



UBICO LIMITED

Risk and Audit Committee Terms of Reference

DOCUMENT HISTORY

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This document has been approved by:

Date	Name	Job Title
02/07/2020	Board of Directors	
22/01/2021	Katie Lyons	Chair of Risk and Audit Committee
10/02/2021	Katie Lyons	Chair of Risk and Audit Committee
22/02/2024	Board of Directors	

Version Number	Version Date	Summary of Changes
1.0	02/07/2020	Version 1 – approved by board of directors.
1.1	19/01 2021	Updates to reflect changes agreed by board in December 2020.
1.2	10/02/2021	Updated with minor amend to no. Non-Executive Directors as agreed by Board in February 2021.
2.0	January 2024	Amended to reflect requirements outlined in new board terms of reference.

Objective

The committee was constituted in 2020 and has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.

The committee will provide support and guidance to the board of directors and oversee the company in the area of risk and audit, and will ensure the integrity of the company's financial, internal control and risk management systems.

The committee will support the board in reviewing and monitoring the health and safety and compliance performance of the company and seeking evidence that appropriate controls are in place and are effective, in seeking evidence of the assurance framework across internal and external controls, and in scrutinising the integrity of the financial information and seeking evidence that financial controls across the company are robust and defensible.

The board of directors will continue to be responsible for all decisions taken or actions carried out by or on behalf of the company.

Key responsibilities, duties and terms of reference

The committee will carry out the following duties for the company:

Area	Authority
Risk management strategies	On behalf of the board, review and monitor the company's risk management strategies and review and approve the statements to be included in the annual report concerning internal control, risk management and going concern statements and make recommendations to the board.
Assurance framework	To approve the company's assurance framework.
Internal controls assurance	To review internal controls and review and approve internal assurance reports from management and from the internal audit,

	<p>the external auditor and others on the operational effectiveness of matters related to risk and control.</p> <p>The committee should satisfy itself that these sources of assurance and information are enough to enable the board to satisfy itself that they are operating effectively.</p>
Financial arrangements, external audit and the annual accounts	<p>Monitor and discuss with management the integrity of the financial statements of the company.</p> <p>Review all material information presented with the financial statements insofar as they relate to risk management.</p> <p>Where the committee is not satisfied with any aspect of the proposed financial reporting by the company, report its views to the board.</p> <p>To approve the annual external audit plan and associated fees.</p> <p>To recommend to the board the appointment of the external auditors.</p> <p>Review and monitor the external auditors independence and objectivity and review effectiveness of the external audit process.</p> <p>Consider and make recommendations to the board, to be put to the shareholders for approval, the appointment, reappointment and removal of the company's external auditors.</p>
Insurance arrangements	To approve the insurance arrangements for the company.
Internal audit plan and audit reports	To approve the appointment and removal of the internal audit function.

	Review and approve the annual internal audit plan and audit reports. Review and monitor managements' responses to the internal auditors findings and recommendations and managements' actions to support the effective working of the internal audit function.
Health and safety	To review health and safety risks and make recommendations to the board.
Fraud management procedures	To review, on an annual basis, the company's procedures for detecting fraud
Risk management	To develop and monitor the annual risk management strategy and risk exposure/matrix (the risk register). To consider strategic risks as a standing item at each meeting of the committee. 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.

The committee will contribute to the business plan in relation to risk and audit issues. The committee will consider other matters as directed from time to time by the board.

These terms of reference will be reviewed as a minimum every two years.

Authority

The committee shall follow procedures which are based on the provisions of the Articles and the Shareholders Agreement.

The board authorises the committee to carry out the key responsibilities set out in these terms of reference, to have access to the company's documents and information and to obtain outside legal or other independent professional advice provided that any costs are budgeted for, and the board are kept informed at all times.

The authority granted to the committees is subject to the following:

- The committees must refer any decisions back to the board if they might:
 - result in a significant change to company practice;
 - be challenged by shareholders or require shareholder approval;
 - result in an amendment to any current projects or business plan objectives previously approved by the board;
 - require the reassignment of significant staff, finances or other resources;
 - represent a material risk to the company or its shareholders.

Where any one of these criteria is met, the committee will refer the decision to the board with a clear recommendation.

The committee must be able to meet without paid staff being present where needed.

Membership

The committee shall comprise a chair and a minimum of two non-executive directors and the committee as a whole shall have competence relevant to the sector in which the company operates.

The committee members will be nominated and elected by the board of directors.

The quorum necessary for the transaction of business at a committee meeting shall be two members of the committee.

Each member of the committee shall have one vote, and the committee chair shall have a casting vote.

Only committee members have the right to attend and vote at committee meetings. However, the finance director and the operations director shall be invited to attend and address meetings of the committee on a regular basis. Employees of the company and other individuals may be invited to attend / present to the committee in relation to specific agenda items.

At least one member of the committee shall have recent and relevant financial experience, competence in accounting and/or auditing.

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 vote at the meeting. The members of the committee shall ascertain at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

Appointments to the committee shall be for a period of three years, extendable by no more than one additional three-year period.

Chair

The chair of the board shall not be a committee member but may be invited to attend its meetings. The chair of the board shall not chair the committee.

The committee chair will be an independent non-executive director who is nominated and elected by the board of directors every three years, or sooner if the postholder stands down.

Frequency of meetings

- Meetings shall be held not less than three times a year.
- Meeting papers will be circulated to committee members at least seven calendar days before the date of the meeting.
- The internal auditors shall attend all meetings where internal audit reports are discussed.
- The external auditors shall attend meetings as and when required.

Reporting procedures

The finance director shall ensure that a minute taker is appointed to take formal minutes for each meeting. The minutes will be checked and approved prior to circulation by the committee chair.

The committee shall report to the board after each meeting on all matters within its duties and responsibilities and the minutes from all committee meetings shall be included in the board papers for the next scheduled board meeting.

Serviced by

The finance director will oversee the preparation of all relevant papers and the risk register and be responsible for ensuring that the latest legislation, guidance and codes are implemented, where applicable.

The finance director and chair of the committee will jointly consider training requirements for committee members and the finance director will arrange for agreed training to be provided.