
TERMS OF REFERENCE

**Audit & Risk Committee
of
Finsbury Growth & Income Trust PLC**

Last reviewed November 2025

Revised September 2024

Adopted by the Board
3 May 2017

Finsbury Growth & Income Trust PLC
Audit & Risk Committee - Terms of Reference

The Audit & Risk Committee (the “Committee”) is a committee of the Board of Directors of Finsbury Growth & Income Trust PLC (the “Board”), from which it derives its authority and to which it reports.

Background

These terms of reference have been produced to accord with the relevant Principles of The AIC Corporate Governance Code (“AIC Code”) published in August 2024 and, where deemed applicable, to follow the Guidance on Audit Committees published by the Financial Reporting Council in April 2016 (“FRC Guidance”), as well as Audit Committees and the External Audit: Minimum Standard published in May 2023 (“Minimum Standard”).

The Financial Reporting Council has confirmed that AIC Member companies that report against the AIC Code and who follow the AIC’s Corporate Governance Guide for Investment Companies will be meeting their obligations in relation its UK Corporate Governance Code published in January 2024 and associated disclosure requirements under the UK Listing Rules.

1. Membership, Appointment and Attendees *FRC Guidance 2.12 to 2.15 and AIC Code Provision 29*

- 1.1 The Committee is appointed by the Board, in accordance with the Articles of Association of the Company.

Membership

- 1.2 The Committee shall comprise three or more independent non-executive Directors appointed by the Board.
- 1.3 The Chairman of the Board may be a member of the Committee but will not act as Chairman of the Committee.
- 1.4 At least one member of the Committee shall have significant, recent and relevant financial experience and competence in accounting and/or auditing.
- 1.5 The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 1.6 Members must declare any conflicts of interest or potential conflicts of interest at the start of each meeting.

Appointments

- 1.7 Appointments to the Committee shall be for an initial period of three years which may be extended for further period(s) of three years subject to the Committee member still meeting the criteria for membership of the Committee.
- 1.8 All Directors seek re-election on an annual basis. Members are appointed to this Committee on the same basis.
- 1.9 The Chairman of the Committee shall be appointed by a majority of the Board, giving particular consideration to those Board members with relevant financial experience and may be paid an additional fee in recognition of the extra duties involved. *FRC Guidance 2.28*

Secretary

- 1.10 The Company Secretary to the Board shall act as Secretary of the Committee and provide governance and administrative support to the Committee.

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1.11 Attendees FRC Guidance 2.20

- (a) Any other Board members;
- (b) The external auditor;
- (c) A representative of the Company Secretary;
- (d) Any person or persons from the AIFM or Portfolio Manager invited by the Committee;
- (e) Any other person(s) who the Committee may invite from time to time.

The attendees, listed above, are not members of the Committee and accordingly will be required to leave a meeting of the Committee (permanently or temporarily) if the Committee, or the Chairman of the Committee, considers it appropriate or desirable for them to do so.

2. Meetings and Quorum FRC Guidance 2.18 to 2.22

Frequency of Meetings

- 2.1 Meetings will usually be held four times each year to i) review the Company's draft Annual Report & Financial Statements, ii) review the Half Year Report of the Company, iii) consider the audit plan prior to the start of each annual audit cycle and iv) to consider the principal and emerging risks faced by the Company and to review the schedule of key risks and internal controls. It may also meet at such other times as the Chairman of the Committee shall require.
- 2.2 A representative of the external auditors shall attend not less than one meeting per year, such meeting will include the review of the annual results. The Chairman or another member shall meet the audit partner at least once during the year to discuss the auditors' remit and without management, to discuss matters relating to their remit and any issues arising from the audit.
- 2.3 The external auditors may request additional meetings if they consider them necessary.

Notice of Meetings

- 2.4 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee not less than five working days prior to the date of the meeting. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed.
- 2.5 The Committee shall, at least once a year, evaluate its own performance, constitution and terms and make any necessary recommendations for change to the Board, to ensure the continued maximum effectiveness of the Committee. – FRC Guidance 2.11

Annual General Meeting

- 2.6 The Chairman of the Committee shall attend the Annual General Meeting of the Company to respond to any questions that may be raised as matters within the Committee's area of responsibility.

