particular attention to:
 - i) critical accounting policies and practices, and any changes in them;
 - ii) financial decisions requiring a significant element of judgement;
 - iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;

- iv) the clarity of disclosures;
- v) significant adjustments resulting from the audit;
- vi) the going concern assumption;
- vii) compliance with accounting standards;
- viii) compliance with stock exchange and other legal requirements.

- to consider other topics, as defined by the Board.

Internal Control and Risk Management

- to review and approve the Risk Management Framework and Policy;
- to review the company's procedures for detecting fraud;
- to review the company's procedures around cybersecurity and cyber risks;
- to oversee the ESG reporting;
- to review the company's whistleblowing procedures, ensuring that arrangements are in place by which employees may raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
- to review management's and the internal auditor's reports on the effectiveness of systems for internal control, financial reporting and risk management;
- to review the statement in the annual financial statements on the Company's internal controls and risk management framework;
- to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor risks.

Internal Audit

- review and approve the Internal Audit charter
- to review the internal audit programme and ensure that the internal audit function is adequately resourced, is independent and has appropriate standing within the company;
- to ensure that the internal auditor has direct access to the chairman of the Board and the Committee;
- to receive a report on the results of the internal auditors' work on quarterly basis or immediately if the situation requires;
- to review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- to monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system;
- have private sessions with head of internal audit;
- review performance of head of internal audit;
- to approve the appointment or dismissal of the head of internal audit.

External Audit

- to consider the appointment and removal of the external auditor and assess its independence, ensuring that Global Engagement Partner is rotated at appropriate intervals;
- to recommend the audit fee to the Board and approve any fees in respect of non audit services provided by the external auditor;

- to ensure that the provision of non audit services does not impair the external auditor's independence;
- to discuss and agree the nature and scope of the audit;
- to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- to oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- to review and monitor the content of the external auditor's management letter and to consider management's response;
- to review with the external auditors, the findings of their work, including, any major issues that arose during the course of the audit;
- to review and assess at the end of the audit cycle the effectiveness of the audit process.

Organisation

- Management shall provide the Committee with material for a meeting at least 4 working days prior to the meeting.
- The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.
- The Committee's chairman shall report to the Board of Directors after each meeting.
- The Committee members shall conduct an annual review of their work and of these terms of reference and make recommendations to the Board.
- The Committee's duties and activities during the year shall be disclosed in the annual report.
- The Committee's chairman, or its delegate, shall attend the AGM and shall answer questions, through the chairman of the Board, on the Audit Committee's activities and their responsibilities.

Regulatory Compliance and Governance

The company's head of compliance shall be requested by the Board to give the Committee every assistance in discharging its responsibility for overseeing compliance by the company with its responsibilities in these areas.

The Secretary shall maintain the Committee's timetable to ensure all topics of AC responsibility are reviewed and documented every year.

Approved by the Audit Committee and the Board of Directors of TEMENOS AG on 11 September 2003, last amended on 13 February 2024.