

INTERNATIONAL BIOTECHNOLOGY TRUST PLC

Audit Committee Terms of Reference

Approved by the Board on 26 October 2022

Function

1. The function of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control.

Membership

2. The Committee shall be appointed by the Board in accordance with the Articles of Association of the Company, and with reference to recommendations made by the Nominations Committee, shall consist of not less than three members all of which shall be independent Non-executive Directors of the Company. At least one member of the Committee should be considered by the Board to have recent and relevant financial experience and with competence in accounting and/or auditing. A quorum shall be two members.
3. The Audit Committee as a whole shall have competence relevant to the sector.
4. The Chair of the Committee, who shall not be the Chairman of the Board, shall be appointed by the Board and may be paid an additional fee in recognition of the extra duties involved. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. Except where he or she has a personal interest, the Chairperson shall have a casting vote.
5. The Company Chairman may be a member of, but not Chair, the Committee provided they were independent upon appointment as Chairman.
6. Only members of the Committee have the right to attend Committee meetings. However, external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
7. 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.
8. 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.

Meetings

9. The Committee shall meet at least twice a year. Meetings may be held more frequently if the Committee deems necessary or if required by the Company's auditor. Any action of the Committee may also be taken by an instrument or instruments in writing, including via email or other electronic means, including via the use of electronic signatures by all members of the

Committee 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.

10. The Company's auditor will be advised of the timing of Committee meetings and invited to meetings when appropriate and the Committee will have access to the auditors at any time if it so requires with or without other third parties being present.

Secretary

11. The Company Secretary shall be the secretary of the Committee and shall attend all meetings of the Committee.
12. The Company Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
13. The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Authority

14. The Committee is authorised by the Board to investigate any activity within its terms of reference and to seek any information it may require. It is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Committee is further authorised to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board.

Role and Responsibilities

15. The responsibilities of the Committee shall be:-

Financial Statements

- (a) to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, review and report to the Board on any significant financial reporting judgements contained in them, having regard to matters communicated to it by the Auditor;
- (b) In particular, the Committee shall review and challenge where necessary:
 - a. The application of significant accounting policies and any changes to them
 - b. The methods used to account for significant or unusual transactions where different approaches are possible
 - c. Whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the Financial Statements
 - d. The clarity and completeness of disclosures in the Financial Statements and the context in which statements are made
 - e. All material information presented with the Financial Statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.
- (c) where requested by the Board, the Committee should review the content of the Annual Report 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;
- (d) to review and, if appropriate, recommend to the Board, the Company's Annual and Half Yearly Reports;

Internal Control

- (e) to monitor and review annually whether an internal audit function is required;
- (f) to monitor the Company's accounting and financial internal control systems, and to monitor the internal control systems of the Investment Manager and other third party service providers, and to make recommendations on any improvements to such systems;
- (g) to monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements and its relationship with the relevant regulatory authorities;
- (h) to review the Company's compliance with the AIC Code of Corporate Governance, on an annual basis;
- (i) to review the Company's risk map at least on an annual basis;
- (j) to review whether it is appropriate for the Company's accounts be presented on a going concern basis;
- (k) to assess the Company's longer term viability, taking into account the Company's current position and principal risks, and report accordingly to shareholders within the Annual Report;

External Audit and Relationship with the External Auditor

- (l) to discuss any matters arising from the audit and recommendations made by the auditor;
- (m) to make recommendations to the Board, for it to put to the shareholders for their approval in a general meeting, in relation to the appointment, re-appointment and removal of the external auditor (including Audit tendering) and to approve the remuneration and terms of engagement of the external auditor;
- (n) to review annually and monitor the external auditor's independence and objectivity taking into consideration relevant UK professional and regulatory requirements;
- (o) to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm and to report to the Board, 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;
- (p) to assess annually the qualifications, expertise and 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;
- (q) to review the Audit Plan and the auditor fees on an annual basis together with any representation letters before recommending these to the Board for approval;
- (r) if any auditor resigns, investigate the issues leading to this and decide what action is required to remedy the situation; and
- (s) to consider other issues, as requested and defined by the Board.

Reporting procedures

16. The Committee Chair, or in their absence the elected chair of the relevant meeting, shall report on the issues raised at the meeting and make relevant recommendations to the Board at the earliest opportunity.
17. The Committee shall compile a report on its activities to be included in the Company's Annual Report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; 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; and all other information requirements set out in the Code. Information disclosed elsewhere in the Annual Report need not be repeated but could be cross-referenced.

Engagement with Shareholders

18. The Committee Chair should attend the Annual General Meeting to answer Shareholder questions.
19. The Committee Chair should seek engagement with Shareholders on significant matters related to the Committee's area of responsibility.

Whistle blowing

20. The Committee shall, from time to time, review the arrangements by which staff of the AIFM, the Portfolio Manager and Administrator and other service providers as the Committee sees fit 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.