

**Volta Finance Limited**  
(the "Company")

**TERMS OF REFERENCE - AUDIT COMMITTEE**

**1. Constitution**

1.1 The Audit Committee (the "**Committee**") was constituted by resolution of the Board of Directors (the "**Board**") on 9 October 2007.

1.2 The Board have established a Risk Committee to identify, monitor, control and minimise the risks to which its investments and investing activities are exposed. For the purposes of these terms of reference, the phrase Financial and Operational Risk(s) has been used to distinguish the scope of this committee from the particular investment related risks within the scope of the Risk Committee. The term Financial and Operational Risks ("F&O Risks") is defined to include, inter alia, the risks of loss or misappropriation of assets, misstatement of assets or liabilities or failure of financial reporting systems or processes, including valuation reporting and processes.

**2. Membership**

2.1 Members of the Committee (the "**Members**") shall be appointed by the Board and the minimum membership shall be two members. For the time being, the Board have resolved that all independent Directors, except the Chairman of the Board, shall be members of the Committee. For the avoidance of doubt the Chairman of the Board shall not count towards the quorum if in attendance.

2.2 All the Members shall be independent non-executive directors as determined by the Board in accordance with the AIC Code or equivalent, at least one of whom shall have recent and relevant financial experience and competence in accounting, auditing or both. The Committee as a whole will have competence relevant to the sector in which the Company operates.

2.3 Only the Members and the Chairman of the Board have the right to attend Committee meetings. However, other individuals such as representatives of the Company's external advisers may from time to time be invited to attend all or part of any meeting as and when appropriate.

2.4 The external auditors will be invited to attend meetings of the Committee on a regular basis.

2.5 Future appointments to the Committee will be made by the Board on the recommendation of the nominations committee, in consultation with the Committee chairman.

2.6 The Committee shall be provided with such training as shall be deemed appropriate, both in the form of an induction programme for new members and on an ongoing basis for all members.

2.7 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.

**Volta Finance Limited**  
(the "Company")

**3. Secretary**

3.1 BNP Paribas Securities Services S.C.A, Guernsey Branch (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 despatch of business and otherwise regulate their meetings as they think fit.

5.2 The Committee shall meet at least three times a year held to coincide with key dates in the financial reporting and audit cycle and otherwise as required.

5.3 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of the external audit lead partner if they consider it necessary.

5.4 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, any other person required to attend and all other non-executive directors, no later than five clear days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time. The Secretary should ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

5.5 The Company Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

5.6 Where practicable, a sufficient interval should be allowed between Audit Committee meetings and main Board meetings to allow any work arising from the Audit Committee meeting to be carried out and reported to the Board as appropriate.

5.7 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

5.8 The Committee should have access to the services of the Company Secretary on all Committee matters including assisting the Chairman in planning the Committee's work, drawing up meeting agendas, taking minutes, drafting material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

**Volta Finance Limited**  
(the "Company")

**6. Annual General Meeting ("AGM")**

6.1 The Chairman of the Committee, or in his/her absence, a duly authorised representative of the Committee, shall attend the AGM of the Company, to answer questions on the separate section of the annual report describing the Committee's activities and matters within the scope of the Committee's responsibilities and be prepared to respond to any shareholder questions on the Committee's activities.

**7. Duties and Responsibilities**

7.1 The Committee should consider key matters on their own initiative rather than relying solely on the work of the external auditor. The Committee should discuss what information and assurance it requires in order to properly carry out its roles to review, monitor and provide assurance or recommendations to the Board and, where there are gaps, how these should be addressed. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective.

**7.2 Financial Reporting**

7.21 The Committee shall monitor the integrity of the Company's annual and half-yearly reports and preliminary results announcements (if any), reviewing significant financial reporting issues and judgements which they contain, having regard to matters communicated by the auditor. The Committee shall also review any summary financial statements, and any financial information contained in other documents, such as announcements of a price sensitive nature.

7.22 The Committee shall report its views to the Board if it is not satisfied with any aspect of the proposed financial reporting by the Company;

7.23 The Committee shall review and challenge where necessary:

- (a) significant accounting policies and practices, and any changes to them;
- (b) the methods used to account for significant or unusual transactions where different approaches are possible;
- (c) whether the Company has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements, taking into account the views of the auditor;
- (d) the clarity and completeness of disclosures in the financial statements and whether the disclosures made are set properly in context; and
- (e) all related information presented with the financial statements, including the strategic report, long term viability and corporate governance statements relating to the audit and to financial risk management (insofar as it relates to the audit and F&O risk management);

**Volta Finance Limited**  
(the “Company”)

724 The Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy. This review should assess whether other information presented in the annual report is consistent with the financial statements.

