

EARTHPORT PLC

AUDIT, RISK AND COMPLIANCE COMMITTEE TERMS OF REFERENCE

Approved by the Board of the Company on 21 June 2017

In this document, the "**Board**" shall mean the Board of directors of the Company; the "**Committee**" shall mean the Audit, Risk & Compliance Committee; the "**Company**" shall mean Earthport plc. (References to the "**Code**" are to the UK Corporate Governance Code/QCA Code).

1. OBJECTIVE

1.1 The Committee, is a Committee of the Board. The purpose of the Committee is to assist the Board to carry out the following functions more efficiently and fully:

(a) oversight of the integrity of the Company's and its subsidiaries (the "Group's") statutory formal reports and announcements relating to the Group's financial performance;

(b) monitoring that management has an appropriate framework in place to identify and effectively manage risk and that management ensures that the Group operates within the risk appetite set by the Board;

(c) monitoring compliance with regulatory, prudential, legal and ethical standards; and

(d) reviewing compliance with internal guidelines, policies and procedures and other prescribed internal standards of behaviour.

1.2 The Committee may, within the scope of its responsibilities:

(a) perform activities and make recommendations to the Board consistent with these terms of reference;

(b) engage independent legal, accounting or other professional advice as it considers necessary to carry out its duties at the Company's expense;

(c) require the attendance of Company officers at meetings as appropriate;

(d) have unrestricted access to management, employees, internal and external auditors (with or without management present) and information it considers relevant to its responsibilities under these terms of reference and the Board shall direct all employees and directors to cooperate with any request made by the Committee; and

(e) have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

1.3 The Committee has no management role.

2. MEMBERSHIP

2.1 Committee members are appointed by the Board. The Committee will consist of:

- (a) a minimum of three members;
- (b) all of whom are non-executive directors; and
- (c) a majority of whom are independent directors.

2.2 The Board also appoints the Chairman of the Committee, who must be an independent director. The Chairman of the Board may serve on the Committee (but not chair).

2.3 Each member must be financially literate; at least one member must have a professional accounting qualification and recent and relevant financial experience and some members must have an understanding of the financial services industry.

2.4 If any member of the Committee is unable to act for any reason, the Chairman of the Committee may appoint any other independent non-executive director of the Company to act as his or her alternate.

2.5 The secretary of the Committee will be the company secretary, or such other person as nominated by the Board.

2.6 The skills and performance of all Committee members will be reviewed annually by the Board.

3. MEETINGS

3.1 The Committee meets formally at least four times a year and the schedule of meetings will be agreed in advance.

3.2 Two of the meetings will be set at a date to enable the draft half-yearly and yearly financial reports and statements to be reviewed prior to presentation to the Board and will be attended by the external auditors. At least once a year, the Committee will meet with the external auditor without the presence of any executive director or employee to discuss the auditor's remit and any issues arising from the audit.

3.3 Special meetings may be convened as required or requested by any member of the Committee.

3.4 The number of times the Committee met and the individual attendance by members at Committee meetings must be disclosed in the annual report.

3.5 A quorum is two independent non-executive director members of the Committee. 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.

3.6 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive Officer, Chief Financial Officer and Chief Risk Officer, other directors, heads of compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate and necessary.

3.7 The Chief Financial Officer and Chief Risk Officer have the right to meet on a confidential basis with the Chairman of the Committee or the Committee as a whole.

3.8 The agenda and supporting papers should be delivered to the Committee members by the company secretary at least five working days in advance of each meeting.

3.9 Draft minutes of each Committee meeting are to be approved by the Committee Chairman and circulated to all Committee members by the company secretary within ten working days following the Committee meeting.

3.10 Once the minutes have been approved by the Committee Chairman, a copy will be included in the papers for the next Board meeting.

3.11 Minutes are not a verbatim recording of the meeting but should accurately record the resolutions of the Committee, key reasons for those decisions (where appropriate) and actions arising.

3.12 The action list from each Committee meeting will be approved by the Committee Chairman and circulated to all Committee members with the minutes of the meeting.

3.13 The action list will include accountabilities and the nature and timing of subsequent reporting.

3.14 Reports and other papers of the Committee shall be made available to all directors upon request, provided no conflict of interest exists.

3.15 A meeting of the members of the Committee may consist of a conference between Committee members some or all of whom are in different places provided that each Committee member may participate in the business of the meeting whether directly, by telephone or by any other electronic means which enables him to hear each of the other participants and if he so wishes, to address all the other participants simultaneously.

4. RESPONSIBILITIES

4.1 Financial Reporting

(a) Review half-yearly and yearly financial reports and statements with management and with the external auditors as necessary prior to their approval by the Board.

(b) Review any recommendations from the chief financial officer on accounting policy changes.

(c) Make recommendations to the Board on significant accounting and financial policy issues, and review the appropriateness of the accounting judgments or choices exercised by management in preparing the half-yearly and yearly financial reports and statements.

(d) Review the reports from the chief financial officer in respect of any qualified audit reports in respect of funds, trusts or portfolios for which any group company is responsible.

(e) Review processes for financial reporting to the Board, including those of budgetary control, for completeness and accuracy of information provided to the Board.

(f) Review the processes for external reporting for completeness and accuracy of information.

(For the avoidance of doubt, it is the Board's responsibility to review the content of the annual report and accounts and take a view on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to access the Company's performance, business model and strategy. Or ask the ARC to report to the Board on such).

