

## **Gamma Communications plc**

### **Audit & Risk Committee (ARC)**

#### **Terms of Reference**

Adopted by the Board on 25 July 2024 and last revised on 13 May 2026

#### **1. Membership**

- 1.1 The committee shall comprise at least three members. Members of the committee shall be appointed by the board of directors (the “Board”), on the recommendation of the nomination committee in consultation with the chair of the audit committee. The chair of the Board shall not be a member of the committee.
- 1.2 All members of the committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.
- 1.3 Only members of the committee have the right to attend committee meetings. However, the external auditor, the internal auditor, the executive directors and the risk director will be invited to attend meetings of the committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 Appointments to the committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent. Members may be re-appointed following a gap but still remain subject to the independence condition and a maximum of nine years total service.
- 1.5 The Board shall appoint the committee chair. In the absence of the committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

#### **2. Secretary**

- 2.1 The company secretary, or his or her nominee, shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

#### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members.

#### **4. Frequency of meetings**

- 4.1 The committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the committee chair will maintain a dialogue with key individuals involved in the Group’s governance, including the Board chair, the chief executive, the CFO, the risk director, the external audit lead partner and the head of internal audit.

## **5. Notice of meetings**

- 5.1 Meetings of the committee shall be convened by the secretary of the committee at the request of any of its members or at the request of the external audit lead partner, head of internal audit, executive directors or risk director if they consider it necessary.
- 5.2 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, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

## **6. Minutes of meetings**

- 6.1 The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the committee chair.

## **7. Annual General Meeting**

The committee chair should attend the annual general meeting to answer shareholder questions on the committee's activities. In addition, the committee chair should seek and manage engagement with shareholders on significant matters related to the committee's area of responsibility.

## **8. Duties**

The committee should have oversight of the Group as a whole and carry out the duties below for the Company, its major subsidiary undertakings and the Group as a whole, as appropriate.

### **8.1 Financial reporting**

8.1.1 The committee shall monitor the integrity of the financial statements of the Group, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance (including trading statements), reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.

8.1.2 In particular, the committee shall review and challenge where necessary:

8.1.2.1 the consistency of, and any changes to, significant accounting policies both on a year-on-year basis and across the Group;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the Group has followed appropriate accounting standards and policies and made appropriate estimates and judgements, taking into account the views of the external auditor;

- 8.1.2.4 the clarity and completeness of disclosure in the Group's financial reports and the context in which statements are made; and
- 8.1.2.5 all material information presented with the financial statements, such as the strategic review and the corporate governance statements relating to the audit and to financial risk management.
- 8.1.3 Where the committee is not satisfied with any aspect of the proposed financial reporting by the Group, it shall report its views to the Board.
- 8.1.4 Where practicable and consistent with any prompt reporting requirements under any law or regulation including the UK Listing Rules, Prospectus Regulation Rules, UK Market Abuse Regulation and Disclosure Guidance and Transparency Rules, the committee shall review the half and full year results statements requiring board approval which include financial information prior to such statements being reviewed by the Board.

## **8.2 Narrative reporting**

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 Group's performance, business model and strategy. Where the committee is not satisfied with any aspect of the narrative reporting by the Group, it shall report its views to the Board.

## **8.3 Internal controls and risk management systems**

Responsibility for matters set out in paragraphs 8.3 – 8.7 inclusive remains with the Board. The committee shall assist by Board by undertaking the following:

- 8.3.1 keep under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems;
- 8.3.2 review and approve the statements to be included in the annual report concerning internal controls and risk management and assurance; and
- 8.3.3 compile a report on its activities to be included in the Group's annual report. The report should include how the Board has monitored and reviewed the effectiveness of the risk management and internal control framework and policies; a declaration of effectiveness of the material controls as at the balance sheet date; and any material controls which have not operated effectively, if any, and the actions taken or proposed to be taken to improve them and any action taken to address previously reported issues.

## **8.4 Compliance and fraud**

- 8.4.1 review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or any other matter relating to the Group (the whistleblowing service). The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and

- 8.4.2 review the Group's procedures to mitigate, detect and appropriately manage fraud.

## **8.5 Internal audit**

- 8.5.1 approve the appointment or termination of the head of internal audit;
- 8.5.2 monitor, review and approve the charter of the internal audit function, ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, monitor and review the effectiveness of its work, ensure it is equipped to perform in accordance with appropriate professional standards for internal auditors and ensure that it is appropriate for the current needs of the Company;
- 8.5.3 ensure the internal auditor is independent from the executive and has direct access to the Board chair and to the committee chair, and is accountable to the committee;
- 8.5.4 ensure the internal auditor has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between and access to different functions, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- 8.5.5 review, assess and approve the annual internal audit work plan to ensure it is aligned to key risks of the business;
- 8.5.6 receive a report on the results of the internal auditor's work on a periodic basis;
- 8.5.7 review and monitor management's responsiveness to and actions taken on the internal auditor's findings and recommendations to support the effective working of the internal audit function;
- 8.5.8 meet with the head of internal audit at least once a year without the presence of management to discuss the effectiveness of the function;
- 8.5.9 consider whether an independent, third party review of internal audit effectiveness and processes is appropriate; and
- 8.5.10 monitor and review annually the effectiveness of the Group's internal audit functions in the context of the Group's overall risk management system, assessing whether the quality, experience and expertise of internal audit is appropriate for the business.

