

Company Number: 45582

BOUSSARD AND GAVAUDAN HOLDING LIMITED
(the “Company”)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (the “Committee”)

APPROVED BY THE BOARD ON 28 AUGUST 2013
UPDATED BY THE SECRETARY ON 19 JULY 2017
APPROVED BY THE BOARD ON 27 JULY 2017
UPDATED BY THE SECRETARY ON 29 JUNE 2018
APPROVED BY THE BOARD ON 23 AUGUST 2018
UPDATED BY THE SECRETARY ON 17 APRIL 2019
APPROVED BY THE BOARD ON 28 AUGUST 2019
APPROVED BY THE BOARD ON 27 AUGUST 2020
UPDATED BY THE SECRETARY ON 4 MAY 2021
APPROVED BY THE BOARD ON 27 AUGUST 2021

Constitution

1. The Board of Directors of Boussard and Gavaudan Holding Limited (the “**Company**”) resolved on 13 October, 2006 to establish the Committee in accordance with Article 26.13 of the Articles of Incorporation of the Company. The Committee consists of Mr Andrew Howat, Ms Sylvie Sauton and, effective 21 April 2021, Mr Bruce James. Mr Howat was appointed as Chairman on 27 July, 2017.

Purpose

2. The purpose of the Committee is to ensure that the Company maintains high standards of integrity, financial reporting and internal controls. In order to achieve these standards, the core focus of the Committee relates to oversight, assessment and review of the functions carried out by the management of the Company and the functions carried out by the external auditor.

Membership

3. The Committee shall consist of not less than two members (the “**Members**”). All members shall be independent non-executive directors of the Company.
4. Each Member shall be appointed by the Board. At least one Member should have recent and relevant financial experience.
5. The Chairman of the Committee shall also be appointed by the Board from the independent non-executive directors.
6. If a Member is unable to act, the Committee’s Chairman may appoint another director to serve as an alternative Member, having due regard to the need for all Members to be independent non-executive directors and the need to have at least one Member with recent and relevant financial experience.
7. Appointments to the Committee shall be for a period of up to 3 (three) years, which may be extended for 2 (two) further 3 (three) year periods, provided that the relevant director remains independent.

Meetings

8. The Committee shall meet at least twice per year and, where appropriate, its meetings should coincide with the dates when the half-yearly and annual financial reports of the

Company are to be considered by the Board.

9. The quorum for the transaction of business by the Committee shall be two Members.
10. The Chairman of the Board, other directors and a representative of the external auditor shall attend meetings at the invitation of the Committee.
11. The Company's Secretary (the "**Secretary**") shall be secretary of the Committee.
12. A meeting of the Committee may be called by any member or by the Secretary. The external auditor may request a meeting if they consider that one is necessary.
13. Notice of each meeting of the Committee confirming the venue, time and date, together with an agenda of items to be discussed shall, unless otherwise agreed by all Members, be forwarded to each Member not less than five working days prior to the date of the meeting. Supporting papers shall be sent to the Members and to other attendees as appropriate at the same time.
14. A video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Members participates and all participants can hear and speak to each other shall be a valid meeting, provided that no member physically present in the United Kingdom or France shall participate in such meeting.

Authority

15. The Committee is, within its terms of reference, authorised by the Board to:
 - a) investigate any relevant activity;
 - b) seek any information that it requires from any employee of service providers to the Company and all employees and service providers are directed to cooperate with any request made by the Committee;
 - c) if considered necessary, obtain outside legal or independent professional advice, secure the attendance of advisers with relevant experience and expertise; and
 - d) commission any reports or surveys deemed necessary to help the Committee fulfil its obligations.
16. Although the Committee can seek the advice and assistance of any executive of the Company, it must ensure that this role is clearly separated from their role within the business.

Responsibilities

17. The responsibilities of the Committee shall be:
 - a) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, ensuring that key partners are rotated at appropriate intervals;
 - b) to oversee the process for appointing, re-appointing and removing the external auditor and make appropriate recommendations through the Board to the shareholders to consider at each annual general meeting;
 - c) to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
 - d) to review the external auditor's management letter, any other findings and recommendations and to consider management's response;

- e) to recommend the audit fee to the Board and pre-approve any fees in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity;
- f) at least annually to consider the need for establishing an internal audit function and make a recommendation thereon to the Board;
- g) to review the Company's procedures for prevention, detection and reporting of fraud and review the Company's procedures for handling allegations from whistleblowers;
- h) to review management's reports on the effectiveness of systems of internal financial control, financial reporting and risk management;
- i) to review and challenge, where necessary, the actions and judgments of management in relation to the half-yearly and annual financial reports before their consideration by the Board, paying particular attention to:
 - (i) critical accounting policies and practices and any changes in them;
 - (ii) decisions requiring a major element of judgment;
 - (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 legal, regulatory and corporate governance requirements;
 - (ix) the Company's statement on internal control systems prior to its approval by the Board and the policies on and process for identifying and assessing business risks and the management of those risks by the Company; and
 - (x) the Company's disclosures regarding compliance with the UK Corporate Governance Code (or such other corporate governance code as either voluntarily or compulsorily reported against by the Company).
- j) to review the valuation policies of the Company and in particular the policy and methodology adopted for the valuation of its unlisted investments;
- k) to review any proposed changes to the valuation and accounting policies of the Company;
- l) to review the effectiveness of financial reporting, as well as the operation of the internal control procedures and risk management systems;
- m) to review any significant transactions outside the normal business of the Company;
- n) to review all complaints against the Company and to review the procedures designed to deal with them and to mitigate the risk of the grounds for any such complaints recurring;
- o) to consider any other matters referred to it by the Board for consideration and recommendation;
- p) to review its own performance at least once a year to ensure that it is operating at maximum effectiveness, recommend any changes it considers necessary to the Board for approval and where necessary, update these Terms of Reference;

- q) to have regard in the performance of its duties to any published guidelines and recommendations regarding its activities; and
- r) to review the terms of the Investment Management Agreement.

Reporting procedures

- 18. The Secretary shall minute the proceedings and all resolutions passed at all meetings of the Committee, as well as keep appropriate records.
- 19. The Secretary shall at the beginning of each meeting seek confirmation from the Members of the existence of any conflicts of interest and minute them accordingly.
- 20. Minutes of Committee meetings shall be circulated promptly to all Members and, once agreed, to the Board. Any director may, upon request to the Secretary, obtain copies of the Committee's agenda and minutes.
- 21. A separate section of the annual report should describe how the audit committee discharged its responsibilities, including:
 - a) the significant issues it considered in relation to the financial statements and how these were addressed;
 - b) an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted; and
 - c) if the external auditor provides non-audit services, an explanation of how the auditor's objectivity and independence is safeguarded.
- 22. The Committee shall, as appropriate, provide advice to the Board on whether the annual financial 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.
- 23. In addition, membership of the Committee and Members' attendance at its periodic meetings shall be reported in the Company's annual financial report.
- 24. The Chairman of the Committee shall attend the Board meeting at which the accounts are approved and report the key issues which, in the opinion of the Committee, should be brought to the attention of the Board in relation to the financial statements, other statutory disclosures and internal control weaknesses.
- 25. The Committee's Chairman shall attend annual general meetings and be prepared to respond to any shareholder's questions on the activities of the Committee.

Disclosure

- 26. The Committee shall make publicly available these Terms of Reference. These Terms of Reference are currently made available via the Company's website www.bgholdingltd.com.
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