

**WITAN INVESTMENT TRUST PLC (“Witan” or “the Company”) Audit Committee
WITAN INVESTMENT SERVICES LIMITED (“WIS”) Risk Committee
Together the “Committees”**

Terms of reference of the Committees approved by the Board on 7 December 2020

Constitution, Purpose and Principle

The Audit Committee is established by the Witan Board to assist the directors in applying financial reporting, internal control and risk management principles, and to maintain an appropriate relationship with Witan and WIS’s (“the Group”) auditors. The Committee’s responsibilities cover the Group.

The Risk Committee is responsible for providing assurance to the WIS Board on risks affecting WIS and the appropriateness and effectiveness of the internal controls in place to monitor such risks. The Risk Committee also reports to the Audit Committee.

Authority

The Committees are authorised to:

- Investigate any activity within their terms of reference;
- Have access to all relevant information of the Group; and
- Obtain outside professional advice at the Group’s expense.

1. Membership

1.1. The Committees shall comprise at least three members. Members of the Committees shall be appointed by the Boards of Witan and WIS, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committees. Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members continue to be independent.

1.2. All members of the Audit 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. The Committee as a whole should have competence relevant to the sector in which the Company operates.

The members of the Risk Committee shall comprise the members of the Audit Committee plus at least one representative of the AIFM Executive Management team.

The Chairman of the Board shall not be a member of the Committees.

1.3. Only members of the Committees have the right to attend Committee meetings. However, the Chairman and Chief Executive Officer, together with other officers of the Company, and the external auditor will be invited to attend meetings of the Committees 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. The Board of Witan shall appoint the Audit Committee Chairman and the Board of WIS shall appoint the Risk Committee Chairman. In the absence of the Committees’ Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

The Company Secretary, or its nominee, shall act as the Secretary of the Committees and will ensure that the Committees receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members, in person or by telephone. A duly convened meeting of the Committees 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 Committees.

4. Frequency of meetings

- 4.1. The Committees shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The Committees may meet jointly or separately as they consider appropriate.
- 4.2. Outside the formal meeting programme, the Committees' Chairman will maintain a dialogue with key individuals involved in the Group's governance, including the Board Chairman, the Chief Executive, and the external audit lead partner.

5. Notice of meetings

- 5.1 Meetings of the Committees shall be convened by the Secretary of the Committees at the request of any of its members or at the request of the external audit lead partner 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 Committees, any other person required to attend and all other non-executive directors, no later than five 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 Committees, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committees meetings shall be circulated promptly to all members of the Committees. 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 Committees' Chairman.

7. Engagement with shareholders

The Chairman of the Committees should attend the annual general meeting to answer shareholder questions on the Committee's activities. In addition the Committees' Chairman should seek engagement with shareholders on significant matters related to the Committees' areas of responsibility.

8. Duties of the Audit Committee

The Audit Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for Witan, WIS 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 preliminary announcements if any and any other formal announcement relating to its financial performance, reviewing and reporting to the Witan Board on significant financial reporting issues and judgements which those statements 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 application 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 adopted appropriate accounting 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 disclosures in the Group's financial statements and the context in which statements are made; and

8.1.2.5 All material information presented with the financial statements, including the strategic report, the corporate governance statements relating to the audit and to risk management and the Section 172 statement.

8.1.3 The Committee shall review any other statements requiring board approval which contain financial information, 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, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook.

8.1.4 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, it shall report its views to the Witan Board.

8.2 Narrative reporting

Where requested by the Witan 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.

8.3 Compliance, speaking-up and fraud

The Committee shall:

8.3.1 review the adequacy and security of the Company's arrangements for its employees, contractors and external parties 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;

- 8.3.2 review the Group's procedures for detecting fraud;
- 8.3.3 review the Group's systems and controls for the prevention of bribery and tax evasion and receive reports on non-compliance;
- 8.3.4 review regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Group's anti-money laundering systems and controls. [Note that this task is delegated to the WIS Board as the most appropriate Group entity to discharge this responsibility]; and
- 8.3.5 review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Group's compliance function. [Note that the compliance with AIFMD related regulations and FCA requirements is delegated to WIS and monitored by the Risk Committee. Specialist advice from external lawyers and subject matter experts is sought when appropriate].

8.4 Internal audit

The Committee shall consider annually whether there should be an internal audit function and make a recommendation to the Board accordingly; the absence of such a function should be explained in the annual report.

