

**JACKPOTJOY PLC (THE "COMPANY")**  
**AUDIT AND RISK COMMITTEE TERMS OF REFERENCE**

**1. COMPOSITION AND MEETINGS OF AUDIT AND RISK COMMITTEE**

- 1.1 The Audit and Risk Committee comprises not less than three directors of the Company, to be selected by the board, on the recommendation of the Nomination Committee in consultation with the chairman of the Audit and Risk Committee. The Audit and Risk Committee shall be constituted at all times of non-executive directors who are "independent" within the meaning of all Canadian securities laws and the UK Corporate Governance Code, each as in effect and applicable to the Company from time to time. All members of the Audit and Risk Committee shall be "financially literate" within the meaning of applicable requirements or guidelines for audit committee service under Canadian securities laws and they shall each have the skills and experience appropriate for membership. At least one member shall have recent and relevant financial experience, such as a professional qualification from one of the professional accountancy bodies. The Audit and Risk Committee as a whole shall have competence relevant to the sector in which the Company operates. The chairman of the Company shall not be a member of the Audit and Risk Committee.
- 1.2 The chairman of the Audit and Risk Committee shall be appointed by the board and shall be an independent non-executive director. In the absence of the chairman of the Audit and Risk Committee, the remaining members shall elect one of their number to chair the meeting.
- 1.3 No member of the Audit and Risk Committee may serve on the audit committee of more than two other public companies, unless the board determines that this simultaneous service would not impair the ability of the member to serve effectively.
- 1.4 Any member of the Audit and Risk Committee may be removed or replaced at any time by the board and shall automatically cease to be a member of the Audit and Risk Committee upon ceasing to be a director. The board shall fill any vacancy if the membership of the Audit and Risk Committee is less than three directors.
- 1.5 If any member of the Audit and Risk Committee is unable to act for any reason, the chairman of the Audit and Risk Committee may appoint any other independent non-executive director of the Company to act as his or her alternate.
- 1.6 The general counsel (or his or her nominee) shall be the secretary of the Audit and Risk Committee.
- 1.7 The quorum for meetings of the Audit and Risk Committee is any two of its members.
- 1.8 Only members of the Audit and Risk Committee and those entitled to attend as an observer have the right to attend Audit and Risk Committee meetings. However, other individuals such as the chairman of the Company, the chief executive officer, the chief financial officer, other directors and representatives from internal audit and finance functions may be invited to attend all or part of any meeting as and when appropriate and necessary.

- 1.9 The external auditor will be invited to attend meetings of the Audit and Risk Committee on a regular basis and the external auditor will have direct access to the Audit and Risk Committee at the external auditor's own initiative.
- 1.10 Meetings of the Audit and Risk Committee are to be held at least four times a year at appropriate times in the financial reporting and audit cycle and otherwise as required. Any of the Audit and Risk Committee members, the finance director, head of internal audit (if appointed) or the Company's external auditors may request a meeting of the Audit and Risk Committee if he or she considers it necessary, to be arranged by the secretary.
- 1.11 The Audit and Risk Committee shall meet regularly, but no less than quarterly, with the chief financial officer, the head of the internal audit function (if other than the chief financial officer) and the external auditor in separate private sessions to discuss any matters that the Audit and Risk Committee of any of these groups believes should be discussed privately and such persons shall have access to the committee to bring forward matters requiring its attention. The Audit and Risk Committee shall also meet at each meeting without management or non-independent directors present, unless otherwise determined by the chairman of the Audit and Risk Committee.
- 1.12 The chairman of the Audit and Risk Committee will maintain a dialogue outside the formal meeting dialogue with key individuals involved in the Company's governance, including the chairman of the Company, the chief executive, the finance director, the external audit lead partner and the head of internal audit.

## 2. **AUTHORISATIONS**

- 2.1 The Audit and Risk Committee is authorised by the board:
  - 2.1.1 to undertake and investigate any activity within its terms of reference;
  - 2.1.2 to obtain any information it requires from any employee of the Company or its subsidiary undertakings (together, the "**Group**") and to call any employee to be questioned at a meeting of the Audit and Risk Committee as and when required (and all employees are directed to co-operate with any request made by the Audit and Risk Committee);
  - 2.1.3 to obtain, at the Company's expense, such independent, legal, accounting or other professional advice on any matter it deems necessary, including requiring the external auditor to perform such supplemental reviews or audits as the Audit and Risk Committee may deem advisable;
  - 2.1.4 to secure the attendance of other persons at its meetings if it considers this necessary; and
  - 2.1.5 to have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Audit and Risk Committee and the board.

