

CEPI Audit and Risk Committee Terms of Reference

a) Appointment and membership

The Audit and Risk Committee (“ARC”) and the Chair of the ARC are appointed by the Board from the among the members of the Board. At least four (4) members of the Board shall be appointed to constitute the ARC. The term of service for ARC members is customarily for the duration of their terms on the Board. The appointment remains in force unless and until the Board decides otherwise.

The Board shall be entitled to appoint additional voting members to provide specialist skills, knowledge and experience, as may be recommended by the Chair of the ARC. The term of these expert members will customarily be for three (3) years and their appointment is subject to renewal and/or removal by the Board.

A quorum shall be three (3) appointed members of the Board for any meeting at which the ARC’s delegated powers are to be exercised, and in cases where no decisions are to be taken, two (2) members. The Chair of the ARC or the Chair of the Board may nominate alternative board delegates if one or two appointed members of the Board are unable to attend a meeting.

All appointments shall be made with due regard to the need to understand CEPI’s objectives, structure and culture, and other legislative and accountability contexts within which it operates. ARC members will collectively possess knowledge and skills in accounting, risk management, audit, financial governance and technical issues relevant to the business and strategic management of CEPI.

The ARC may invite independent experts to participate in its meetings as observers or on an ad hoc basis to provide insights and/or guidance on issues that may be referred to them. Any costs associated with the Board appointing additional members of the ARC or the ARC extending invitations to experts in an observer or ad hoc capacity, will be borne by CEPI Management, including reasonable consulting or professional fees and travel costs. .

The Secretary to the ARC is the Director of Compliance, Risk and Assurance of CEPI.

b) Attendance of non-members at meetings

The CEO, Deputy CEO, CFO, General Counsel, Director of Compliance Risk and Assurance and the Head of Internal Audit, shall attend meetings and a representative of the external auditor shall attend meetings at the invitation of the ARC. Other members of CEPI Management may also be invited or required to attend meetings or to act as minute taker on the CEO’s behalf.

The Committee shall meet with the external auditor at least once a year without the presence of management.

c) Frequency of meetings

Meetings shall be held customarily four (4) times a year and, where appropriate, will coincide with the financial reporting cycle to the CEPI Board.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the items to be discussed and any relevant papers shall be sent to ARC members and all other persons required to attend, no later than 5 working days before the date of the meeting.

In addition to its scheduled meetings, further meetings of the ARC shall be called by the secretary at the request of any of the chair, two members, or the external auditor.

d) Delegated Authority

The Board delegates authority to the ARC to investigate any activity within these terms of reference and, within its scope of responsibilities, to seek any information it requires and to ensure the attendance of management representatives at meetings as appropriate.

The ARC has the authority to obtain outside legal or independent professional advice.

e) Reporting procedures

Draft minutes of the meetings shall be circulated within 10 working days of the meeting taking place to the chair of the ARC and then to all members and attendees of the ARC.

A summary of ARC meetings shall be provided to the Board at the next meeting, with full minutes available on request. The ARC Chair will summarise PCC discussions at Board meetings.

The ARC shall, review its own performance, 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. This will customarily be done annually.

The Chair of the ARC may be asked to provide input or support work on behalf of the Board or join other committees for items as needed.

f) The ARC's Responsibilities

The ARC agrees with the Secretary on the scope, format, and frequency of reports and information required to enable the ARC to discharge its responsibilities effectively.

Financial Statements and Budget

- Review CEPI's proposed budget and long-term forecasts before Board approval, including connection with delivery and performance
- Monitor integrity of financial statements and interim reports, focusing on:
 - Consistency and compliance of accounting policies
 - Treatment of significant or unusual transactions
 - Estimates, judgements, and clarity of disclosures. Ensures robust processes for preparing financial statements and the Annual Report

External audit

- Assess annually the external auditor's qualifications, independence, resources, and effectiveness of the audit process.
- Ensure objectivity and performance of the auditor, including reporting of material control weaknesses or significant deficiencies.
- The Chair of the ARC discusses audit scope and quality control procedures with the external auditor before commencement.
- Recommend continuation or rotation of the external auditor to the Board, oversee selection of new auditors, and investigate auditor resignation issues.
- Review the external auditor's management letter and management's response.

Internal controls and internal audit

- Ensure CEPI maintains an internal control system aligned with risk appetite and strategic objectives.
- Review design and effectiveness of internal controls over financial reporting and operations.
- Approve internal audit charter, plan, and budget; ensure sufficient authority, independence, and resources.
- Oversee Internal Audit function per CEPI's Internal Audit Charter.
- Review management's response to audit recommendations and any fraudulent or illegal acts.
- Review management's internal control statement prior to Board endorsement.

Risk and risk management

- Receive quarterly risk reports and review major risks, controls, and monitoring.
- Review and monitor the top risk register and mitigation measures against risk appetite.
- Provide oversight into CEPI’s risk appetite definition.

Compliance, whistleblowing and fraud

- Review compliance arrangements and findings from regulatory reviews.
- Assess adequacy of whistleblowing and anti-corruption policies.
- Review systems for preventing bribery and monitor reports of non-compliance.
- Receive and review reports on fraud, bribery, whistleblowing, data breaches, and related remediation actions.

Other

- Perform other oversight functions as requested by the Board.
- Review CEPI policies relevant to the ARC’s remit prior to Board/EIC approval, or as delegated by the Board.

Current version	
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