Quorum

- 2.7 The quorum necessary for the transaction of business shall be two members of the Committee.
- 2.8 A meeting of the Committee may consist of a conference between members some or all of whom are in different places provided that each member who participates in the meeting is able to hear and address each of the other participating members.

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3. Minutes, Reporting and Disclosure

Minutes

- 3.1 The Committee shall cause minutes of all proceedings of the Committee to be taken.
- 3.2 The signed minutes of each meeting of the Committee shall be circulated to all Directors and attendees as appropriate provided that no conflict or conflicts of interest would arise thereby.

Reporting *FRC Guidance 3.29*

- 3.3 The Chairman of the Committee will report to the Board on how the Committee has discharged its responsibilities.

Disclosure

- 3.4 A description of the Committee's duties and activities during the year shall be disclosed in the Annual Report.

4. Resources, Advice and Training *FRC Guidance 2.23 to 2.26*

Resource

- 4.1 The Committee shall be provided with sufficient resources to undertake its duties.
- 4.2 The Committee shall have access to the services of the Company Secretary on all Committee matters including:
- assisting the Chairman of the Committee in planning the Committee's work;
 - drawing up meeting agendas;
 - maintenance of minutes;
 - drafting of material about its activities for the annual report; and
 - collection and distribution of information and provision of any necessary practical support.

Advice

- 4.3 The Committee shall have the power to engage independent counsel and other professional advisers at the expense of the Company.

Induction and Training *FRC Guidance 2.17*

- 4.4 The Committee shall establish any process it considers necessary for the induction of new Committee members and, where required, ongoing training of existing Committee members.

5. Scope of Authority *FRC Guidance 1.5 and 1.6*

The Committee is authorised to:

- 5.1 to carry out any investigation relevant to its terms of reference.
- 5.2 to take independent professional advice and to request any officer or adviser as they see fit, and at the expense of the Company, to attend meetings of the Committee in order to obtain such information or advice.
- 5.3 seek any information it reasonably requires from a representative of any third party service provider in order to perform its duties;
- 5.4 request a representative of a third party service provider to attend any meeting of the Committee;

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5.5 have timely and unrestricted access to relevant documents relating to the affairs of the Company.

6. Responsibilities of the Committee *FRC Guidance 2.10 and AIC Code Provision 30*

6.1 The principal responsibilities of the Committee are set out below with further detail provided in Appendix 1:

- to monitor the integrity of the **financial reporting** of the company, including its annual and half-yearly reports, preliminary announcements and any other formal statements 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;
- in addition, 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 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 Code;
- to review the Company's internal financial controls and risk management systems;
- to review the arrangements for reporting of fraud;
- to review the need for an internal audit function;
- to make recommendations in relation to the retention or change of external auditors, their independence, and the provision of non-audit services; and
- to report to the Board, on how it has discharged its responsibilities, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

The Committee members must act in accordance with the Directors' Duties set out in ss. 171 - 177 of the Companies Act 2006.

7. Annual Report Disclosure *AIC Code Provision 31*

The Committee shall ensure that the requirements of AIC Code Provision 31 are addressed by describing the workings of the Committee in the Annual Report including:

- an explanation of why it believes that it is appropriate for the Company Chairman to be a member of the Committee;
- the significant issues it has considered relating to the financial statements and how these were addressed;
- an explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
- if the Board does not accept the Committee's recommendation on the external auditor's appointment, reappointment or removal, a statement explaining its recommendation and the reasons why the Board has taken a different position; and
- an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services.

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The Committee shall ensure disclosure in the Annual Report of all the disclosure requirements in the AIC Code, as amended from time to time.