## 3. **DUTIES OF THE AUDIT AND RISK COMMITTEE**

- 3.1 The duties of the Audit and Risk Committee are:

## *External audit*

3.1.1 in respect of the external audit:

- (a) to have prime responsibility for the appointment of the external auditors. This includes negotiating the fee and scope of the audit, initiating a tender process, influencing the appointment of an engagement partner and making formal recommendations to the board on the appointment, reappointment and removal of the external auditors;
- (b) to assess the effectiveness and quality of the external auditor's service annually and, every five years, perform a comprehensive review of the performance of the external auditors over multiple years to provide further insight on the audit firm, its independence and application of professional standards and to ensure that at least once every ten years the audit services contract is put out to tender to enable the Audit and Risk 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, to 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;
- (c) to oversee the relationship with the external auditor including (but not limited to):
  - (i) considering and approving their remuneration, including 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;
  - (ii) approval of their terms of engagement, including the engagement letter issued at the start of each audit and the scope of the audit;
  - (iii) discussing, before the audit starts, the nature and scope of the audit;
  - (iv) assessing annually the external auditor's independence and objectivity taking into account relevant UK professional and regulatory requirements and the Ethical Standards for Auditors (including considering the annual disclosure from the statutory auditor);
  - (v) assessing annually all relationships between the Company and the external auditors, including throughout the Group and the external auditor's network firms;
  - (vi) monitoring the external auditor's compliance with relevant ethical and professional guidance, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

- (vii) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditors on their own internal quality procedures;
  - (viii) ensuring that rotation of the lead (and concurring) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable law or professional practice;
  - (ix) evaluating the risks to the quality and effectiveness of the financial reporting process, especially in light of the auditor's communications with the Audit and Risk Committee;
  - (x) seeking to ensure co-ordination of the external audit function with the activities of the internal audit function, where an internal audit function exists; and
  - (xi) instructing the external auditor to report directly to the Audit and Risk Committee.
- (d) to meet regularly with the external auditors, including to discuss their audit plan for the year, the progress of their activities, any significant findings stemming from the external audit, any changes required in the planned scope of their audit plan, whether there are any disputes or any restrictions or limitations on the external auditors, including at a minimum once at the planning stage before the audit and once after the audit at the reporting stage. The Audit and Risk Committee shall meet the external auditors at least once a year, without management being present, to discuss its remit and any issues arising from the audit;
- (e) to review the findings of the audit with the external auditors. This shall include, but not be limited to, the following:
- (i) a discussion of any major issues which arose during the audit;
  - (ii) an explanation by the external auditors of how they address the risks to audit quality;
  - (iii) a review of areas of significant judgement and a review of key accounting and audit judgements;
  - (iv) a discussion with the external auditors regarding their perception of their interactions with senior management and other members of the finance team;
  - (v) level of errors identified during the audit; and
  - (vi) the effectiveness of the audit process;
- (f) to ask the auditor to explain the risks to audit quality that they identified and how these have been addressed;

- (g) to 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;
- (h) to keep under review the scope and results of the audit, the audit fee and its cost effectiveness, taking into consideration relevant professional and regulatory requirements;
- (i) to review:
  - (i) any representation letter(s) requested by the external auditors before they are signed by management, giving particular consideration to matters where representation has been requested that relate to non-standard issues; and
  - (ii) the management letter and management's response to the auditor's findings and recommendations;
- (j) to assess, review and approve non-audit services and to ensure that the provision of such services does not impair the external auditor's independence or objectivity;
- (k) to set and apply a formal policy specifying the types of non-audit service for which use of the external auditor is pre-approved, provided that such policy satisfies all applicable securities laws, rules and regulations, including that such a policy be detailed as to the particular service being pre-approved, that the Audit and Risk Committee be informed of each non-audit service performed and that such procedures do not include any delegation of the Audit and Risk Committee's responsibilities in this regard to management of the Company;
- (l) to set a policy for how the Audit and Risk Committee will assess whether non-audit services have a direct or material effect on the audited financial statements, how the Audit and Risk Committee will assess and explain the estimation of the effect on the financial statements and how the Audit and Risk Committee will consider the external auditors' independence; the Audit and Risk Committee will have sole discretion regarding the prohibition of the external auditor providing certain non-audit services to the Company and its subsidiaries and the Audit and Risk Committee shall review and approve disclosures with respect to permissible non-audit services;
- (m) to agree with the board a policy on the employment of partners, employees and former partners and employees of the Company's current and former external auditors, then monitoring the implementation of this policy; and
- (n) if an external auditor resigns, to investigate the issues leading to the resignation and decide whether any action is required;

