

MOSL Audit and Risk Committee: Terms of Reference

1. Membership

- 1.1 Members of the Audit and Risk Committee (the 'Committee') are appointed by the Board. The Committee comprises at least three members, two of whom are non-executive directors of the company. At least one member shall have recent and relevant financial experience (ideally with a professional qualification from one of the professional accountancy bodies).
- 1.2 With the consent of the Board, the Committee may co-opt one member who is not a member of the Board to broaden its relevant skills base.
- 1.3 The Chair shall be appointed by the Board.
- 1.4 The Chair of the Board may not be the Chair of the Committee nor a member of the Committee, but may be invited to attend, as required, by the Committee Chair.
- 1.5 Appointments to the Committee shall be for a period of up to three years, which may be extended at the discretion of the Board, provided the Committee member still meets the criteria for membership.
- 1.6 The Committee shall receive appropriate and timely training or updates on regulatory changes or items of interest within its remit.

2. Meetings

- 2.1 Meetings of the Committee shall be called by the Committee Chair.
- 2.2 Meetings shall normally be held at such times as the Committee deems appropriate, taking into account the financial reporting and audit cycle and not less than three times a year. At least one meeting shall be held to prepare and review the Committee Chair's annual report to the Board and to review the Annual Report and Financial Statement (the "ARFS").
- 2.3 The Chairs of the Committee and the Digital and Data Committee may decide additionally to hold a joint meeting of the two committees for educational or risk management purposes.
- 2.4 Outside the formal meeting programme, the Committee Chair shall maintain a dialogue with key individuals involved in the company's governance, including the Board Chair, the Chief Executive, the Finance Director, the External Auditor, the Company Secretary and the Head of People, Risk and Compliance.
- 2.5 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with the agenda, shall be given 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 or as soon as possible thereafter.
- 2.6 Committee members shall agree on the yearly meeting cycle dates at the beginning of each financial year. Committee meetings shall be held via video conferencing by default.
- 2.7 Only members of the Committee have the right to attend and vote at Committee meetings. However, the External Auditor, Finance Director, Head of People, Risk and Compliance and Chief Executive Officer shall be standing attendees to meetings. The Market Operator Compliance Auditor (the 'MO Compliance Auditor') may be invited to attend, as required. Other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.8 Any Board member wishing to attend meetings of the Committee as an observer may do so with the consent of the Committee Chair.
- 2.9 The quorum necessary to transact business is any three Committee members.

- 2.10 In the absence of the Committee Chair, the remaining members present may elect one of their number to chair the meeting.
- 2.11 The Company Secretary or their nominee ensures that the minutes of the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance, are taken.
- 2.12 Minutes of Committee meetings shall be circulated for viewing as a draft to the Committee Chair no later than ten business days after the meeting and confirmed as accurate. Following this feedback the minutes shall be circulated all Committee members within 15 business days of the meeting being held.

3. Reporting

- 3.1 The Committee Chair shall report to the Board on the Committee's proceedings and any significant issues for the Board's attention, after each Committee meeting, at the next meeting of the Board.
- 3.2 The Committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 3.3 The Committee shall prepare a report on its role and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in the ARFS. Such a report shall include:
 - a summary of the role of the Committee;
 - the names and relevant qualifications of all members of the Committee during the period;
 - the number of Committee meetings and attendance by each member; and
 - the way the Committee has discharged its responsibilities, including how it has addressed any significant issues it has considered in relation to the financial statements and its assessment of the effectiveness of the external audit process.
- 3.4 The Committee Chair shall attend the company's Annual General Meeting (the 'AGM') to answer questions, through the Chair of the Board, on the Committee's activities and its responsibilities.

4. Responsibilities

- 4.1 The Committee shall carry out the duties below for the company.

Financial Reporting

- 4.1.1 Monitor the integrity of the ARFS, reviewing and reporting to the Board on the significant financial reporting issues and judgements which they contain, having regard to matters reported to it by the External Auditor.
- 4.1.2 Review and challenge where necessary:
 - the consistency of, and any changes to, significant accounting policies on a year-on-year basis;
 - the methods used to account for significant or unusual transactions where different approaches are possible;
 - whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the External Auditor;
 - the clarity and completeness of disclosure in the company's financial reports and the context in which statements are made; and

- all material information presented within the ARFS, such as the business review and the corporate governance statements relating to the audit and to risk management.
- 4.1.3 Whether the narrative reporting, and the ARFS as a whole, is fair, balanced and understandable and provides the information necessary to members to assess the company's performance, business model and strategy.
- 4.1.4 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.

Internal Controls and Risk Management Systems

- 4.1.5 Keep under review the adequacy and effectiveness of MOSL's internal controls and risk management systems.
- 4.1.6 The Committee is responsible for reviewing and recommending the organisation's risk appetite to the Board.
- 4.1.7 The Committee shall review management's assessment of risk, and seek assurances as to the management of those risks consistent with the risk appetite. The Committee shall review the high-level risk heat map and risk register at least twice a year, and may seek a detailed examination of specific risks from time to time.
- 4.1.8 The Board has delegated operational oversight of MOSL's system resilience and security vulnerability risks, incorporating cyber security and data security risks, to the Digital and Data Committee, as per the Digital and Data Committee's Terms of Reference. The Committee remains responsible for the associated risk appetite, and should be informed of material data breaches and security incidents. The Committee shall coordinate with the Digital and Data Committee, as appropriate, and the Chairs of each Committee shall meet, as required, but at least annually.
- 4.1.9 Review and approve the statements to be included in the ARFS concerning internal controls, governance and risk management.

