

## Audit, Finance & Risk Committee Terms of Reference

### 1. CONSTITUTION

The audit & risk committee (the “**Committee**”) was constituted at a meeting of the Board of Directors (the “**Board**”) held on 22 April 2022 in accordance with the articles of association of BenevolentAI (R.C.S. Luxembourg: B255412) (the “**Company**”). The Committee’s remit was expanded to cover the annual Budget cycle during the Board meeting on the 21st of June 2022, with the name changed to reflect the addition responsibility to the audit, finance and risk Committee.

### 2. DUTIES AND TERMS OF REFERENCE

#### PART A - AUDIT

2.1 In accordance with the Luxembourg law of 23 July 2016 concerning the audit profession, as amended (the “**Audit Law**”), the Committee should carry out the duties below for the Company and its group as a whole, as appropriate:

- (a) inform the Board of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the Committee was in that process;
- (b) monitor the financial reporting drawing-up process and submit recommendations or proposals to ensure its integrity;
- (c) monitor the effectiveness of the Company’s internal quality control and enterprise risk management systems regarding the financial reporting of the Company, including reviewing publications and disclosures of all financial results, without breaching its independence;
- (d) monitor the statutory audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the Commission de Surveillance du Secteur Financier pursuant to Article 26(6) of Regulation (EU) No 537/2014;
- (e) review and monitor the independence of the *cabinet de révision agréé* (approved audit firm) in accordance with Articles 19 to 25 of the Audit Law and Article 6 of Regulation (EU) No 537/2014, in particular the appropriateness of the provision of non-audit services to the Company in accordance with Article 5 of that regulation;
- (f) develop, oversee and be responsible for the procedure for the selection of *réviseur(s) d’entreprises agréé(s)* (approved statutory auditor(s)) or *cabinet(s) de révision agréé(s)* (approved audit firm(s)) or, where appropriate, *cabinet(s) d’audit* (audit firm(s)) and recommend the *réviseur(s) d’entreprises agréé(s)* (approved statutory auditor(s)) or *cabinet(s) de révision agréé(s)* (approved audit firm(s)) or, where appropriate, *cabinet(s) d’audit* (audit firm(s)) to be appointed in accordance with Article 16 of Regulation (EU) No 537/2014 except when Article 16(8) of that regulation is applied; and
- (g) approve audit fees and review overall compensation to the auditors.

2.2 In particular, the Committee shall review and challenge where necessary:

- (a) the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company and its group;
  - (b) the methods used to account for significant or unusual transactions where different approaches are possible;
  - (c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - (d) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
  - (e) all material information presented with the financial statements, such as the strategic report and any corporate governance statement (insofar as it relates to the audit and enterprise risk management).
- 2.3 If the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, having first discussed the matter with the CEO and the CFO, it shall, as appropriate, report its views to the Board.
- 2.4 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 the Committee should also advise the Board on its statement, to be included in the annual report, based on the accounts.
- 2.5 The Committee shall, unless expressly addressed by a separate risk committee or by the directors themselves:
- (a) keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and enterprise risk management systems; and
  - (b) review and approve the statements to be included in the annual report concerning internal controls and enterprise risk management.
- 2.6 The Committee shall:
- (a) Review the adequacy and security of the Company's arrangements for its employees and contractors 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;
  - (b) Review the financing considerations and capital raising strategy of the Company;
  - (c) Recommend and keep under annual review the decision for the Board whether or not to set up an internal audit function based on the growth of the Company, the scale, diversity and complexity of the Company's activities and the number of employees, as well as cost and benefit considerations;
  - (d) Consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's external auditor;

- (e) Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor (at least once a year), without management being present, to discuss their remit and any issues arising from the audit. Where appropriate, the Committee should have regular contact with the external auditor throughout the year to ensure any issues which arise are dealt with promptly;
- (f) Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- (g) 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;
- (h) Develop and implement a policy on the supply of non-audit services by the external auditor, including approval of non-audit services by the Committee 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; and
- (i) Annually review the Company's key compliance policies and core procedures regarding compliance with applicable laws and regulations from time to time, including but not limited to the Company's code of ethics, and advise the Board accordingly.