### *Audit Plan*

- 3.1.2 to 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;
- 3.1.3 to 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;

### *Financial Reporting*

- 3.1.4 to review with the external auditors and management and recommend to the board for approval the audited annual financial statements, half-year financial statements and other unaudited interim financial statements, and the notes and managements' discussion and analysis accompanying all such financial statements, the Company's annual report and any other disclosure documents or regulatory filings containing or accompanying financial information of the Company, prior to the release of any summary of the financial results or the filing of such reports with applicable regulators;
- 3.1.5 to discuss earnings press releases prior to their distribution, as well as financial information and earnings guidance prior to public disclosure, it being understood that such discussions may, in the discretion of the Audit and Risk Committee, be done generally (i.e. by discussing the types of information to be disclosed and the type of presentation to be made) and that the Audit and Risk Committee need not discuss in advance each earnings release or each instance in which the Company gives earning guidance;
- 3.1.6 to review with management the Company's financial disclosure controls and procedures and material changes to the design of the Company's financial disclosure controls and procedures;
- 3.1.7 receive and review the financial statements and other financial information of material subsidiaries of the Company and any auditor recommendations concerning such subsidiaries;
- 3.1.8 meet with management periodically to review the adequacy of the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information;
- 3.1.9 to review and discuss with management, the external auditor and the internal audit function (together and separately as it deems necessary), among other items and matters all significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including any "second opinions" sought by management from an external auditor with respect to the accounting treatment of a particular item;
- 3.1.10 to review the strategic report, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of price sensitive information;

- 3.1.11 the Audit and Risk Committee shall review and challenge where necessary:
- (a) the consistency of, and any changes to, significant accounting policies both on a year-on-year basis and across the Company/Group;
  - (b) the methods used to account for significant or unusual transactions where different approaches are possible;
  - (c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditors;
  - (d) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
  - (e) any material change to the Company's auditing and accounting principles and practices as recommended by management, the external auditors or the internal auditors or which may result from proposed changes to applicable generally accepted accounting principles;
  - (f) the extent to which any changes or improvements in accounting or financial practices, as approved by the Audit and Risk Committee, have been implemented;
  - (g) any reserves, accruals, provisions or estimates that may have a material effect upon the financial statements of the Company;
  - (h) the use of any "pro forma" or "adjusted" information which is not in accordance with generally accepted accounting principles;
  - (i) the effect of regulatory and accounting initiatives on the Company's financial statements and other financial disclosures;
  - (j) legal matters, claims and contingencies that could have a significant impact on the Company's financial statements;
  - (k) all material information presented with the financial statements, such as the strategic report and the corporate governance statements relating to the audit and to risk management; and
  - (l) where the Audit and Risk Committee is not satisfied with any aspect of the proposed financial reporting by the Company, to report its views to the board;
- 3.1.12 to review and resolve disagreements between management and the external auditor regarding financial reporting or the application of any accounting recipes or practices;
- 3.1.13 to submit the documents referred to in paragraph 3.1.4 to the board for its approval and to determine what information should be brought to the board's attention in connection with that submission;

### *Narrative Reporting*

- 3.1.14 where requested by the board, the Audit and Risk 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 performance, business model and strategy;

### *Internal Controls and Risk Management Systems*

- 3.1.15 to assist the board with the definition and execution of a risk management strategy, risk policies and current risk exposures, including any prudential risks;

- 3.1.16 in support of the board's risk management strategy, the Audit and Risk Committee shall:

