

**RTW VENTURE FUND LIMITED (the “Company”)
AUDIT COMMITTEE**

Terms of Reference

There shall be established a Committee of the Board, duly constituted in accordance with the Company’s Articles of Incorporation prior to Admission (as defined below), to be known as the Audit Committee. Any capitalised terms used in this document that are not otherwise defined shall have the same meaning as set out in the Prospectus for the admission of the Company’s ordinary shares to the Specialist Fund Segment and to trading on the LSE.

1 Membership

- 1.1 The Audit Committee is established by the Board and shall generally comprise all the independent non-executive directors of the Company.
- 1.2 At least one member of the Audit Committee shall have recent and relevant financial experience and with competence in accounting and/or auditing.
- 1.3 The Chairman of the Committee shall be appointed by the Board and shall not also be the Chairman of the Board. The Chairman of the Audit Committee should attend the Company’s Annual General Meeting prepared to respond to any shareholder questions on the Audit Committee’s activities.
- 1.4 Only members of the Audit Committee have the right to attend committee meetings. However, representatives from the Investment Manager and the Administrator and the external audit lead partner will generally be invited to attend all meetings of the Audit Committee and other non-members may be invited to attend all or part of any meeting in person or by telephone or video conference call, as and when appropriate and necessary.

2 Secretary

The Company Secretary shall act as the Secretary of the Audit Committee. The Secretary will ensure that the members of the Audit Committee receive 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 the absence of the Chairman of the Audit Committee, the members present shall elect one of themselves to chair the meeting.

4 Frequency of meetings

- 4.1 The Audit Committee shall meet at least two times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the Audit Committee Chairman will maintain a dialogue with key individuals involved in the Company’s governance, including the Chairman of the Board and the external auditor.

5 Notice of meetings

- 5.1 Meetings of the Audit Committee shall be convened by the Secretary at the request of any of its members or at the request of the external auditor or the Investment Manager if they consider it necessary.
- 5.2 Unless otherwise agreed by the Audit Committee, 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 Audit Committee no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.
- 5.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

6 Minutes of meetings

- 6.1 The Secretary shall minute the proceedings and decisions of all meetings of the Audit Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of committee meetings shall be agreed with the Chairman of the Audit Committee and then circulated promptly to all members of the Audit Committee, unless it would be inappropriate to do so in the opinion of the Audit Committee Chairman.

7 Duties

The Audit Committee shall carry out the following duties:

7.1 Internal Control, Financial Reporting and Risk Management Systems

The Audit Committee shall:

- 7.1.1 keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- 7.1.2 review the risk matrices produced by the Company's service providers with them to assess if all known material risks are covered and the controls in place to mitigate those risks are adequate;
- 7.1.3 reasonably satisfy itself that such systems meet relevant legal and regulatory requirements and initiate further investigations as it sees fit as to the effectiveness of the systems of control;
- 7.1.4 review and approve the statements to be included in the Annual Report concerning internal controls and risk management; and

The Audit Committee shall review and challenge when necessary:

- 7.1.6 the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company;
- 7.1.7 the methods used to account for significant or unusual transactions where different approaches are possible;
- 7.1.8 the viability statement and supporting information;

- 7.1.9 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external Auditor;
- 7.1.10 the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
- 7.1.11 all material information presented with the financial statements, such as the Investment Manager's review and the corporate governance statement (insofar as it relates to the audit and risk management).

The Audit Committee shall:

- 7.1.12 monitor the integrity of the financial statements of the Company including its annual and half yearly reports and any other formal announcement relating to its financial performance, reviewing significant financial performance, and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the Auditor;
- 7.1.13 review final drafts of the Company's half-year and annual accounts and any other financial statements to ensure that the Company's results and financial position are represented accurately and fairly to shareholders. The Audit Committee shall receive such drafts with reasonable notice; and
- 7.1.14 receive and consider an annual report from the Investment Manager confirming that the Company's and any subsidiaries' affairs have been conducted in compliance with the regulations applying to them, and in adherence to the Company's and investment policy.

Where requested by the Board, the Audit 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.

7.2 Internal Audit

The Audit Committee shall consider annually whether there is a need for an internal audit function and make a recommendation to the Board accordingly.

