

IntegraFin Holdings plc
AUDIT AND RISK COMMITTEE
TERMS OF REFERENCE
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1 Remit

- 1.1 The Audit and Risk Committee (the "Committee") is established as a committee of the Board of Directors of IntegraFin Holdings plc (the "Board" and "IH" or the "Company" respectively).
- 1.2 The purpose of the Committee is to provide oversight and advice to assist IH in fulfilling its responsibilities in respect of financial reporting, financial and operational controls and risk management across IH and companies within the same group as IH (the "Group").
- 1.3 The Committee shall oversee, review, and advise the Board on the adequacy and effectiveness of the Company's internal risk controls and accounting procedures to ensure the appropriate levels of external and internal audit and risk assessment are maintained.
- 1.4 The Committee only has authority to act on behalf of the Group's other board(s) to the extent delegated to it by those board(s).
- 1.5 The Committee is authorised to seek any information it requires from any employee or director of any company within the Group in order to perform its duties in relation to the Company. All employees with the Group will be directed to co-operate with any request made by the Committee and the Committee is authorised to request the attendance of any employee at a meeting as and when required.
- 1.6 In all its activities the Committee shall give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code (the "Code"), the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.

2 Membership

- 2.1 The Committee shall consist of at least two members, at least one of whom must have recent and relevant financial experience (ideally with a professional qualification from one of the professional accounting bodies). The members of the Committee, including the chairman (the "Chairman"), shall be appointed by the Board, paying due consideration to the recommendation of the nomination committee.
- 2.2 The Chairman of the Committee shall be an independent non-executive director of IH appointed by the Board.
- 2.3 The other member(s) shall be such other independent non-executive directors of the Board. The chairman of the Board may be a member of, but not chair, the Committee provided he was independent on his appointment as chairman of the Board.

- 2.4 The quorum of the Committee is two members.
- 2.5 Only the members of the Committee are entitled to be present at a meeting. However, other individuals such as the Chief Executive Officer, Chief Financial Officer, Group Counsel and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.6 Each member of the Committee shall disclose to the Committee:
- 2.6.1 any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
- 2.6.2 any potential conflict of interest arising from a directorship of another Group company.
- 2.7 Any member who discloses a personal financial interest or a potential conflict of interest shall abstain from participating in discussions at, and voting on resolutions of, the Committee in relation to which such interest exists.
- 2.8 In the absence of the Chairman, the members present shall nominate one of their number as Chairman for that meeting provided the Committee remains quorate.
- 2.9 At the discretion of the Chairman, members can be present at meetings by telephone or video-conference, provided that each member is able to hear each other member present.
- 2.10 The Committee may from time to time retain the services of appropriate external experts familiar with the specific audit & finance and/or risk related issues affecting the Group to act in the capacity of adviser to the Committee, such experts to be appointed in accordance with 8.3 below.

3 Responsibilities & Methodology

3.1 Risk Management

- 3.1.1 The Committee shall review the manner in which Group companies implement and monitor the adequacy of the Group's risk management framework. It shall assist the Board in fostering a culture within the Group that encourages good stewardship of risk and emphasises and demonstrates the benefits of a risk-based approach to management of the Group.
- 3.1.2 To achieve this goal, it shall undertake activities on its own behalf, on behalf of the consolidated Group and by escalation from the boards or committees of the other Group companies.
- 3.1.2.1 Activities for IH
- (a) Maintain oversight of risk management activities in relation to IH only and monitor their effectiveness.
- (b) Review annually the Group's global risk appetite in relation to the Group's strategy.
- (c) At the Board's request, advise the Board on proposed strategic transactions (including acquisitions or disposals) by arranging for a due diligence appraisal if the position is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Group.

- (d) Review promptly all reports on IH-specific matters by the Head of Actuarial and Risk.
- (e) Seek assurance from the chair of the IFAL risk committee that management responses have been provided to the findings and recommendations of the Head of Actuarial and Risk recorded in reports on IH-specific matters and that any material exceptions have been escalated to the chair of the Committee.

3.1.2.2 Activity for the Group

Review and challenge as necessary, and at least annually, management information reporting the status of the Group's risk profile - by reference to risk appetite, risk trends and risk concentrations - against the most significant risks affecting IH individually and the risk profile of the Group as a whole.

3.1.2.3 Activities by escalation from the Group company boards or committees:

Consider by escalation from the Group company boards or committees:

- (a) Such of the Group's top risks which affect IH only or which in the view of a Group company board or the IFAL risk committee, impact the Group as a whole and which the Group company board or the IFAL risk committee determine should be escalated to the Committee.
- (b) The progress of identified management actions to manage those of the risks in (a) that are outside appetite.
- (c) The appropriateness of any decisions which have resulted in mitigation not being put in place.