- (a) ensure that it delivers effective monitoring of risk management systems and risk appetite across the Company by working closely at all times with the compliance officer;
- (b) review the Company's compliance system of corporate standards and procedures and assess the effectiveness of these standards and procedures;
- (c) assess the policies and systems within the Company for ensuring compliance with safety and environmental regulatory requirements;
- (d) assess the performance of the Company with regard to the impact of safety and environmental decisions and actions upon employees, communities, other third parties and the overall reputation of the Company;
- (e) evaluate and oversee, on behalf of the board, the quality and integrity of any reporting to external stakeholders concerning safety and environmental issues;
- (f) ensure the adequacy of insurance coverage for the Company;
- (g) maintain a risk register which will identify all material risks, evaluate any financial impact of such risks, identify actions to mitigate or avoid any potential impact from such risks, and, going forward, monitor and review the risks; and
- (h) review the results of independent audits of the Company's performance in regard to safety and environmental matters, review any strategies and action plans developed by management in response to issues raised and, where appropriate, make recommendations to the board concerning the same;

- 3.1.17 to assist the board with monitoring and reviewing the Group's risk management and internal control systems on an on-going basis, including monitoring material financial, operational and compliance controls;



- 3.1.18 to assist the board with its annual review of, and report on, the effectiveness of the Group's internal control and risk management systems, including meeting at least once annually with the head of internal audit without senior management present, to discuss the internal audit, control and risk management functions (other than in relation to those matters for which the Audit and Risk Committee is responsible), and to review the Company's statement on internal control prior to endorsement by the board;
- 3.1.19 to assist the board to draw on the results of the on-going monitoring process to obtain sound, appropriately documented evidence to support the relevant statements and confirmations required from the board in the annual report (and, in the case of (d) below, the half-yearly financial statements) including:
- (a) that the board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
  - (b) how the board has assessed the prospects of the Company, over what period it has done so and why it considers that period to be appropriate;
  - (c) whether the board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment; and
  - (d) the appropriateness of adopting the going concern basis of accounting in the financial statements and whether there are any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of the approval of the financial statements;
- 3.1.20 to advise the board on the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment;
- 3.1.21 to oversee and advise the board on the current risk exposures of the Group and future risk strategy and the steps taken to manage those risks;
- 3.1.22 to review the Company's capability to identify and manage new risk types;
- 3.1.23 to exercise oversight of, review and discuss with management, the external auditor and the internal audit function (together and separately, as it deems necessary):
- (a) the adequacy and effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures designed to ensure compliance with applicable laws and regulations;
  - (b) any significant deficiencies or material weakness in internal control over financial reporting or disclosure controls and procedures, and the status of any plans for their remediation;

- (c) the adequacy of the Company's internal controls and any related significant findings and recommendations of the external auditors and internal audit function together with management's responses thereto; and
- (d) management's compliance with the Company's processes, procedures and internal controls;

#### *Oversight of Financial Matters*

- 3.1.24 to periodically review matters pertaining to the Company's material policies and practices in respect of cash management and material financial strategies or policies or proposed financing arrangements and objectives of the Company;
- 3.1.25 to periodically review the Company's major financial risk exposures (including foreign exchange and interest rate) and management's initiatives to control such exposures, including the use of financial derivatives and hedging activities;
- 3.1.26 to review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), leases and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses;
- 3.1.27 to review and discuss with management any equity investments, acquisitions and divestitures that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses;
- 3.1.28 to review and discuss with management the Company's effective tax rate, adequacy of tax reserves, tax payments and reporting of any pending tax audits or assessments, and material tax policies and tax planning initiatives;
- 3.1.29 to review the organisational structure of the finance function and satisfy itself as to the qualifications, effectiveness and adequacy of the function;
- 3.1.30 to review the work plan and progress on implementation of major information technology system changes and satisfy itself as to the adequacy of the information system infrastructure;

#### *Internal audit*

- 3.1.31 where an internal audit function exists:
  - (a) to ensure that there is open communication between the different functions and that the internal audit function evaluates the effectiveness of the risk, compliance and finance functions as part of its internal audit plan. The Audit and Risk Committee should ensure that the function has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;

- (b) to meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;
- (c) to approve the appointment and removal of the head of the internal audit function. Internal audit should have access to the Audit and Risk Committee and board chairman where necessary and the Audit and Risk Committee should ensure internal audit has a reporting line which enables it to be independent of the executive and so able to exercise independent judgement;
- (d) to review and assess the annual internal audit plan;
- (e) meet periodically to receive a report on the results of the internal auditor's work, including with respect to the progress of their activities any significant findings stemming from internal audits, any changes required in the planned scope of their audit plan and whether there are any disputes, restrictions or limitations on internal audit; and
- (f) to monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system, including the evaluation, annually or more frequently as it deems necessary, of the internal audit function, including its activities, organisational structure, independence and the qualifications, effectiveness and adequacy of the function;