## **PART B - RISK**

### 2.7 The Committee shall:

- (a) On an annual basis, ensure that a robust assessment of the emerging and principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity and reputation) by the Company for Committee review, and provide advice on the management and mitigation of those risks;
- (b) Oversee the current and prospective risks faced by the Company and its strategy in relation to future risks;
- (c) Periodically review the Company's overall enterprise risk management framework and processes;
- (d) Annually review the Company's procedures for detecting fraud;
- (e) Review the Company's systems and controls for ethical behaviour and the prevention of bribery and receive reports on non-compliance;
- (f) Work and liaise as necessary with other Board committees, and consider such other matters as may be requested by the Board; and
- (g) Provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration.

### Part C - Forecasting and Budgeting

## 2.8 The Committee shall:

- (a) On an at least an annual basis, review the Company's objectives and associated Budget. The challenge should focus around inconsistencies with the costs versus the strategy, benchmarking with peers, and reflecting the spend nature relative to the maturity position of the Company through its lifecycle. The review should also focus on Financial risk to which the Company is exposed, especially around solvency and liquidity and provide advice on the management and mitigation of those risks;
- (b) The Committee shall comment on the plan presented by Management to the Board for its approval.

## 3. MEMBERSHIP

- 3.1 The members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, among its non-executive members. The Committee shall appoint the chairperson of the Committee (the "**Committee Chairperson**").
- 3.2 Appointments to the Committee shall be for an initial period, with the exact term being determined to synchronise with each appointee's remaining term on the Board (as applicable). This initial appointment period may be extended for further periods provided the members still meet the criteria for the membership of the Committee.
- 3.3 The Committee shall have at least three members, of which at least one of whom shall have recent and relevant financial experience.
- 3.4 The Company shall rely on the exemption under paragraph (4) Article 52 (Audit Committee) of the Audit Law which exempts the requirement for the Committee Chairperson and the majority of the Committee members to be independent, for so long as all the Committee members are appointed solely among the non-executive members of the Board, as provided for clause in clause 3.1.
- 3.5 At the date of formation of the Committee, it has been agreed that the members of the Committee will be Dr. Francois Nader, Dr. Olivier Brandicourt and Jean Raby. A quorum shall be at least two of the Committee members. The Committee Chairperson shall be Jean Raby. The members of the Committee can be varied at any time by the Board. Any new member of the Committee shall meet the criteria, as set out in clauses 3.1 to 3.3, for the membership of the Committee.

## 4. VOTING ARRANGEMENTS

- 4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to participate in the deliberations and vote at the meeting.
- 4.3 Save where he or she has a personal interest, the Committee Chairperson will have a casting vote.

## **5. ATTENDANCE AT MEETINGS**

- 5.1 The Committee will meet at least twice a year. The Committee may meet at other times during the year as agreed between the members of the Committee or as otherwise requested by the Board.
- 5.2 Only members of the Committee have the right to attend Committee meetings but other directors and persons and external advisers may be invited by the Committee in its sole discretion to attend all or part of any meeting. Members of the Committee may attend Committee meetings by video or telephone conference.
- 5.3 The General Counsel or a delegate shall be the secretary of the Committee (the “**Committee Secretary**”).

## **6. NOTICE OF MEETINGS**

- 6.1 The procedure for giving notice of meetings of the Committee shall be the same as for meetings of the Board as set out in the articles of association of the Company.

## **7. AUTHORITY**

- 7.1 The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to obtain, at the Company’s expense, professional advice on any matter within its terms of reference. A duly convened meeting of the Committee 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 Committee. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

## **8. REPORTING**

- 8.1 The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted by the Committee Secretary. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be communicated to the Board as a formal record of the decisions of the Committee.
- 8.2 The Committee Chairperson shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## **9. GENERAL MATTERS**

- 9.1 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, review its 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.
- 9.2 The Committee shall have access to sufficient resources in order to carry out its duties.
- 9.3 The Committee shall give due consideration to all applicable laws and regulations as appropriate.