

AUDIT COMMITTEE TERMS OF REFERENCE

FORESIGHT VCT PLC

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1 Introduction

The Board resolved at the time of incorporation to establish a committee of the Board to be known as the Audit Committee.

2 Membership

- 2.1 The members of the committee are the appointed committee members. The Chair of the Company may attend as an observer. A quorum is two independent members.
- 2.2 The committee shall comprise at least three directors, all of whom are independent non-executive directors. The Chair of the Board shall not be a member of the Audit Committee.
- 2.3 This is to ensure the independence of the Committee and to avoid any actual or perceived conflicts of interest. The Audit Committee shall comprise only independent non-executive directors, in accordance with the AIC Code of Corporate Governance and the FRC's Minimum Standard for Audit Committees
- 2.4 At least one member of the committee should have recent and relevant financial experience to the satisfaction of the Board. The Chair of the Committee is Patty Dimond.
- 2.5 The Chair of the committee is appointed by the Board.

3 Attendance of Meetings

- 3.1 A representative of the external auditors should attend at least one meeting a year. All Board members have the right of attendance at this meeting. However, if there are Board members who are not also members of the Committee, the committee shall meet at least once a year with those Board members.
- 3.2 The Company Secretary is the secretary of the committee.

4 Frequency of meetings

- 4.1 Meetings will be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

5 Authority

- 5.1 The committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any officer and all officers, advisers and service providers are directed to co-operate with any request made by the committee.

- 5.2 The committee is authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 5.3 The Board retains overall responsibility for the Company's system of internal controls and risk management. The Audit Committee is established to assist the Board in fulfilling its oversight responsibilities in these areas.

6 Duties

- 6.1 The duties of the committee are:
- 6.1.1 to identify and consider the key areas of risk in relation to the business activities and financial statements of the company' including:
- (i) Valuation of investments,
 - (ii) Evidence of ownership of investments; and
 - (iii) Compliance with HM Revenue & Customs conditions for maintenance of approved Venture Capital Trust Status.
- 6.1.2 to consider new and emerging risks as they arise;
- 6.1.3 to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them;
- 6.1.4 to review the company's internal financial controls and, unless expressly addressed by a separate board risk committee, or by the board itself, to review the company's internal control and risk management systems;
- 6.1.5 to make recommendations to the board, for putting to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment, resignation or dismissal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- 6.1.6 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- 6.1.7 to develop and implement policy on engaging the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and to make recommendations as to the steps to be taken;
- 6.1.8 to discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination if more than one audit firm is involved;

- 6.1.9 to review the half-year and annual financial statements before submission to the Board, focussing particularly on:
- (i) any changes to accounting policies and practices;
 - (ii) valuation of investments and other major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards and valuations of investments; and
 - (vi) compliance with stock exchange and legal requirements;
- 6.1.10 to ensure the interim and final accounts are fair, balanced and understandable, and to discuss problems and reservations arising from the audits, and any matters the auditor may wish to discuss (in the absence of the Manager where considered appropriate);
- 6.1.11 to monitor and review the effectiveness of any internal audit activities. If there is no internal audit function, to consider annually if there is a need for such an audit and to make a recommendation to the board.
- 6.1.12 to review the external auditor's management letter and management's response;
- 1.1.13 to consider the major findings of internal investigations and the Manager's response; and
- 6.1.14 to consider other topics, as defined by the Board.
- 6.1.15 Ensure the committee has primary responsibility for overseeing the relationship with the external auditor.
- 6.1.16 Auditor independence and objectivity.
- 1.1.17 Audit quality assessments.
- 6.1.18 Engagement with shareholders on auditor appointment, if required.
- 6.1.19 Disclosure of significant issues considered in relation to financial statements.
- 6.1.20 members should receive ongoing training on financial reporting and audit developments.
- 6.1.21 review its own effectiveness annually.

7 In Camera Sessions

- 7.1 The Audit Committee shall hold in camera sessions, without executive management present, at the end of each meeting or as otherwise deemed appropriate by the Committee Chair. These sessions may include discussions with the external auditor, internal auditor, or other independent advisors.

- 7.2 The purpose of these sessions is to facilitate open and candid dialogue on matters that may not be appropriate for discussion in the presence of management, including but not limited to audit quality, risk management, internal controls, and the performance of executive functions.
- 7.3 The Chair shall ensure that any key outcomes or recommendations from in camera sessions are appropriately documented and, where necessary, reported to the Board while maintaining confidentiality and independence in line with the principles of the AIC Code of Corporate Governance.

8 Internal Controls and Risk Management

- 8.1 The Committee shall (with effect from 1 January 2026):
- (i) Monitor the integrity of the financial statements and any formal announcements relating to the company's financial performance.
 - (ii) Review the adequacy and effectiveness of the company's internal control and risk management systems.
 - (iii) Oversee the relationship with the external auditor, including their appointment, independence, effectiveness, and remuneration.
 - (iv) Review the effectiveness of the internal audit function (if applicable) or the need for one.
 - (v) Report to the Board on how it has discharged its responsibilities.
 - (vi) Oversee the annual review of the risk management and internal control framework.
 - (vii) Ensure the Board can make a formal declaration on the effectiveness of material controls.
 - (viii) Identify and report any controls that did not operate effectively.
- 8.2 The Committee is authorised by the Board to:
- (i) Investigate any matter within its terms of reference.
 - (ii) Seek any information it requires from any officer, employee, adviser, or service provider of the company, all of whom are directed to cooperate with any request made by the Committee.
 - (iii) Obtain independent legal or professional advice at the company's expense.
 - (iv) Secure the attendance of external parties with relevant experience and expertise if it considers this necessary.

9 Reporting procedures

- 9.1 The secretary will circulate the minutes of the meetings of the committee to all members of the Board.
- 9.2 These terms of reference, including the Committee's role and the authority delegated to it, should be made available to shareholders on request and on the company's website.

Dated: 4 September 2025