

**SCOTT TECHNOLOGY LIMITED  
AUDIT & FINANCIAL RISK COMMITTEE  
TERMS OF REFERENCE**

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### **Constitution**

The Audit and Financial Risk Committee shall be a Committee of the Board established by the Board.

### **Objectives**

The objectives of the Committee is to assist the Board in discharging its responsibilities relative to financial reporting, risk and financial / secretarial compliance.

### **Membership**

Members of the Committee shall comprise members of the Board appointed by the Board.

The number of members of the Committee shall be not less than three, all of whom shall, wherever possible, be Independent Non-Executive Directors. At least one member of the Committee should have an accounting or finance background. The Chief Executive or any other Scott employee shall not be a member of the Committee.

The Board shall appoint a Chairman from the independent non-executive members of the Committee. The Chairman of the Board shall not be Chairman of the Committee.

### **Secretarial and Meetings**

The Secretary of the Committee shall be appointed by the Board.

A quorum of members of the Committee shall be two.

The Committee may have in attendance such members of management, including the Chief Executive, Chief Financial Officer and such other persons, including the external auditors, as it considers necessary to provide appropriate information and explanations.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, all other members of the Board, the Chief Executive, the Chief Financial Officer and the external auditors.

Meetings shall be held having regard to the Company's reporting and audit cycle. Any member of the Committee, the Chief Executive, the Chief Financial Officer or the external auditors may request a meeting at any time if they consider it necessary.

Minutes shall be kept.

### **Responsibilities**

The responsibilities of the Committee are as follows:

- To liaise with external auditors.
- To review the annual audit plan with the external auditors.
- To review audit findings and the annual financial statements.
- To review of interim financial information.
- To undertake prior clearance of interim and annual results to the market.

- To review accounting policies.
- To oversee compliance with statutory responsibilities relating to financial and secretarial matters.
- To review the frequency and significance of all transactions between the company and related parties and assessment of their propriety.
- To review the appointment of the external auditors and their fees.
- To review the independence of the external auditors and the appropriateness of any non-audit services they undertaken for the company.
- To ensure that there are appropriate financial systems and internal controls in place.
- To ensure that there are appropriate IT controls and disaster recovery plans in place.
- To review and make recommendations on dividend proposals and solvency certificates.
- To review and oversee risk management, internal control and compliance systems. This includes the processes for identifying risks and the implementation of appropriate and adequate control, monitoring and reporting mechanisms.

In addition, the Committee shall examine any other matters referred to it by the Board.

### Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It may be authorised by the Board to seek any information it requires from any appropriate employee of the Company and it is anticipated that such employees will co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain, at the expense of the Company, outside legal or other independent professional advice and to arrange for the attendance at meetings, at the expense of the Company, of outside parties with relevant experience and expertise if it considers this necessary. Such an action would usually take place following consultation with the Board or the Chair of the Board.

### Reporting Procedures

The Committee shall maintain direct lines of communication with the external auditors, the Chief Executive, the Chief Financial Officer and those involved in internal audit activities.

The Chief Executive and the Chief Financial Officer shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the Company, any material breakdown in internal controls or audit and any material event of fraud or malpractice.

The Committee shall be provided with copies of all letters between the external auditors and management.

After each Committee meeting the Chairman shall report the Committee's findings and recommendations to the Board.

The minutes of all Committee meetings shall be circulated to members of the Board, the Chief Executive, the Chief Financial Officer, the external auditors and to such other persons as the Board directs.

The Chairman will present an annual report to the Board summarising the Committee's activities during the year and any related significant results and findings.

### Ownership and Review

The Committee may at any time initiate a review of the Committee and make appropriate recommendations for its alteration to the Board.

Approver:	Scott Technology Board
Reviewer:	Scott Technology Board
Ownership:	Chief Financial Officer
Review:	Annual or as necessary
Last Review:	July 2018