4.2 Risk Management

(a) Review the implementation, maintenance and adequacy of the risk management framework and internal control system throughout the Group to manage material business risks that:

- (i) supports the wider goals, objectives and strategies of the Group and its businesses;
- (ii) ensures that all significant risks are identified, evaluated, treated, monitored and communicated at a group, divisional and business/support unit level; and
- (iii) is consistent in principle with internationally accepted standards.

(b) Review at least annually the appropriateness, effectiveness and adequacy of the risk management framework, risk management strategy and risk appetite statement.

(c) Regularly monitor key risks and movements in the risk profile, ensuring adequate action is taken to address adverse findings.

(d) Review any incident involving misconduct, fraud or other material breakdown of the Group's internal controls, and review and approve the procedures in relation to confidential submissions by employees of concerns regarding the same.

(e) Review the adequacy and effectiveness of the Group's identification and management of economic, environmental and social sustainability risks and its disclosure of any material exposures to those risks.

(f) Review the risk disclosures in the operating and financial review in the annual directors' report.

4.3 Taxation

(a) Review the Group's tax policies and practices including any material decisions relating to tax.

(b) Review the Group's tax risk management framework and progress in implementing that framework including the effectiveness of tax risk management policies.

4.4 Group Compliance

(a) Review reports from the Chief Risk Officer in relation to compliance with any conditions of regulatory licences and other approvals held by Group companies and keep under review the adequacy and effectiveness of the Company's compliance function;

(b) Review regular reports from the money laundering reporting officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls and monitor compliance with statutory and prudential obligations;

(c) Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;

(d) Review the Company's procedures for detecting fraud;

(e) Review the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters: and

(f) Review and monitor the propriety of all related party transactions.

4.5 Review of Reports and Approval of Plans

(a) Review at least annually recommendations from the Chief Financial Officer and the external auditors on the key financial and accounting principles to be adopted by the group in the preparation of its statutory financial reports and statements.

(b) Review a quarterly activity report from the Chief Risk Officer dealing with:

(i) the operation of the group's risk management framework;

(ii) significant risk exposures and risk events including any major failures in the operation of key internal control systems;

(iii) the outcome of quality assurance reviews and the implementation of management responses and actions in relation to quality assurance reports;

(iv) the annual plans of the general manager, risk and audit in respect of the group's risk management framework and the progress of implementation of these plans;

(v) management of litigation.

(c) Review reports on key operational risk issues prepared by executives from time to time.

(d) Review half yearly reports in respect of entities in which the Group has a non-controlling interest and has the right to appoint at least one director (associate entities) from one of the company's nominated directors. The report should address financial and operational risk issues which the relevant director believes should be brought to the attention of the Committee having regard to the Committee's responsibilities.

4.6 Interface with the external auditor

(a) Approve the annual plans of the external auditor for the group and regularly monitor the progress of implementation of these plans.

(b) Liaise with the external auditor as necessary.

(c) Review with the external auditor any significant recommendations made by them on the subject of internal controls, and management's response to the recommendations.

(d) Monitor the progress made by management for the improvement in internal controls arising from recommendations made by the external auditor.

(e) Make recommendations on the annual engagement of the external auditor, including reviewing the scope of the audit.

(f) Review the rotation of the audit engagement partner, the independence and performance of the external auditor, and external audit fees.

(g) Review at least annually the independence of the external auditor and, as part of the annual reporting process, provide advice to the Board as to whether the Committee is satisfied that the provision of any non-audit services by the external auditor is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence.

(h) Annually review the performance of the external auditor and, if applicable, scrutinize any resignation of the external auditor.

4.7 Internal audit

Where there is no internal audit function, consider annually whether the Company's size and activities are such that an internal audit function should be established and if so, determine its remit and make a recommendation to the Board.

Where an internal audit function exists, the Committee shall:

(a) Monitor that management has in place a process for conducting internal audit and that it is functioning objectively, effectively and resourced adequately.

- (b) Review and approve the charter of the Internal Audit function.
- (c) Ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed and acted on.
- (d) Review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is appropriate coordination with the external auditor.
- (e) Scrutinize the appointment or any resignation of the Head of Internal Audit.

4.8 Resourcing

- (a) Monitor the level of resources related to the management of audit, risk and compliance across the Group.

4.9 The Group's Insurance Program

- (a) Review the Group's insurance program annually having regard to the nature of the Group's business and the insurable risks associated with that business.
- (b) Recommend to the Board changes to the Group's insurance program resulting from the annual review.

5. GENERAL

The Committee shall:

- 5.1 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 5.2 Be provided with appropriate and timely training in the form of an induction programme for new members and on an ongoing basis for all members;
- 5.3 Work and liaise as necessary with all other Board Committees; and
- 5.4 Carry out any other responsibilities and functions that may be delegated by the Board.

6. REPORTING RESPONSIBILITIES

- 6.1 The Committee will through its Chairman, regularly update the Board about matters relevant to the Committee's role and responsibilities and make appropriate recommendations for approval by the Board.

7. EVALUATING PERFORMANCE

- 7.1 In order to ensure that the Committee is fulfilling its duties to the Company and its

shareholders, the Committee will periodically:

(a) obtain feedback from the Board on the Committee's performance and implement any agreed actions; and

(b) provide any information the Board may request to facilitate its review of the Committee's performance.

8. REVIEW OF TERMS OF REFERENCE

8.1 The Committee will review the Committee's terms of reference periodically, discuss any required changes with the Board and ensure any revisions to the terms of reference are approved by the Board.