

Volta Finance Limited (the "Company")

TERMS OF REFERENCE – RISK AND COMPLIANCE COMMITTEE

1. Constitution

- 1.1 The Risk and Compliance Committee (the "**Committee**") was constituted by resolution of the Board of Directors (the "**Board**") on 27 June 2014.

2. Membership

- 2.1 Members of the Committee (the "**Members**") shall be appointed by the Board and shall be made up of at least three members.
- 2.2 All the Members shall be independent non-executive directors¹ at least one of whom shall have recent and relevant risk experience.
- 2.3 Other third parties, determined by the Board of the Company, shall be invited to attend meetings.
- 2.4 Committee members shall have the skills necessary to discharge the responsibilities of risk management and at least one member shall have relevant investment management experience.
- 2.5 Appointments to the Committee shall be for so long as the appointee remains a Director of the Company, or, if earlier, until such time as the individual is removed from the Committee by the Board. In this context it should be noted that all Directors have agreed to stand for re-election as a Director at each Annual General Meeting and thus if they are not so re-elected they will automatically cease to be a member of the Committee.
- 2.6 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

3. Secretary

- 3.1 Sanne Group (Guernsey) Limited (the "**Company Secretary**") shall act as the Secretary of the Committee.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two 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.

5. Meetings

- 5.1 The Members may convene the Committee, meet together for the execution of business and otherwise regulate their meetings as they think fit.

6. Frequency of Meetings

- 6.1 The Committee shall meet in advance of scheduled quarterly board meetings of the Company and on other such occasions as the Chairman of the Committee shall deem necessary.

Notes

¹ An independent non-executive director is defined in the AIC Code

7. Notice of Meetings

- 7.1 Notice of the meeting shall be provided to all members at least 5 business days in advance, unless at least all of the members of the Committee agree to a meeting at shorter notice.
- 7.2 A duly convened meeting shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

8. Minutes of Meetings

- 8.1 The Company Secretary shall minute the proceedings, recommendations and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2 The Company Secretary shall minute, at the beginning of each meeting, any material interest any of the members have in relation to the business of the meeting.
- 8.3 Minutes of Committee meetings shall be circulated in draft to all members of the Committee and no later than 10 business days after the date of the meeting and, once agreed, to all members of the Board.

9. Annual General Meeting

- 9.1 The Chairman of the Committee, or failing that, a designated member of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

10. Duties

- 10.1 The Committee should carry out the duties below for the Company, as appropriate:
- 10.2 The Committee will report on its risk oversight activities as set out below to the Board on a regular basis and will escalate any breaches, material errors or material concerns to the Board as required on a timely basis.
- 10.3 The Committee shall establish and maintain, subject to Board approval, a risk oversight framework including risk limits and tolerances and monitor compliance with those limits and tolerances, making recommendations for any adjustments to the framework to the Board accordingly.
- 10.4 The Committee shall review and monitor the effectiveness of the Company's risk manager and internal control procedures pertaining to the investment portfolio, focusing on identifying and over-seeing those investment portfolio risks that might impact upon the performance of the Company's NAV and/or shares, reporting to the Board on its findings.
- 10.5 The Committee shall develop and dynamically maintain and monitor non-binding portfolio investment guidelines with the Manager for the purpose of analysing portfolio risk and challenging the manager in relation to particular characteristics the Company's investments in relation to particular characteristics the Company's investments in the light of the Company's stated investment objectives.
- 10.6 The Committee shall constructively challenge the Investment manager in relation to matters of investment risk and all service providers in relation to operational and compliance risk insofar as it impacts the portfolio of investments.
- 10.7 The Committee may utilise data that is proprietary, from the Investment Manager, the Company Secretary or from external sources or advisors but in all cases the Risk Committee should monitor the quality of the data and be reasonably satisfied as to the appropriateness of the data.

10.8 The Committee shall be responsible for ensuring the timely completion of all necessary risk reporting by the Company for regulatory purposes and recommending the same for approval by the Board.

10.9 The Committee shall be responsible for drafting appropriate sections of the financial statements of the Company and recommending the same to the Board.

11. Reporting Responsibilities

11.1 The Committee shall provide a report on its activities at each quarterly Board meeting and such other communication as may be necessary or requested and the Chairman of the Committee shall be available to report to the Board and answer questions as appropriate.

11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11.3 The Committee shall make a statement in the Company's Annual Report about its activities.

12. Guiding Documents

12.1 The actions, processes and procedures of the Committee shall have due regard to the provisions and requirements of;

- The latest version of the Company's offering memorandum and any subsequent formally approved amendments to the investment objective and strategy
- The Company's investment policy
- The AIC Code of Corporate Governance
- The FCA's Disclosure and Transparency Rules or insert the Euronext equivalent
- GFSC requirements; and
- Any and all other applicable legal and regulatory requirements of the Company.

13. The Committee's Risk Oversight Policy

13.1 Risk Oversight process will have regard to the following categories of risk:

- Strategic Risk – default, market and reinvestment
- Preventable – liquidity, retention, operational
- External – legal & regulatory, tax, corporate & shareholder
- Concentration
- Leverage

14. Other Matters

14.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

14.2 The Committee shall give due consideration to any relevant legal requirements, the provisions and recommendations in the AIC Code and the requirements of the Euronext Listing Rules and the London Listing Rules and associated guidance;

14.3 The Committee shall 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.

15. Authority

15.1 The Committee is authorised to seek any information it requires from any employee, service provider or counterparty of the Company in order to perform its duties;

15.2 The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and

15.3 The Committee is authorised to call any employee or service provider to be questioned at a meeting of the Committee as and when required.

Last updated on 12 October 2017