NB The internal audit function may be supplied by an external party; or staffed internally; or as a combination.

## **8.6 External audit**

- 8.6.1 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 Group's external auditor;

- 8.6.2 ensure that at least once every ten years the audit services contract is put out to tender to enable the committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- 8.6.3 if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.6.4 oversee the relationship with the external auditor including (but not limited to):
  - 8.6.4.1 approving their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - 8.6.4.2 approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 8.6.4.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - 8.6.4.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Group (other than in the ordinary course of business) which could adversely affect the external auditor's independence and objectivity;
  - 8.6.4.5 agreeing with the Board a policy on the employment of former employees of the Group's external auditor, and monitoring the implementation of this policy;
  - 8.6.4.6 monitoring the external auditor's process for maintaining independence and compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements;
  - 8.6.4.7 assessing annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
  - 8.6.4.8 seeking to ensure co-ordination with the activities of the internal audit function; and
  - 8.6.4.9 evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.

- 8.6.5 meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 8.6.6 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 8.6.7 evaluate the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the committee;
- 8.6.8 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 8.6.8.1 a discussion of any major issues which arose during the audit;
  - 8.6.8.2 key accounting and audit judgements;
  - 8.6.8.3 levels of errors identified during the audit; and
  - 8.6.8.4 the effectiveness of the audit process.
- 8.6.9 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.6.10 review the management letter and management's response to the auditor's findings and recommendations; and
- 8.6.11 develop and implement 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.

## **8.7 Risk Management**

- 8.7.1 maintain, monitor and review the risk management and internal control framework and policies and carry out a review of its effectiveness annually;
- 8.7.2 determine the nature and extent of the principal risks faced and make recommendations to and advise the Board in determining those risks, and any new, emerging or unexpected risks, which the organisation is willing to take in achieving its strategic objectives i.e. Determining its "Risk Appetite";
- 8.7.3 review mitigation of the principal risks, to reduce the likelihood of their incidence or impact, in line with the organisation's risk appetite and provide constructive challenge to those mitigation plans;
- 8.7.4 ensure that an appropriate risk management culture exists within all levels of the organisation, and that risk assessment and control is an integrated part of decision-making of the Group;
- 8.7.5 monitor and review the risk management and internal control systems, and satisfy itself that they are functioning effectively, and that corrective action is being taken where necessary;

- 8.7.6 ensure that management report to the Board all high-risk areas/matters that have been identified at least annually, and to immediately report risks that could have a material impact on the group; and
- 8.7.7 review and approve the remit of the risk management activity and ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively. Also ensure the function, however organised, has adequate independence.

## **9. Reporting responsibilities**

- 9.1 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 also formally report to the Board on how it has discharged its responsibilities. This report shall include:
  - 9.1.1 the significant issues that it considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;
  - 9.1.2 its assessment of the effectiveness of the external audit process (required under paragraph 8.6.4.7) and its recommendation on the appointment or reappointment of the external auditor;
  - 9.1.3 any significant / material issues and weaknesses related to internal control and risk management; and
  - 9.1.4 any other issues on which the Board has requested the Committee's opinion.
- 9.2 The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The committee shall compile a report on its activities to be included in the Group's annual report. The report should include an explanation of how the committee has addressed the independence and the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; 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; how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, and all other information requirements set out in the UK Corporate Governance Code. The committee shall also be responsible for overseeing a report to be included in the Company's annual report to cover statements of the Company's risk management strategy and policy, and principal risks.
- 9.4 In the 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. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

**10. Other matters**

The committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and associated guidance on both, and the requirements of the FCA's UK Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate, along with emerging governance, audit and risk management best practices;
- 10.4 be responsible for co-ordination of the internal and external auditors;
- 10.5 oversee any investigation of activities which are within its terms of reference;
- 10.6 work and liaise as necessary with all other Board committees, for example, the remuneration committee to ensure that the Group's risk appetite and its approach to risk management, where appropriate, is reflected in senior executive reward systems; and
- 10.7 arrange for periodic reviews of 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.

**11. Authority**

The committee is authorised to:

- 11.1 seek any information it requires from any employee of the Group in order to perform its duties;
- 11.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 11.3 call any employee to be questioned at a meeting of the committee as and when required;
- 11.4 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; and
- 11.5 Delegate any matter or matters to another committee or person(s) as it deems appropriate.

\*\*\*\*\*