

Origin Enterprises plc

Audit and Risk Committee

Terms of Reference

1. Membership

- 1.1 The Committee shall be made up of at least 3 members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Corporate Governance Committee.
- 1.2 All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate. The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.4 Appointments to the Committee shall be for a period of up to three years, with an annual Committee composition review being undertaken by the Nomination and Corporate Governance Committee having taken input from the Audit and Risk Committee Chairman.
- 1.5 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

- 2.1 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 issues.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2 members. 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.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least three 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 Committee Chairman will maintain a dialogue with key individuals in the Company, including the Board Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the Head of Internal Audit.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2 Unless otherwise agreed, 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 Committee no later than 3 working days before the date of the meeting. Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

8.1 Financial Reporting

- 8.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual report, interim report and preliminary results announcements reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditors. The Committee shall also review summary financial statements and any financial information contained in other documents, such as announcements of a price sensitive nature.
- 8.1.2 The Committee shall review and challenge where necessary:
 - 8.1.2.1 the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company / Group;
 - 8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 8.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 8.1.2.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
 - 8.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statements (insofar as they relate to the audit and to risk management).

8.1.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

8.2 Internal Controls and Risk Management Systems

The Committee shall:

8.2.1 keep under review the effectiveness of the Company's internal financial controls and internal control and risk management systems;

8.2.2 keep under review the Group's overall risk assessment processes and the Group's capability to identify and manage new risk types;

8.2.3 consider the output of the consolidated Group Risk Review Process in terms of the Risk Map produced and the appropriateness of the positioning of individual risks;

8.2.4 review and approve the statements to be included in the annual report concerning internal control and risk management systems.

8.3 Whistleblowing and Fraud

The Committee shall:

8.3.1 review the adequacy and security of the company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting and other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

8.3.2 review the Company's procedures for detecting and preventing fraud; and

8.3.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

8.4 Internal Audit

The Committee shall:

8.4.1 monitor and review the effectiveness of the Company's internal audit function;

8.4.2 approve the appointment and removal of the Head of Internal Audit;

8.4.3 consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;

8.4.4 review and assess the annual internal audit plan;

- 8.4.5 review the reports from the internal auditors on a periodic basis;
- 8.4.6 review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 8.4.7 meet the Head of Internal Audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the Head of Internal Audit shall be given the right of direct access to the Chairmen of the Board and the Committee.

8.5 External Audit

The Committee shall:

- 8.5.1 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;
- 8.5.2 ensure that at least once every 10 years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- 8.5.3 if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.5.4 oversee the relationship with the external auditor including (but not limited to):
 - 8.5.4.1 recommendations on their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
 - 8.5.4.2 approval of their terms of engagement, including the engagement letter issued and the scope of the audit;
 - 8.5.4.3 assessing annually their 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;
 - 8.5.4.4 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;
 - 8.5.4.5 agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
 - 8.5.4.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of the 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;

- 8.5.4.7 assessing annually the qualifications, expertise, resources and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures; and
- 8.5.4.8 seeking to ensure co-ordination with the activities of the internal audit function.
- 8.5.5 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.5.6 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;
- 8.5.7 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 8.5.7.1 a discussion of any major issues which arose during the audit;
 - 8.5.7.2 key accounting and audit judgements;
 - 8.5.7.3 levels of error identified during the audit; and
 - 8.5.7.4 the effectiveness of the audit process.
- 8.5.8 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.5.9 review the management letter and management's response to the auditor's findings and recommendations; and
- 8.5.10 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.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report 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. This report shall include:
 - 9.1.1 the significant issues that it considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;
 - 9.1.2 its assessment of the effectiveness of the external audit process (required under paragraph 8.5.4.7) and its recommendation on the appointment or reappointment of the external auditor; and
 - 9.1.3 any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.3 The Committee shall compile a report on its activities to be included in the Company's Annual Report.

10. Other Matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 10.2 be responsible for co-ordination of the internal and external auditors;
- 10.3 oversee any investigation of activities which are within its terms of reference;
- 10.4 work and liaise as necessary with all other Board committees; and
- 10.5 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

The Committee:

- 11.1 is authorised to seek any information it requires from any employee of the Company in order to perform its duties;
- 11.2 is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 11.3 has the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.