SPEEDY HIRE PLC

AUDIT COMMITTEE

TERMS OF REFERENCE

(Adopted by the Board on 11 April 2013

and last approved and updated on 15 September 2017)

1. **MEMBERSHIP**

1.1 The committee shall comprise at least three members. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee in consultation with the chairman of the audit 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 and with competence in accounting and/or auditing. The committee as a whole shall have competence relevant to the sector, or similar sectors, in which the Company operates. The company chairman may be a member of, but not chair, the committee provided he or she was considered independent on appointment as chairman.

1.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chairman of the board, chief executive, finance director, other directors, the head of risk, assurance and internal audit function and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate and necessary.

1.4 The external auditor will be invited to attend meetings of the committee on a regular basis.

1.5 Appointments to the committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee.

1.6 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 themselves to chair the meeting.

2. **SECRETARY**

The company secretary, or his or her nominee, shall act as the secretary of the committee.

3. **QUORUM**

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.

4. **FREQUENCY OF MEETINGS**

The committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5. **NOTICE OF MEETINGS**

5.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members or at the request of the external audit lead partner or head of the internal audit function if they consider it necessary.

5.2 Unless otherwise agreed by the committee, 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 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.

6. **MINUTES OF MEETINGS**

6.1 The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.

6.2 Draft minutes of committee meetings shall be agreed with the committee chairman and then circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so in the opinion of the committee chairman.

7. **ANNUAL GENERAL MEETING**

The committee chairman should attend the annual general meeting to answer shareholder questions on the committee's activities.

8. **DUTIES**

The committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

8.1 **Financial reporting**

8.1.1 The committee shall monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.

8.1.2 In particular, the committee shall review and challenge where necessary:

(a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the company/group;

(b) the application and validity of the going concern assumption;

(c) the methods used to account for significant or unusual transactions where different approaches are possible;

(d) whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account best practice and the views of the external auditor;

(e) the clarity of disclosure in the company's financial reports and the context in which statements are made;

(f) compliance with Stock Exchange and legal requirements; and

(g) all material information presented with the financial statements, such as the strategic report/business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

8.1.3 The committee shall review and consider any working capital forecasts required in connection with any circular to shareholders or related documents prior to approval by the board.

8.1.4 Where requested by the board, the committee shall review the content of the annual report and accounts and advise the board 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.

8.2 **Internal controls and risk management systems**

The committee shall:

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

8.2.2 review and approve the statements to be included in the annual report concerning the company's viability statement, internal controls and risk management.

8.3 **Compliance, whistleblowing and fraud**

The committee shall:

8.3.1 review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or 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 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 in the context of the company's overall risk management system;

8.4.2 approve the appointment and removal of the head of the internal audit function;

8.4.3 consider and approve the charter of the internal audit function and ensure that the function 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 approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;

8.4.5 review reports addressed to the committee from the internal audit function;

8.4.6 review and monitor management's responsiveness to the findings and recommendations of the internal audit function; and

8.4.7 meet the head of the internal audit function 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 the internal audit function shall be given the right of direct access to the chairman of the board and to 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 in respect of any tender of auditor services for the company the committee shall develop and oversee the selection process for a new auditor 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, the committee shall 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):

(a) recommendations on their remuneration, whether fees for audit or non-audit services and review whether the level of fees is appropriate to enable an adequate audit to be conducted;

(b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(c) assess 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;

(d) satisfy 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;

(e) agree with the board a policy on the employment of former employees of the company's auditor, then monitor the implementation of this policy;

(f) monitor the auditor's processes for maintaining independence, its compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements;

(g) assess annually the qualifications, expertise and resources, and independence of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;

(h) seek to ensure co-ordination of the external audit with the activities of the internal audit function;

(i) evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the committee;

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 the auditor's remit and any issues and recommendations 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:

(a) a discussion of any major issues which arose during the audit;

(b) key accounting and audit judgements;

(c) levels of errors identified during the audit;

(d) the effectiveness of the audit;

8.5.8 consider, periodically, an assessment by the external auditor of the quality of accounting and senior finance personnel in the group.

The committee shall also:

8.5.9 review any representation letter(s) requested by the external auditor before they are signed by management;

8.5.10 review the management letter and management's response to the auditor's findings and recommendations;

8.5.11 develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to audit objectivity and independence, taking into account any relevant ethical guidance on the matter; and

8.5.12 review the group's treasury management policies.

9. REPORTING RESPONSIBILITIES

9.1 The committee chairman shall report formally 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 and its recommendation on the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; 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 produce a report on its activities to be included in the company's annual report. This report should include an explanation of how the committee has addressed the effectiveness of the external audit process; the significant issues that the 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 Code.

9.4 In compiling the reports referred to in paragraphs 9.1 and 9.3, the committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, and in particular as to whether it was considered appropriate to adopt the going concern basis of accounting in preparing the annual and half-yearly financial statements, and identify 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 approval of the financial statements.

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 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;

10.3 give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;

10.4 be responsible for co-ordination of the internal and external auditors;

10.5 oversee any investigation of activities which are within its terms of reference; and

10.6 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 for approval.

11. AUTHORITY

The committee is authorised:

11.1 to seek any information it requires from any employee of the company in order to perform its duties and all employees will be directed by the board to co-operate with any request made by the committee;

11.2 to obtain, at the company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference (subject only to the requirement that such advice is sought at a reasonable cost commensurate with the matter under review);

11.3 to call any employee to be questioned at a meeting of the committee as and when required; and

11.4 to 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.