3.1.2 The Committee will escalate matters of relevance to the Board.

3.2 Financial Reporting

3.2.1 The Committee shall review the integrity and effectiveness of the Group's financial reporting process (including the internal control structure and procedures for financial reporting) and the integrity and appropriateness of the Company's and the Group's consolidated financial statements.

3.2.2 To achieve this goal, it shall undertake activities on its own behalf, on behalf of the consolidated Group and by escalation from the boards or committees of the other Group companies.

3.3 To achieve this goal, it shall, inter alia:

- (a) Monitor the integrity of the Company's financial statements including annual reports, half-yearly reports, interim management statements (if required), preliminary results announcements and other formal announcements relating to financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgments which they contain, having regard to matters communicated to it by the external auditor.
- (b) Review the Company's application of and adherence to the appropriate accounting standards and assess whether the estimates and judgements are appropriate, taking into account the views of the external auditor where appropriate.

- (c) Make recommendations to the Board concerning the approval of the Company's annual and half-yearly accounts.
- (d) Review the appropriateness and consistency of:
 - a. any changes to the accounting policies year on year and across the Group;
 - b. the methods used to account for significant or unusual transactions where different approaches are possible;
 - c. the clarity and completeness of disclosure and the context in which statements are made; and
 - d. all other material information presented with the financial statements, such as the operating and financial review and the corporate governance statement and recommend any changes to the relevant Board(s).
- (e) Review the Company's statements on compliance with the Code, going concern and the review of the Company's system of internal control prior to approval by the Board and make any recommendations it thinks appropriate.
- (f) Review any statements requiring Board approval which contain financial information first, where to carry out a proper review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency sourcebook. If due to tight deadlines this is not practicable the Chairman shall review such statements prior to Board approval.

3.4 Internal (Financial and Operational) Controls

The Committee shall review the manner in which the Company implements, and monitors the adequacy of, internal financial and operational controls.

3.5 To achieve this goal, it shall, inter alia:

3.6 With regard to internal audits:

- (a) Request that the IFAL Internal Audit Plan include specific areas of review on matters relating to IH or to other companies in the Group if the Committee has concerns about the delivery of objectives by IFAL or other companies within the Group.
- (b) Receive copies of all formal internal audit reports escalated by the IFAL Audit Committee in respect of IH or activities within other companies in the Group which in the view of the IFAL Audit Committee present a significant risk to the Group as a whole.
- (c) Receive and review copies of formal internal audit reports escalated to the Committee by the IFAL Audit Committee in respect of activities within other companies in the Group which in the view of the IFAL Audit Committee present a significant risk to the Group as a whole.
- (d) Receive from the internal audit department a quarterly report on all internal audit recommendations relating to (b) and (c) above to meet identified internal control deficiencies and review progress of agreed actions in response to the identified deficiencies.

- (e) Seek assurance from the chair of the IFAL Audit Committee regarding completion of actions agreed by the Board in response to the findings and recommendations of internal audit reports and that any material exceptions have been escalated to the chair of the Committee.
- (f) Seek assurance at least annually from the chair of the IFAL Audit Committee of the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

3.7 With regard to the external auditors:

- (a) Meet regularly with external auditors (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year.
- (b) Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor.
- (c) Review and assess the annual external audit plan and external audit reports and management responses in respect of IH individually or which impact the Group as a whole.
- (d) Review the annual IH audit plans and ensure that they are consistent with the scope of the audit engagements and once satisfied recommend to the relevant Board(s) for approval.
- (e) Review all IH audit representation, engagement and management letter(s) in respect of IH requested by the external auditors before they are signed.
- (f) Review the external auditors' remuneration and review whether the level of fees for audit and/or non-audit services is appropriate to ensure an adequate audit is conducted. Once satisfied, recommend the same to the relevant Board(s) for approval.
- (g) Assess annually the external auditors' independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with each auditor as a whole, including the provision of any non-audit services.
- (h) Establish and annually review the policy to govern the supply of non-audit services by the external auditors.
- (i) Receive a report at each meeting on any non-audit services provided in the period by the external auditor(s) from the [IH] Chief Financial Officer to demonstrate the amounts being incurred do not give rise to a conflict with their independence.
- (j) Satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditors and the Company (other than in the ordinary course of business) which could adversely affect the auditors' independence and objectivity.