Compliance, Whistleblowing and Fraud

- 4.1.10 Assess the adequacy and security of the company's arrangements for managing legal risk, including:
- arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
 - MOSL's procedures for detecting fraud; and
 - MOSL's systems and controls for the prevention of bribery and monitoring compliance with the Bribery Act¹.
- 4.1.11 Review regular reports from the Risk and Compliance Manager on legal risks and keep under review the adequacy and effectiveness of MOSL's compliance function.
- 4.1.12 Review and report to the Board on MOSL's compliance with its obligations in terms of the Market Codes².

Internal Audit

¹ The Bribery Act 2010 or such other legislation which may supersede it

² The Market Arrangements Code and Wholesale Retail Code as applicable

- 4.1.13 Ensure the internal audit function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors.
- 4.1.14 Ensure the Internal Auditor has direct access to the Chairs of the Board, and the Committee and is accountable to the Committee.
- 4.1.15 Review and approve the annual internal audit work plan.
- 4.1.16 Review and monitor management's responsiveness to internal audit findings and recommendations.
- 4.1.17 Request deep dives into specific areas as and when required.
- 4.1.18 Meet with the Internal Auditor at least once a year without the presence of management.
- 4.1.19 Annually review the effectiveness of MOSL's internal audit function, including assessing the function's independence, in the context of the company's overall risk management system.

Market Operator Compliance Audit

- 4.1.20 Approve the appointment, re-appointment, remuneration and removal of the MO Compliance Auditor, taking into consideration best practice recommendations, including a retender process to be undertaken at least every ten years.
- 4.1.21 Agree the Market Operator Auditor's approach to the audit of MOSL's compliance with the Market Codes, including its operation of the Market Performance Framework.
- 4.1.22 Annually review the written audit report submitted by the MO Compliance Auditor and report to the Board on the adequacy of compliance.

Market Assurance

- 4.1.23 Annually review the effectiveness and scope of the market audit function, including review and approval of the market audit plan.
- 4.1.24 Alongside the Performance Assurance Committee, review and approve the proposals for Market Audits of trading parties.
- 4.1.25 Review progress and monitor the implementation of market audit findings and insights.

External Audit

- 4.1.26 Consider and make recommendations to the Board, to be put to the members for approval at the AGM, in relation to the appointment, re-appointment and removal of the External Auditor, taking into consideration best practice recommendations, including a retender process to be undertaken at least every ten years.
- 4.1.27 Oversee the relationship with the External Auditor, including:
 - approving their remuneration, including both fees for audit and non-audit services³;
 - approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - monitoring both the External Auditor's compliance with relevant ethical and professional guidance on the rotation of the audit partner, and the level of fees paid by the company compared to the overall fee income of the firm, office and partner; and

³ Subject, each year at MOSL's AGM, to MOSL's members authorising the Board/the Committee to approve this (pursuant to s751 Companies Act 2006). Thresholds for the approval of non-audit fees are defined by the Schedule of Delegated Authority

- assessing the independence and objectivity of the External Auditor annually.
- 4.1.28 Meet regularly with the External Auditor, and at least once a year, without management being present, to discuss the conduct of the audit and any issues arising.
- 4.1.29 Review and approve the annual audit plan having regard to the seniority, expertise and experience of the audit team.
- 4.1.30 Review the representation letter requested by the External Auditor before it is signed by management.
- 4.1.31 Review the management letter and management's response to the External Auditor's findings and recommendations.
- 4.1.32 Review the effectiveness of the external audit process.

Effectiveness

- 4.1.33 At least once every two years, the Committee shall review its effectiveness by way of evaluation and terms of reference and recommend any changes it considers necessary to the Board for approval.
- 4.1.34 The Committee is authorised by the Board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference. The Committee shall obtain consent from the Board Chair, and the CEO, or the Company Secretary prior to an expense being incurred.

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Approved by the Board on 27 February 2026

5. Annexure One – Record of the amendments made

Date	Amendments
27 February 2026	Board approved the amendments to the ARC Terms of Reference
10 December 2025	Audit and Risk Committee amendments: <ul style="list-style-type: none"> • 1.5 amended to reflect the increase in possible terms of independent non-executive directors beyond two terms of three years each • Amendment to Committee training to reflect the practice on updates on regulations/items of interest within their remit • Notice of meetings and supporting papers aligned with the Board ToR • Minutes SLA aligned with the Board ToR • 4.1.20 and 4.1.26 addition of the requirement to retender for the external auditor and MO compliance auditor every 10 years • 4.1.34 amended to require consent to be obtained prior to expenses for external advice being obtained • Addition of a record of the amendments made to the ToR
4 June 2025	Board approval of the amendments to the ARC Terms of Reference
21 May 2025	Audit and Risk Committee amendments: <ul style="list-style-type: none"> • Delegation from the board to the Committee to approve the appointment and remuneration of the Market Operator Auditor; and • Delegation from the Board to the Committee to approve the appointment and remuneration of the External (statutory) Auditor, subject to support from members at the AGM annually.