8.5 External Audit

The Committee is the body responsible for overseeing the Group's relations with the external auditor. The Committee shall:

- 8.5.1 Consider and make recommendations to the Witan 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;
- 8.5.2 Develop and oversee the selection procedure for the appointment of the audit firm in accordance with applicable Code and regulatory requirements, ensuring that all tendering firms have such access as is necessary to information and individuals during the tendering process;
- 8.5.3 If an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.5.4 Oversee the relationship with the external auditor including, in this context the Committees shall:
 - 8.5.4.1 Approve their remuneration including fees for both 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;
 - 8.5.4.2 Approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

- 8.5.5 Assess annually the external auditor's independence and objectivity taking into account relevant law, regulation, the Ethical Standard and other professional requirements and the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
- 8.5.6 Satisfy itself that there are no relationships between the auditor and the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- 8.5.7 Agree with the Witan Board a policy on the employment of former employees of the Group auditor, taking into account the Ethical Standard and legal requirements, and monitor the implementation of this policy;
- 8.5.8 Monitoring the auditor's process for maintaining independence, compliance with relevant law, regulation, other professional requirements and the Ethical Standard including guidance on the rotation of audit partner and staff;
- 8.5.9 Monitor the level of fees paid by the Group to the external auditor compared with 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
- 8.5.10 Assess annually the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- 8.5.11 Seek to ensure co-ordination of the external audit with the activities of any internal audit function;
- 8.5.12 Evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- 8.5.13 Develop and recommend to the Board the Group's formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the Committees 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
- 8.5.13.1. Threats to the independence and objectivity of the external auditor and any safeguards in place;
- 8.5.13.2. The nature of the non-audit services;
- 8.5.13.3. Whether the external audit firm is the most suitable supplier of the non- audit service;

8.5.13.4. The fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and

8.5.13.5. The criteria governing compensation.

8.5.14 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 meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;

8.5.15 Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

8.5.16 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

8.5.16.1 A discussion of any major issues which arose during the audit;

8.5.16.2 The auditor's explanation of how the risks to audit quality were addressed;

8.5.16.3 Key accounting and audit judgements;

8.5.16.4 The auditor's view of their interactions with senior management;
and

8.5.16.5 Levels of errors identified during the audit.

8.5.17 Review any representation letter(s) requested by the external auditor before they are signed by management;

8.5.18 Review the management letter and management's response to the auditor's findings and recommendations; and

8.5.19 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. This review should include examination of any Audit Quality Review issued during the period by the FRC on the Group's audit firm and consideration of any deficiencies identified that could have a bearing on the Group's audit quality.

8.6 The Committee shall review the provision of directors' training.

9. Duties of the Risk Committee

9.1 Risk appetite, tolerance and strategy

9.1.1 Advise the board on the Group's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Group is willing to take in order to achieve its long-term strategic objectives.

The Committee should seek assurance on the risks the Group identifies as those to which the business may be exposed. The risks will be specific to the Group's circumstances but are likely to include many of the following:

Threats to the business model or future performance; Operational risk; Transactional risk; Capital; Insolvency; Market risk; Liquidity; Counterparty risk; Conduct risk; Material litigation; Reputational risk; Environmental, Social and Governance (ESG) issues; Ethical codes; IT operations, including cyber risk; Health and safety; Pandemic risk; Business continuity plans; Duties under the Companies Act 2006.

Other risks specific to the Company's sector and its operations need to be identified and may, for example, include:

Regulatory and legal risks; Investment risk; Insurance risk; Credit limits; Regulatory stress testing; Risk exposures and limits; Asset impairments; Risk trends, concentrations and correlations; Research and development; Terrorism; Major accident.

9.1.2 Advise the board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.

9.1.3 Advise the board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on implications for the risk appetite, tolerance and strategy of the Group, and taking independent external advice where appropriate and available.

9.2 Narrative reporting

The Committee shall carry out the following duties to assist the board in fulfilling its reporting responsibilities in the annual report.

9.2.1 Monitor and review the effectiveness of the Group's risk management and internal control systems;

9.2.2 Review the Group's procedures to manage or mitigate principal risks and to identify emerging risks, to assist in the board's assessment of principal and emerging risks;

9.2.3 Review and assess the Group's risk appetite and associated stress testing;

9.2.4 Evaluate the Group's principal risks, to be taken into account by the board when assessing the Group's prospects; and

9.2.5 Review and approve the statements to be included in the annual report concerning internal controls and risk management.

9.3 Internal controls and risk management systems

The Committee shall oversee and seek suitable assurance regarding:

9.3.1 The risk exposures of the Group, including risk to the Group's business model, and solvency and liquidity risks;

- 9.3.2 The adequacy and effectiveness of the Group's processes and procedures to manage risk and the internal control framework, including the design;
- 9.3.3 Implementation and effectiveness of those systems;
- 9.3.4 The ability of the Group's risk management and internal control systems to identify the risks facing the Group and enable a robust assessment of principal risks;
- 9.3.5 The Group's capability to identify and manage new and emerging risks;
- 9.3.6 The effectiveness and relative costs and benefit of particular controls;
- 9.3.7 The effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and ensuring corrective action is taken when necessary;
- 9.3.8 The Group's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise; and
- 9.3.9 The appropriateness of the Group's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the Group.

