

**ODYSSEAN INVESTMENT TRUST PLC**  
(the "Company")

**AUDIT COMMITTEE**

**Terms of Reference**

(Approved on 21 November 2024)

**1 DEFINITIONS**

- 1.1 Reference to the "**Committee**" shall mean the Audit Committee.
- 1.2 Reference to the "**Board**" shall mean the board of directors of the Company.
- 1.3 Unless otherwise stated, reference to "**Chairman**" shall mean the Chairman of the Committee.
- 1.4 Unless otherwise stated reference to "**Secretary**" shall mean the Secretary of the Committee.

**2 MEMBERSHIP**

- 2.1 The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee.
- 2.2 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 an internationally recognised professional accountancy body and with competence in accounting and/or auditing. The Chairman of the Board may be a member of the Committee but may not be Chairman of the Committee. If the Chairman of the Board is a member of the Committee, the Board should explain in the annual report why it believes this is appropriate. Any member who fails to remain independent will step down from the Committee.
- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals (if not members of the Committee) such as other directors of the Company, representatives of the Company's portfolio manager or other external advisers may be invited to attend all or part of any meeting, as and when appropriate and necessary.
- 2.4 The auditor of the Company, as appropriate, will be invited to attend meetings of the Committee on a regular basis.
- 2.5 Appointments to the Committee shall be for a period of up to three years which may be extended for further periods, provided the director still meets the criteria for membership of the Committee. The Board may fill vacancies in the Committee by appointment from amongst the Board. The Board shall appoint the Chairman who shall be an independent non-executive director. In the absence of the Chairman and/or an appointed deputy at a Committee meeting, the remaining members of the Committee present shall elect one of themselves to chair the meeting.
- 2.6 Each member of the Committee shall disclose to the Committee:

- (a) any personal financial or other interest in any matter to be decided by the Committee;  
or
- (b) any potential conflict of interest arising from a cross-directorship or otherwise;

and any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.

### **3 SECRETARY**

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.

### **4 QUORUM**

- 4.1 The quorum necessary for the transaction of business shall be two members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 4.2 Members may participate in a meeting of the Committee by means of a telephone or other communication equipment.
- 4.3 Any matters to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by an instrument or instruments in writing signed by all members of the Committee (including in counterparts) and any such action shall be as effective as if it had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

### **5 FREQUENCY OF MEETINGS**

- 5.1 The Committee shall meet at least two times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 5.2 Outside of the formal meeting programme, the Chairman, and to a lesser extent the other Committee members, shall maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board and the audit lead partner.

### **6 NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be convened by the Secretary at the request of any of its members or at the request of the auditor if they consider it necessary.
- 6.2 Unless otherwise agreed by the Committee, 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 and all other non-executive directors no later than five working days before the date of the meeting. The Secretary or his or her

nominee shall ensure that supporting information and papers shall be sent to Committee members and other attendees as appropriate at the same time.

- 6.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **7 MINUTES OF MEETINGS**

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Secretary shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.
- 7.3 Draft minutes of Committee meetings shall be agreed with the Chairman and then circulated promptly to all members of the Board, unless it would be inappropriate to do so in the opinion of the Chairman.

## **8 ANNUAL GENERAL MEETING**

The Chairman shall attend the Company's annual general meeting prepared to respond to any shareholder questions on the Committee's activities.

## **9 DUTIES**

The Committee should have oversight of, and carry out the duties below for, the Company, major subsidiary undertakings (if any) and the group as a whole (if a group is in existence), as appropriate.

### **9.1 Financial reporting**

- (a) The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.
- (b) In particular, the Committee shall review and challenge where necessary:
- (i) the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company;
  - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
  - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the auditor's views;

- (iv) any significant adjustments resulting from the audit;
  - (v) compliance with applicable regulatory and legal requirements;
  - (vi) compliance with best practice in the area of corporate governance;
  - (vii) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
  - (viii) all material information presented with the financial statements, such as the strategic report and the corporate governance statement (in so far as it relates to the audit and to risk management).
- (c) The Committee shall review the annual report in its entirety.
  - (d) The Committee shall review the summary financial reports.
  - (e) The Committee shall review circulars issued in respect of major non-routine transactions.
  - (f) The Committee shall review press statements and advertisements relating to financial matters prior to their issue.
  - (g) The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out 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 made by the Financial Conduct Authority (the "**FCA**") under section 73A of the Financial Services and Markets Act 2000 ("**FSMA**") (the "**Listing Rules**") or the Disclosure Guidance and Transparency Rules made by the FCA under section 73A of FSMA (the "**Disclosure Guidance and Transparency Rules**").
  - (h) 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.

## 9.2 **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 Company's position and performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the AIC Code of Corporate Governance (the "**Code**").

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

The Committee shall, as appropriate given the nature of the Company:

- (a) carry out robust assessment of the Company's emerging and principal risks and confirm

in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.

- (b) keep under review the Company's risk management and internal financial controls and, at least annually, review their adequacy and effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls;
- (c) ensure that there are clear processes for bringing significant issues to its attention more rapidly when required, and agreed triggers for doing so;
- (d) review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement;
- (e) review and approve statements explaining how assets have been invested with a view to spreading investment risk;
- (f) liaise with the Board and ensure that other statements regarding the Company's portfolio manager, including relevant details of its remuneration and appointment and its continued appointment, are included in the annual report;
- (g) ensure that the annual report includes:
  - (i) the full text of the Company's published investment policy;
  - (ii) a detailed and meaningful analysis of the Company's investment portfolio; and
  - (iii) a summary of the valuation of the Company's portfolio made in accordance with the Listing Rules; and
- (h) consider annually whether there is a need for the Company to have its own internal audit function and make a recommendation to the Board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report.

