

## **Audit Committee Terms of Reference**

### **Introduction**

1. The Audit Committee (the “Committee”) of the company was established by the Board of Directors (“Board”) of the company.
2. The Terms of Reference (“TOR”) for the Committee are approved by the Board.

### **Purpose**

3. The Committee’s role is to support the Board by providing oversight of all audit and financial reporting, and assurance over the process for risk management and compliance activities and to oversee the effectiveness and efficiency of the internal audit and risk management functions.

### **Membership**

4. The Chairperson and members of the Committee will be appointed by the Board and will comprise of at least three members of which two, including the Chairperson, must be non- Executive Directors. If there are four members, then three, including the Chairperson, must be non-Executive Directors.
5. The Managing Director, Finance Director, Head of Internal Audit, and the Risk Executive (or assigned executive with risk function role) will be invited to attend all meetings of the Committee. The Chairperson of the Committee may invite other persons (including independent risk specialists, external auditors) to attend meetings or advise the Committee.

### **Meetings**

6. The Committee will meet three times per year. The Chairperson will call meetings if requested by any member of the Committee or the Board. Meetings may be held in person or by electronic means or by a combination of the two.
7. A quorum will be the Chairperson and both two other members.
8. The Secretary of the Committee will be the Company Secretary of the Board or nominee agreed by the Chairperson. The Secretary will minute its meetings or arrange for them to be minuted. Draft minutes will be made available to members of the Committee for comment within 14 working days of meetings. Final versions of minutes will be approved by the Chairperson and distributed to all Committee members, all Board members and meeting invitees.
9. Meetings should be held on a predetermined agenda which should be distributed in good time along with supporting documents.

### **Authority**

10. The Committee is authorised by the Board to investigate any activity within its TOR or as directed by the Board. In so doing it is authorised by the Board to obtain outside legal or other independent professional advice.

### **Financial Reporting**

11. The Committee oversees the production, maintenance, and delivery of the company’s financial reports, reviews the suitability of financial controls, and provides assurance to the Board that financial information provided is accurate and complies with relevant accounting practice, and that the accounts

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present a fair picture of the financial performance and position of the company.

**12. Specific Responsibilities:**

- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements and determine whether they are complete and consistent with the information known to Committee members; assess whether the financial statements reflect appropriate accounting principles, and that appropriate accounting policies have been adopted and adequately disclosed.
- Focus on judgmental areas and pay particular attention to complex and/or unusual transactions.
- Review the other sections of the annual report and consider whether the information is understandable and consistent with Committee members' knowledge about the company and its operations.

**External Audit**

**13.** As part of their oversight duty in relation to financial reporting, the Committee will maintain an independent relationship with the external auditors. This will include reviewing the scope of any audits, their recommendations in regard to the robustness of financial controls and the content of the accounts. The Committee may also provide the Board with an assessment of the external auditors' performance and a view as to their fees. Note that it is not the role of the Committee to appoint or dismiss the external auditors although they may make recommendations in that regard.

**14. Specific Responsibilities:**

- Review the external auditors' proposed audit scope and approach and assure the Board that no unjustified restrictions or limitations have been placed on the scope
- Review the results of the external audit and review and monitor management's responsiveness to findings and recommendations made by the external auditors
- Review and monitor the timing of management's response to recommendations made by the external auditors
- Review the external auditor's independence from the activities of the company outside of their appointment as external auditors which will include reference to their provision of non-audit services
- Review regularly the performance of the external auditors.

**Internal Audit**

**15.** The Committee is supported by an Internal Audit function. The Head of Internal Audit reports to the Chair of the Committee. The Committee oversees the audit arrangements and the completion of its program including management responses to its findings and recommendations.

**16. Specific Responsibilities:**

- Review and approve of annual internal audit plan and oversight of delivery of the plan including the remediation of audit findings
- Biennial review of the effectiveness of the Internal Audit operating model including any outsourcing arrangements
- Review management response on recommendations for the improvement of internal controls made by auditors and the implementation plan.

**Risk Management**

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17. The Committee reviews and assesses the company's risk management process to provide assurance to the Board that the management of the company is managing the risks satisfactorily and within the risk appetite agreed with the Board.
18. Specific Responsibilities:
- Review the company's Corporate Risk Register for the Board's approval. Review the company's risk appetite for the Board's approval.
  - Evaluate effectiveness of the company's risk management framework including resourcing of risk functions, systems, policies, guidelines, methodologies, and culture.
  - Review risk report (prepared by Risk Executive) to the Board, including all material risk events, emerging risk log, relevant risk management activities and recommendations on any matters requiring the Board's approval.
  - Review all third-party disclosures (if required) in relation to risk management.

### **Compliance**

19. The Committee oversees the company's compliance framework to assure the Board the adequacy of process for monitoring compliance with relevant regulations and legislation affecting the company's activities.
20. Specific responsibilities:
- Review the effectiveness of the company's systems for monitoring compliance with laws and regulations
  - Receive reports of management's investigation and any action taken in respect of any fraudulent acts or non-compliance with laws and regulations
  - Obtain regular updates from management regarding compliance matters
  - Be satisfied that applicable regulatory compliance matters have been considered in the preparation of the financial statements
  - Review the findings of any examinations by regulatory agencies.

### **Reporting to the Board**

21. The Committee should report to the Board, identifying any matters in respect of which it considers action or improvement is needed, and making recommendations as to the steps to be taken.

### **Review**

21. These TOR will be subject to review by the Committee annually, or on other occasions as circumstances determine and any changes will require the approval of the Board.

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