725 The Committee should monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company’s financial performance, reviewing significant financial reporting judgements contained in them.

7.3 Internal Controls and Risk Management Systems

731 The Committee shall review the Company's internal financial controls, that is the systems established to identify, assess, manage and monitor financial risks as part of their expected roles and responsibilities in the UK Corporate Governance Code in so far as they relate to F&O Risks;

732 The Committee shall consider the level of assurance it is getting on the risk management and internal control systems, including internal financial controls, and whether this is enough to help the Board in satisfying itself that they are operating effectively; and

733 The Committee shall review and recommend to the Board the disclosures included in the annual report in relation to internal control, risk management and the viability statement, in so far as they relate to F&O Risk Management, before approval by the Board.

7.4 Appointment, resignation and fees of external auditor, and tendering

741 The Committee shall consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, reappointment and removal of the Company’s auditor.

742 The Committee shall be responsible for the selection procedure for the appointment of audit firms. When considering the selection of possible new appointees as external auditors, it will 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.

743 If an auditor resigns the Committee shall investigate the issues giving rise to such resignation and decide whether any action is required.

744 The Committee shall be responsible for co-ordination of the external audit and for overseeing the relationship with the external auditor including (but not limited to):

- (a) approving the remuneration to be paid to the external auditor in respect of the audit services provided and satisfy itself that the level of fee payable in respect of the audit services provided is appropriate and that an effective, high quality, audit can be conducted for such a fee;

**Volta Finance Limited**  
(the “Company”)

- (b) reviewing and agreeing the engagement letter issued by the external auditor at the start of each audit, ensuring it has been updated to reflect changes in circumstances arising since the previous year. The scope of the audit should be reviewed by the Committee with the auditor. If the Committee is not satisfied as to its adequacy it should arrange for additional work to be undertaken;
- (c) assessing annually, and reporting to the Board on, the qualification, expertise, resources, and independence of the auditor and the effectiveness of the audit process (including a report from the auditor on their own internal quality procedures and consideration of the audit firms’ annual transparency reports, if any) and to include in its assessment a recommendation on whether to propose to shareholders that the auditor should be re-appointed; and
- (d) evaluating the quality and effectiveness of the financial reporting process.

7.5 Independence of auditor, including the provision of non-audit services

The Committee shall:

- 751 Assess annually the independence and objectivity of the auditor, taking into account relevant UK and Guernsey law, the Ethical Standard, regulation and other professional requirements. The Committee should consider the annual disclosure from the statutory auditor and discuss with the auditor the threats to independence and the safeguards applied to mitigate those threats;
- 752 Monitor the auditor’s compliance with the Ethical Standard, the level of fees that the Company pays in proportion to the overall fee income of the firm, office and partner and other related regulatory requirements;
- 753 Annually seek from the auditor information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding rotation of audit partners and staff;
- 754 Where the Committee has decided that it is necessary to extend the normal rotation period for the audit engagement partner and key audit partners from five years up to a maximum of seven years, in order to safeguard the quality of the audit, as long as it does not compromise the independence or objectivity of the external auditor, this should be disclosed by the Committee to shareholders as early as practicable;
- 755 Develop and recommend to the Board the Company’s policy in relation to the provision of non-audit services by the auditor, taking into account the Ethical Standard and legal requirements and keep the policy under review;
- 756 The Committee is responsible for approving non-audit services. The Committee’s objective is to ensure that the provision of such services does not impair the auditor’s independence or objectivity. In the context of non-audit services that are not prohibited by law, the

**Volta Finance Limited**  
(the "Company")

Committee will apply judgement concerning the provision of such services, including assessing:

- (a) threats to independence and objectivity resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the auditor's independence and objectivity;
- (b) the nature of the non-audit services;
- (c) whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
- (d) the fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee, including special terms and conditions (for example contingent fee arrangements); and
- (e) the criteria which govern the compensation of the individuals performing the audit.

757 In the event that the Company were to begin employing individuals, agree with the Board a policy on the employment of former employees of the Company's auditor, taking into account the requirements of the Code in this respect.