#### **9.4 Compliance, whistleblowing and fraud**

The Committee shall as appropriate given the nature of the Company:

- (a) review the adequacy and security of the Company's arrangements for its contractors to raise concerns, in confidence, about possible wrongdoing 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;
- (b) review the Company's procedures for detecting fraud;
- (c) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;

- (d) review the adequacy and effectiveness of the Company's anti-money laundering systems and controls;
- (e) review the adequacy and effectiveness of the Company's compliance function;
- (f) ensure the effective operation of the Company's data protection policy; and
- (g) review the Portfolio Manager's six-monthly report on voting in investee companies.

## 9.5 **Audit**

The Committee shall:

- (a) consider and make recommendations to the Board, to be put to shareholders for approval at the Company's annual general meeting, in relation to the appointment, re-appointment and removal of the Company's auditor. The Committee shall conduct the selection process for new auditors and, if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- (b) 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, conduct the selection procedure ensuring that all tendering firms have such access to all necessary information and individuals during the tendering process. No single firm may serve as the Company's auditor for a period exceeding 20 years;
- (c) if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (d) oversee the relationship with the auditor including but not limited to:
  - (i) approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and
  - (ii) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (e) monitor and assess, at least annually, the auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats and the provision of any non-audit services;
- (f) satisfy 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;

- (g) monitor 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;
- (h) monitor the level of fees paid by the Company to the auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;
- (i) assess annually the qualifications, expertise and resources, and independence of the auditor and the effectiveness of the audit process, which shall include a report from the auditor on their own internal quality procedures;
- (j) evaluate the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of withdrawal of the auditor from the market in that evaluation in the light of the auditor's communications with the Committee;
- (k) develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
  - (i) threats to the independence and objectivity of the auditor and any safeguards in place;
  - (ii) the nature of the non-audit services;
  - (iii) whether the audit firm is the most suitable supplier of the non-audit service;
  - (iv) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
  - (v) the criteria governing compensation;
- (l) meet regularly with the auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, meet with the auditor at least once a year specifically to discuss the auditor's remit and any issues arising from the audit;
- (m) discuss with the auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- (n) review the findings of the audit with the auditor. This shall include but not be limited to, the following:
  - (i) a discussion of any major issues which arose during the audit;
  - (ii) the auditor's explanation of how the risks to audit quality were addressed;

- (iii) any accounting and audit judgements;
- (iv) the auditor's view of their interactions with the Board and the Company's portfolio manager;
- (v) levels of errors identified during the audit; and
- (vi) the effectiveness of the audit;
- (o) review any representation letter(s) requested by the auditor before they are signed by the Board;
- (p) review any response from the Board to the auditor's findings and recommendations; and
- (q) review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

## **10 REPORTING RESPONSIBILITIES**

- 10.1 The Chairman shall report formally to the Board on the Committee's 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:
  - (a) the significant issues that it considered in relation to the financial statements (required under paragraph 9.1(a)) and how these were addressed;
  - (b) its assessment of the effectiveness of the external audit process (required under paragraph 9.5(i)), the approach taken to the appointment or reappointment of the auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
  - (c) any other issues on which the Board has requested the Committee's opinion.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall compile a report on its activities, including its membership and frequency of and attendance at its meetings, to be included in the Company's annual report. The report should include an explanation of how the Committee has assessed the independence and effectiveness of the audit process (including the provision of non-audit services and an explanation of how, if the auditor provides non-audit services to the Company, auditor objectivity and independence, is safeguarded); 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; its recommendation on the appointment, re-appointment or removal of the auditor, including the length of the incumbent auditor's tenure, when a tender was last conducted, advance notice of any retendering plans, any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the

auditor for any of its services; and all information requirements set out in the Code.

- 10.4 In compiling the reports referred to in 10.1 and 10.3, 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 provide cross-references to that information. In annual and half-yearly financial statements, the Committee should state whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, identify any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.
- 10.5 Taking into account the Company's current position and principal risks, the Committee shall explain in the annual report how it has assessed the prospects of the Company, over what period it has done so and why it considers that period to be appropriate. The Committee should state whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

## 11 OTHER MATTERS

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
- 11.2 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;
- 11.3 give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the Listing Rules, the Prospectus Rules made by the FCA under section 73A of FSMA (the "**Prospectus Rules**") and Disclosure Guidance and Transparency Rules and the Alternative Investment Fund Managers Directive and any other applicable rules, as appropriate;
- 11.4 oversee any investigation of activities which are within its terms of reference;
- 11.5 work and liaise as necessary with all other Board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees; and
- 11.6 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 for approval.

## 12 AUTHORITY

The Committee is authorised to:

- 12.1 seek any information it requires from any member of the Board or any director or employee of

the portfolio manager in order to perform its duties;

- 12.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference;
- 12.3 call any officers of the Company to be questioned at a meeting of the Committee as and when required; and
- 12.4 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.