- (k) Where a conflict is identified the Committee shall satisfy itself that the external auditors have taken appropriate steps to manage the conflict and that they are still able to perform their duties and meet their objective of independence.
- (l) If the Committee is not satisfied that the external auditors have taken such steps, the Committee will escalate the matter to the Board to consider appropriate action.
- (m) Receive a report at least annually from the IFAL audit committee on the external auditors' suitability and competence – to include reference to their review of matters such as qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditors on their own internal procedures), the auditors' compliance with relevant ethical and professional guidance on the rotation of audit partners and the relative level of fees paid by the Group compared to the overall fee income of the firm, office and partner.
- (n) Oversee the process for and make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- (o) Where relevant, to investigate the issues relating to the resignation of an external auditor.
- (p) Consider whether there is appropriate liaison and co-ordination between the internal and external auditors.
- (q) Consider management responses to any external audit recommendations.

4 Reporting

- 4.1 The Chairman shall report to the relevant Board(s) on the Committee's proceedings after each meeting and how it has discharged its responsibilities and the meeting minutes shall be provided to the Board. This report shall include (to the extent covered by the business of the relevant Committee meeting):
 - 4.1.1 The significant issues that it considered in relation to the financial statements and how these were addressed;
 - 4.1.2 Its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor; and
 - 4.1.3 Any other issues on which the Board has requested the Committee's opinion.
- 4.2 The Committee shall make recommendations and provide advice to the Board on any area within its remit that it considers relevant to achieving the Group's goals.
- 4.3 The Committee's responsibilities, membership and activities during the year shall be set out in a separate section of the Annual Directors' Report. This section is to include the Group's risk management strategy, objectives and policies.
- 4.4 The Committee shall review and approve the statements to be included in the annual report concerning internal controls and risk management.

5 Meetings

- 5.1 The Committee shall meet at least three times per year at appropriate times in the reporting and audit cycle and otherwise as required.
- 5.2 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any member of the Committee.
- 5.3 Unless otherwise agreed notice of each meeting confirming the venue, time and date of the meeting together with an agenda of items to be discussed shall be forwarded to each member of the Committee, and any other person required to attend, no later than five working days before the meeting.
- 5.4 The agendas of the meetings will be structured to allow for both planned topics and to allow discussion time for other items to be raised.
- 5.5 The company secretary, or their nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 5.6 The secretary or their nominee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 5.7 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairman.
- 5.8 Each member of the Committee shall disclose to the Committee:
 - 5.8.1 any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
 - 5.8.2 any potential conflict of interest arising from a cross-directorship.
- 5.9 Any member who discloses a personal financial interest or a potential conflict of interest shall abstain from participating in discussions at, and voting on resolutions of, the Committee in relation to which such interest exists.
- 5.10 The Chairman, or as a minimum another member of the Committee, shall attend the Board meeting at which the annual accounts and reports are approved.
- 5.11 Where there is disagreement between the Committee and the Board that cannot be resolved, the Committee shall have the right to report the issue as part of its annual report to shareholders.
- 5.12 The Chairman shall meet privately at least once a year with the external auditors in the absence of the Company's executive directors or employees, to discuss the current remit and any issues arising from their respective audits.
- 5.13 The external or internal auditors may request a meeting is held should they consider that one is necessary.

6 Annual general meeting

The Chairman shall attend the AGM and answer questions, through the chairman of the Board, on the Committee's responsibilities and activities.

7. Committee Self Evaluation

- 7.1 The Committee will conduct an annual evaluation of its own effectiveness which will include a review of its terms of reference and the activities carried out by reference to these terms of reference, and report any significant findings to the Board with any recommendations for changes to these terms of reference.
- 7.2 The Committee members will undertake an annual evaluation of the performance of the Chairman and recommend any enhancements it considers necessary to the Chairman and the Board. The Committee shall appoint one of their number (who shall not be the Chairman) to lead the evaluation of the Chairman discussions.
- 7.3 The Committee will ensure that its members take individual responsibility for identifying training appropriate to their needs and keeping appropriate records of such training. Each Committee member shall provide copies of their training record to the company secretary at least annually and will undertake all regulatory training requested by the Group.
- 7.4 The Committee shall ensure that it has adequate independence and is free from management and other restrictions.

8. Support

The Committee shall:

- 8.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 8.2 Be provided with access to appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 8.3 The Committee is authorised by the Board to obtain, at the Company's expense and to a budget agreed by the Board, outside legal or other professional advice on any matters within its terms of reference and may seek any information it requires from any employee in order to perform its duties