**7.6 Annual audit cycle**

761 The Committee shall if considered appropriate, 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 to discuss their remit and any issues arising from the audit;

762 At the start of each annual audit cycle, the Committee shall ensure that appropriate plans are in place for the audit. The Committee shall consider whether the auditor's overall work plan, including planned levels of materiality and proposed resources to execute the audit plan, appears consistent with the scope of the audit engagement, having regard also to the seniority, expertise and experience of the audit team;

763 Review, in a timely manner with the auditor, the findings of their work and the auditor's report. In the course of its review, the Committee shall:

- (a) discuss with the auditor major issues which arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved;
- (b) ask the auditor to explain how they addressed the risks to audit quality identified earlier;
- (c) weigh the evidence they have received in relation to each of the areas of significant judgement and review key accounting and audit judgements;
- (d) ask the auditor for their perception of their interactions with the administrator and the investment manager; and
- (e) review levels of errors identified during the audit, obtaining explanations from management and, where necessary, the external auditors as to why certain errors might remain unadjusted.

764 The Committee shall review any representation letter(s) requested by the external auditor before they are signed on behalf of the Company and give particular consideration to matters where representation has been requested that relate to non-standard issues. The

**Volta Finance Limited**  
(the "Company")

Committee shall consider whether the information provided is complete and appropriate based on its own knowledge.

- 765 Assess the effectiveness of the audit process. An assessment of external audit quality in the particular circumstances of the Company requires consideration of the mind-set and culture; skills, character and knowledge, quality and control; and judgment, including the robustness and perceptiveness of the auditors in handling key judgements, responding to questions from the audit committee and in their commentary where appropriate on the systems of internal control.
- 766 In the course of its assessment of effectiveness, the Committee should:
- (a) ask the auditor to explain the risks to audit quality that they identified and how these have been addressed;
  - (b) discuss with the auditor the key audit firm and network level controls the auditor relied on to address the identified risks to audit quality and enquire about the findings from internal and external inspections of their audit and their audit firm;
  - (c) review whether the auditor has met the agreed audit plan and understand the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditors to address those risks;
  - (d) obtain feedback about the conduct of the audit from key people involved; and
  - (e) review and monitor the content of the external auditor's management letter, and other communications with the Committee, in order to assess whether it is based on a good understanding of the company's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon.

**8. Reporting Responsibilities**

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The annual report shall include a separate section describing the work of the audit committee in discharging its responsibilities, signed by the chairman.
- 831 The Committee section should include the following matters:
- (a) a summary of the role and work of the Committee;
  - (b) how the Committee composition requirements have been addressed, and the names and qualifications of all members of the Committee during the period, if not provided elsewhere;
  - (c) the number of Committee meetings;
  - (d) how the Committee's performance evaluation has been conducted;
  - (e) an explanation of how the Committee has assessed the effectiveness of the external audit process and of the approach taken to the appointment or reappointment of the external auditor; the length of tenure of the current audit firm; the current audit

**Volta Finance Limited**  
(the "Company")

partner name, and for how long the partner has held the role; when a tender was last conducted; and advance notice of any retendering plans;

- (f) if the external auditor provides non-audit services, the Committee's policy for approval of non-audit services; how auditor objectivity and independence is safeguarded; the audit fees for the statutory audit of the Company's consolidated financial statements paid to the auditor and its network firms for audit related services and other non-audit services, including the ratio of audit to non-audit work; and for each significant engagement, or category of engagements, explain what the services are and why the Committee concluded that it was in the interests of the company to purchase them from the external auditor; and
- (g) the significant issues that the committee considered, including:
- issues in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the auditors;
  - the nature and extent of interaction (if any) with the FRC's Corporate Reporting Review team; and
  - where the Company's audit has been reviewed by the FRC's Audit Quality Review team, the Committee should discuss the findings with their auditors and consider whether any of those findings are significant and, if so, make disclosures about the findings and the actions they and the auditors plan to take. This discussion should not include disclosure of the audit quality category.

832 The Committee should exercise judgement in deciding which of the issues it considered in relation to the financial statements were significant. The Committee should aim to describe the significant issues in a concise and understandable form whilst reporting on the specific circumstances of the Company.

833 The section need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

**9. Other Matters**

- 9.1 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 associated guidance;
- 9.2 The Committee shall oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- 9.3 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.

**10. Authority**

- 10.1 The Committee is authorised to seek any information it requires from any employee of the Company's service providers in order to perform its duties;



**Volta Finance Limited**  
(the “Company”)

- 10.2 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
- 10.3 The Committee is authorised to call anyone to be questioned at a meeting of the Committee as and when required.

Last reviewed and approved by the Committee: 5 March 2019

Last reviewed and approved by the Board: 5 March 2019