PRINCIPLE RESPONSIBILITIES OF THE COMMITTEE

1. Financial Reporting *FRC Guidance 3.32 to 3.38*

The Committee shall:

- review the significant financial reporting issues, estimates and judgments made in connection with the preparation of the Company's financial statements, Announcements of Results and related formal statements (e.g. release of price sensitive information)
- consider the Company's significant accounting policies and whether they are appropriate;
- review the adequacy and scope of the external audit and compliance with regulatory and financial reporting requirements, the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context;
- satisfy itself that the Annual and Half Year Reports and any other significant published financial information are properly and carefully prepared, and taken as a whole give a fair representation of the Company's affairs;
- review related information presented with the financial statements, including all elements of the strategic report, and corporate governance statements; and
- where Board approval is required for other statements containing financial information (for example, summary financial statements, significant financial returns to regulators and release of price sensitive information) review such statements first, wherever practicable.

2. Internal Controls and Risk Management Systems *FRC Guidance 3.39 to 3.44 and AIC Code principles 33-34*

The Committee shall:

- review the Company's internal financial controls which have been established by the service providers to identify, assess, manage and monitor financial risks;
- review reports from management on the effectiveness of risk management and internal control systems, including operational and compliance controls, and review reports on the conclusions of any testing carried out by the external auditor; and
- review and approve the statements included in the Annual Report in relation to internal controls, the management of risk, including an explanation of what procedures are in place to identify emerging risks, and the viability statement. From the Company's financial year beginning 1 October 2026, the Committee shall additionally review and approve statements included in the Annual Report relating to a description of how the Board has monitored and reviewed the effectiveness of the framework; a declaration of effectiveness of the material controls as at the balance sheet date; and a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.

3. Whistleblowing and Fraud *FRC Guidance 4.9*

The Committee shall review the arrangements by which staff of service providers to the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and satisfy itself that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action. The Committee shall review the service provider's procedures for detecting fraud.

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4. Audit

4.1 Internal FRC Guidance 3.46

The Committee annually shall monitor and review the need for an internal audit function, make an appropriate recommendation to the Board and where applicable ensure that the reasons for the absence of such a function are explained in the relevant section of the Annual Report.

4.2 External FRC Guidance 3.57 to 3.65, Minimum Standard 4.

The Committee shall:

- be responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditor and on their terms of engagement and remuneration;
- review and monitor the external auditor's independence and objectivity;
- review and discuss with the external auditor their engagement letter issued at the start of each audit;
- ensure that the appropriate plans are in place for the audit, at the start of each audit cycle, ensuring that the external auditor has full access to Company personnel and records, and engage with shareholders on the scope of the external audit, where appropriate;
- arrange for additional work to be undertaken, if the Committee is not satisfied as to the adequacy of the scope of the proposed audit;
- meet annually with the auditor to review the annual results, discuss any major issues that arose during the course of the audit and, if necessary, seek amendments to the Letter of Representation to be given by the Board. It shall also review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- annually assess the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process. It shall also invite challenge by the external auditor, giving due consideration to points raised and making changes to financial statements in response, where appropriate;
- develop and recommend to the Board the Company's policy on the provision of non-audit services by the external auditor, specifying the types of non-audit work from which the auditor is excluded, taking into account relevant regulations and ethical guidance and reporting to the Board on any improvement or action required. It shall also require that the Company manages its non-audit relationships with audit firms to ensure that it has a fair choice of suitable external auditors at the next tender and in light of the need for greater market diversity and any market opening measures which may be introduced.;
- consider and, if appropriate, approve all non-audit work to be carried out by the external auditor, considering the impact this may have on independence and, where non-audit services are provided, ensure that the relevant disclosures are made in the Annual Report; and
- conduct the tender process and oversee the selection process, where the Committee recommends the selection of possible new appointees as external auditor.

Further detail on the Audit Committee's responsibilities for oversight of the audit, and for the audit tender process, are discussed in more detail within the Minimum Standard sections 6. – 24.

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(https://media.frc.org.uk/documents/Audit_Committees_and_the_External_Audit_Minimum_Standard.pdf)
and addressed within the Company's Audit Tender Guidelines.