

INTERNATIONAL PERSONAL FINANCE plc

Terms of Reference of the Audit and Risk Committee

Members

Richard Moat (Chair)
Tony Hales
Jayne Almond
Bronwyn Syiek

1. Name

This Committee of the Board shall be known as the Audit and Risk Committee.

Membership

2. The Committee will be appointed by the Board (after consultation with the Chair of the Committee) from amongst the independent non-executive directors of the Company (one of whom should have recent and relevant financial experience) and will consist of not fewer than three members. A quorum will 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.
3. Membership of the Committee will be reviewed by the Board on an annual basis. Appointments to the Committee shall be for a period of up to three years, which may be extended for a further two three year periods, provided the director remains independent.
4. The Chair of the Committee will be appointed by the Board. In the absence of the Chair of the Committee, the remaining members present shall elect one of themselves to chair the meeting.
5. The Company Secretary will be Secretary to the Committee.

Meetings

6. Meetings will be held not less than five times a year. Two meetings will principally focus on risk and three principally on audit; two of the audit meetings will be scheduled to review the half year and year end results respectively.
7. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Finance Director, other directors and representatives from the finance function may be invited to attend for all or part of any meeting, as and when appropriate.
8. Without prejudice to the foregoing provision, the Finance Director and the Head of Group Internal Audit will be invited to attend meetings on a regular basis. The Chief Executive will be in attendance as necessary. A partner of the external auditors will

attend when invited. However, at least once a year, the Committee will meet with the external auditors without any executive director present.

Authority

9. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
10. The Committee is authorised by the Board if the Committee considers it necessary:
 - (a) to obtain internal advice and outside legal or other independent professional advice;
 - (b) to secure the attendance of outsiders with relevant experience and expertise; and
 - (c) to incur reasonable fees and expenses, which will be paid by the Company.

Duties

11. The duties of the Committee will be:
 - A. AUDIT
 - (a) to make recommendations to the Board, for it to put to shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
 - (b) to agree with the external auditors and the internal audit function respectively, after they have consulted with line management, each year before the audits commence, the scope, approach and emphasis of their work;
 - (c) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
 - (d) at least once every ten years, or more often at the discretion of the Committee, to undertake a formal tendering exercise of the external audit contract ensuring that all tendering firms have access to necessary information and individuals during the tendering process. The purpose of the tender will be to benchmark the quality and effectiveness of the services provided by the incumbent external auditor against those offered by other firms, with the aim of obtaining the best quality and most effective external audit;
 - (e) to review and monitor the effectiveness of the internal audit function;
 - (f) to develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance

regarding the provision of non-audit services by the external auditors; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

(g) to 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. Without prejudice to the generality of the foregoing the Committee will review and challenge where necessary the final and interim announcements to the Stock Exchange for:

- * compliance with accounting standards
- * any changes in accounting policies and practices
- * major judgmental areas and emerging issues
- * significant adjustments resulting from the audit
- * the going concern assumption
- * all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management)
- * compliance with stock exchange and legal requirements;

(h) where requested by the Board, to provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;

(i) to discuss reservations arising from the interim and final audits and any matters which the external auditors may wish to discuss (in the absence of management where necessary);

(j) to approve (and amend as necessary during the year) the internal audit programme;

(k) to consider the major findings of internal audit investigations and management's response, and ensure co-ordination between the internal audit function and external auditors;

(l) to keep under review the effectiveness of the group's system of internal financial control and to report to the Board on an annual basis;

(m) to review the external auditors' management letter and management's response;

- (n) to review annually the reporting systems of both the external auditors and the internal audit function to ensure that the flow of information is appropriate and timely;
- (o) to review the arrangements by which group employees may in confidence raise concerns about possible improprieties in matters of 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;
- (p) review the Company's procedures for detecting fraud;
- (q) review the Company's systems and controls for the prevention of bribery;
- (r) to consider other topics as requested by the Board from time to time; and
- (s) to report to the Board on how it has discharged its responsibilities.

B. RISK

- (a) To review the work of the Risk Advisory Group and in particular:
 - (i) to consider the nature and extent of the risks facing the Company, the extent and categories of risk which it is acceptable for the Company to bear, the likelihood of risks materialising, the Company's ability to reduce the incidence and the impact on its business of the risks which do materialise and the costs of operating particular controls relative to the benefit thereby obtained in managing the related risks;
 - (ii) to review the risk register and to notify to the Board changes in the status and control evaluation of risks;
 - (iii) to keep under review the effectiveness of the group's system of internal non-financial control, including operational and compliance controls and risk management, and to report to the Board on an annual basis; and
 - (iv) to consider other topics relating to risk as requested by the Board from time to time.

AGM

12. The Chair of the Committee will be available to answer shareholders' questions on audit matters at the Company's Annual General Meeting (as requested by the Chair of the Company).

Minutes

13. The Secretary shall produce minutes of each meeting which will be circulated to members of the Committee and attendees and, once agreed, to all the other directors.

Reporting responsibilities

14. The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Other

15. 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.
16. The Committee will approve the appointment or termination of appointment of the Head of Group Internal Audit.

Approved by the Board: 19 June 2007

Amended: 16 December 2008
15 December 2009
12 May 2010
10 December 2010
14 December 2011

Membership amended: 25 September 2012

Amended: 11 December 2012

Membership amended: 25 April 2013

Membership amended: 24 September 2015

Membership amended: 17 December 2015

Amended: 14 December 2017

Membership amended: 12 December 2018