3.1.32 where external auditors are being considered to undertake aspects of the internal audit function, the Audit and Risk Committee should consider the effect this may have on the effectiveness of the Company's overall arrangements for internal control, the effect on the objectivity and independence of the external auditor and the internal audit function and investor perceptions in this regard. Investor perceptions are likely to be influenced by:

- (a) the reporting in the annual report on the nature and extent of the work being performed by the external auditor; and
- (b) whether, in the absence of internal audit work, the Audit and Risk Committee is wholly reliant on the views of the external auditor about the effectiveness of its system of controls relating to core activities and significant locations;

#### *Whistleblowing, compliance and fraud*

3.1.33 to review and approve changes to the Company's whistleblower policy or other procedures for: (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees and contractors of the Company of concerns regarding questionable accounting or auditing matters, together with the procedures by which employees and contractors may, in confidence, raise concerns about possible wrongdoing in matters of financial reporting or other matters. The Audit and Risk Committee

shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

- 3.1.34 oversee management's monitoring of and compliance with the Company's whistleblower policy;
- 3.1.35 to review the Company's procedures for preventing and detecting fraud;
- 3.1.36 to review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 3.1.37 to 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
- 3.1.38 to review regular reports from the compliance officer and keep under review the adequacy and effectiveness of the Company's compliance function.

*Recommendations, reports and actions<sup>1</sup>*

- 3.1.39 to have the chairman of the Audit and Risk Committee report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities. This report shall include:
  - (a) the significant issues that it considered in relation to the financial statements (required under paragraph 3.1.4) and how these were addressed;
  - (b) its assessment of the effectiveness of the external audit process (required under paragraph 3.1.1(c)(vii)) and its recommendation on the appointment or reappointment of the external auditor;
  - (c) the results of its risk management and internal compliance and control systems; and
  - (d) any other issues on which the board has requested the Audit and Risk Committee's opinion;
- 3.1.40 to consider the major findings of internal investigations and management's response;
- 3.1.41 to make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;
- 3.1.42 to prepare a report to shareholders on its activities and the Company's risk management and strategy to be included in the Company's annual report. The

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<sup>1</sup> In the compiling the reports referred to in paras. 3.1.39(a) and 3.1.39(b), the Audit and Risk Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

report should include an explanation of how the Audit and Risk Committee has addressed the effectiveness of the external audit process; the significant issues that the Audit and Risk Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the UK Corporate Governance Code;

3.1.43 to review the annual financial statements of the pension funds where not reviewed by the board as a whole;

3.1.44 to oversee any investigation of activities which are within its terms of reference;

3.1.45 to, 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 for board approval; and

3.1.46 to consider other matters as referred to the Audit and Risk Committee by the board.

#### **4. AUDIT AND RISK COMMITTEE CHAIRMAN**

4.1 The Audit and Risk Committee chairman shall:

4.1.1 report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities, including its compliance with these terms of reference; and

4.1.2 attend the Company's annual general meeting prepared to answer shareholders' questions on the Audit and Risk Committee's activities.

#### **5. SECRETARY**

5.1 The secretary shall:

5.1.1 minute the proceedings and resolutions of all meetings of the Audit and Risk Committee, including recording the names of those present and in attendance;

5.1.2 ascertain, at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly; and

5.1.3 promptly circulate minutes of Audit and Risk Committee meetings to all members of the Audit and Risk Committee and, once agreed, to all members of the board, unless a conflict of interest exists.

#### **6. OTHER MATTERS**

6.1 The Audit and Risk Committee shall:

6.1.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;

- 6.1.2 review on an annual basis reports of the expense accounts of the chief executive officer and his or her direct reports;
- 6.1.3 undertake on behalf of the board such other initiatives as may be necessary or desirable to assist the board in fulfilling its oversight responsibilities with respect to financial reporting and perform such other functions as required by law, stock exchange rules or the Company's constitutional documents;
- 6.1.4 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 6.1.5 give due consideration to laws and regulations (including all applicable Canadian securities laws, rules and regulations), the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate, including the review and approval in advance of any proposed related-party transactions and required disclosures of such in accordance with applicable securities laws, rules and regulations and consistent with the Company's related party transaction policy, and report to the board on any approved transactions; and
- 6.1.6 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board.

Approved by the board on 2 November 2016.