7.3 External Audit

The Committee shall:

- 7.3.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditors. The Audit Committee shall oversee the selection process for new auditors and if an auditor resigns the Audit Committee shall investigate the issues leading to this and decide whether any action is required;
- 7.3.2 oversee the relationship with the external auditor including (but not limited to):

- (a) recommendations on its remuneration, including fees for audit (or any non-audit) services, and that the level of fees is appropriate to enable an adequate audit to be conducted;
- (b) approval of its terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (c) assessing annually its independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- (d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- (e) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- (f) assessing annually the audit team's qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditors on their own internal quality procedures;
- (g) evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of the auditor from the market in that evaluation.

7.3.3 meet regularly with the external auditor. The Audit Committee shall meet the external auditor at least once a year, without the Investment Manager or the Administrator being present, to discuss their remit and any issues arising from the audit;

7.3.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

7.3.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following;

- (a) a discussion of any major issues which arose during the audit;
- (b) any accounting and audit judgements;
- (c) levels of errors identified during the audit; and
- (d) review the effectiveness of the audit process.

The Audit Committee shall also:

- 7.3.6 review any representation letter(s) requested by the external auditor before it is signed by the Board;
- 7.3.7 review any management letter and management's response to the auditor's findings and recommendations; and
- 7.3.8 develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

7.4 Reporting Responsibilities

The Audit Committee shall:

- 7.4.1 report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. The report shall include:
 - (a) the significant issues that it considered in relation to the financial statements and how these have been addressed;
 - (b) its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - (c) any other issues on which the Board has requested the Audit Committee's opinion;
- 7.4.2 make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and
 - (a) in accordance with the FRC Guidance on Audit Committees, the Audit Committee will describe in the annual report how it has discharged its responsibilities. The report should include an explanation of how the Audit Committee has addressed the effectiveness of the external audit process; the significant issues that the Audit 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 of corporate governance deemed appropriate by the Board, including the following disclosures:
 - (i) a description of the work of the Audit Committee;
 - (ii) the formal policy regarding non-audit work;
 - (iii) if necessary, an explanation of the absence of an internal audit function;
 - (iv) internal control and management of risk; and
 - (v) where the Board does not accept the Audit Committee's recommendation on the appointment, reappointment or removal

of an external auditor, a statement explaining the recommendation and the reasons why the Board has taken a different position.

- (b) In compiling the reports referred to above the Audit Committee 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. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

7.5 Compliance, Whistleblowing and Fraud

The Audit Committee shall:

- 7.5.1 review the adequacy of the Investment Manager's and the Administrator's arrangements for its employees or service providers to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 7.5.2 review the Company's and/or the Investment Manager's procedures for detecting fraud;
- 7.5.3 review the Investment Manager's systems and controls for the prevention of bribery and receive reports on non-compliance; and
- 7.5.4 review reports from the Investment Manager's and/or Administrator's compliance team and keep under review the adequacy and effectiveness of the Investment Manager's compliance function, including any reports on anti-money laundering.

8 Third Party Service Providers

The Audit Committee shall:

- 8.1. consider and make recommendations to the Board regarding the appointment of third party service providers assigned to provide accounting, custodial or administrative services; and
- 8.2 ensure that third party service providers comply with the terms of their respective agreements with the Company and that the provisions of such agreements follow industry practice, remain competitive and are in the best interests of shareholders.

9 Other matters

The Audit Committee shall:

- 9.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;

- 9.2 be provided with appropriate and timely training, as necessary both in the form of an induction programme for new members and on an ongoing basis for all members;
- 9.3 give due consideration to relevant laws and regulations, including the requirements of the Prospectus Rules, Disclosure Guidance and Transparency Rules, the London Stock Exchange's Admission and Disclosure Standards, the EU Market Abuse Regulation and any other applicable rules as appropriate, and the provisions of the code of corporate governance that the Board deems appropriate to follow;
- 9.4 oversee any investigation of activities which are within its terms of reference;
- 9.5 work and liaise as necessary with all other committees of the Board, if any;
- 9.6 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval; and
- 9.7 review with representatives of the Investment Manager and such other persons as it sees fit any matter within its terms of reference including matters of concern to be referred to the Investment Manager's compliance team.

10 Authority

The Audit Committee is authorised:

- 10.1 to seek any information it reasonably requires from any employee of the Investment Manager or the Administrator in order to perform its duties (provided that it would be reasonably practicable for such employee to provide such information under the circumstances);
- 10.2 to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference;
- 10.3 to call any employee of the Investment Manager or the Administrator to be questioned at a meeting of the Audit Committee as and when required upon reasonable notice (provided that such employee may attend such meeting telephonically or by videoconference); and
- 10.4 to have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Audit Committee and the Board.