9.4 Other matters

The Risk Committee shall:

- 9.4.1 Ensure appropriate, documented and regularly updated due diligence process is implemented when appointing new managers;
- 9.4.2 Ensure on an annual basis (or more frequently if deemed necessary) updated operational due diligence information is received from all appointed investment managers and the annual rolling programme of investment managers visit is performed;
- 9.4.3 Ensure that the portfolio risk profile corresponds to the size, portfolio structure and investment strategies and objectives of the Company;
- 9.4.4 Review the Company's exposure to gearing;
- 9.4.5 Review on an annual basis the valuation of assets and the process supporting this valuation in place with the AIF's administrators; and
- 9.4.6 Review on an annual basis the ICAAP and Pillar III reporting for Witan Investment Services Limited.

10. Duties of both Committees, to be undertaken jointly

10.1 Internal controls and risk management systems

The Committee shall:

- 10.1.1 Keep under review the Group's internal financial controls systems that identify, manage and monitor financial risks, and other internal control and risk management systems; and
- 10.1.2 Review and approve the statements to be included in the annual report concerning internal controls, risk management including the assessment of principal risks and emerging risks, and the viability statement.
- 10.2 Review and determine the existence of risk of Conflicts of Interest for directors and staff of the Company and Witan Investment Services Limited and review the appropriateness of the conflicts policy.
- 10.3 Review periodically the existing major contracts undertaken by the Group for investment management, depositary, custody, investment accounting, savings plan administrators, company secretarial and other services., considering inter alia the quality of service and value for money of each supplier.
- 10.4 Review the arrangements for the monitoring of investment restrictions, and their consistency and inter-action across different investment managers.
- 10.5 Review the values attributed to the Company's unquoted investments.
- 10.6 Ensure that the Group maintains appropriate and necessary compliance with the Financial Conduct Authority and other financial regulators.
- 10.7 Review the reporting of investment performance and the methodology in use.
- 10.8 Monitor the work done by Bookham Consulting and LWF Consulting.

11. Reporting responsibilities

- 11.1 The Chairman of the Committees shall report formally to the Boards of Witan and WIS as appropriate on their proceedings after each meeting on all matters within their duties and responsibilities and shall also formally report to the Boards on how they have discharged their responsibilities. This report shall include:
 - 11.1.1 The significant issues that the Audit Committee considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;
 - 11.1.2 The Audit Committee's assessment of the effectiveness of the external audit process (required under paragraph 8.5.10) on the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - 11.1.3 Any other issues on which the Boards have requested the Committees' opinion.
- 11.2 The Committees shall make whatever recommendations to the Boards they deem appropriate on any area within their remit where action or improvement is needed.

- 11.3 The Audit Committee shall compile a report on its activities to be included in the Company's annual report. The report should describe the work of the Committee including:
- 11.3.1 The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
 - 11.3.2 An explanation of how the Committees have 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; and
 - 11.3.3 An explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services having regard to matters communicated to it by the auditor and all other information requirements set out in the Code.
- 11.4 In compiling the reports referred to in 11.1 and 11.3, the Committees 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.
- 11.5 The Committees will liaise to ensure that, while minimising duplicated activity, a comprehensive system of risk monitoring, with clearly defined responsibilities, is in place for the Witan Group as a whole as well as for WIS in its role as AIFM.

12. Other matters

The Committees shall:

- 12.1 Have access to sufficient resources in order to carry out their duties, including access to the Company Secretary for advice and assistance as required;
- 12.2 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;
- 12.3 Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 12.4 Oversee any investigation of activities which are within their terms of reference;
- 12.5 Work and liaise as necessary with all other Board committees ensuring interaction between committees and with the Board is reviewed regularly;
- 12.6 Ensure that a periodic review of the Committees' own performance is carried out; and

- 12.7 At least annually, review their constitution and terms of reference to ensure they are operating at maximum effectiveness and recommend any changes they consider necessary to the Board for approval.

13. Authority

The Committees are authorised to:

- 13.1 Seek any information they require from any employee of the Group in order to perform their duties;
- 13.2 Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter if they believe it necessary to do so;
- 13.3 Call any employee to be questioned at a meeting of the Committees as and when required; and
- 13.4 Have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committees and the Board. If the board has not accepted the Committees' recommendation on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the Committees' recommendation and the reasons why the board has taken a different position.

14. Adoption of terms of reference

These terms of reference were approved by the Board of directors on 7 December 2020.