

Audit Committee – Terms of Reference

NAME: **THE RENEWABLES INFRASTRUCTURE GROUP LIMITED**

AUDIT COMMITTEE

MEMBERS: Jon Bridel (Chairman)
Shelagh Mason
Klaus Hammer

IN ATTENDANCE: The Company Secretary
The Investment Manager
The Operations Manager

The Audit Committee has discretion as to whether or not they meet the auditors in private.

Representatives of the External Auditors shall attend meetings at the invitation of the Committee.

Board members who are not members of the Committee shall attend if invited by the Committee. The Chairman of the Board has a standing invitation to attend the Audit Committee.

MEMBERSHIP AND QUORUM:

The Committee shall be appointed by the Board in consultation with the Audit Committee Chairman and consist of not less than 2 members from amongst the independent Non-Executive Directors of the Company.

The Chairman of the Committee shall be appointed by the Board and shall be an independent Non-Executive Director (and shall not at any time also be the Chairman of the Board)

The Board will ensure that at least one member has recent and relevant financial experience.

A quorum shall be 2 members of the Committee, neither of whom should be resident nor present in the United Kingdom at the time of the meeting.

CONSTITUTION AND PURPOSE:

The Committee does not hold any executive authority save as expressed herein. The Committee shall review, consider and discuss issues relating to the engagement of an External Auditor, whether or not there should be an Internal Auditor, compliance with company law, Accounting Standards and Financial Conduct Authority regulations, publication of interim and annual results, publication of any other financial statements embodied within circulars or company announcements, review of and comfort with internal controls and procedures, internal audit procedures and risk review. When applicable the Committee shall also review significant transactions outside the normal course of business and consider any other topics referred to the Audit Committee from the Board. The Chairman of the Committee shall report to the Company's Board (the "Board") on any relevant issue that, in the opinion of the Committee, should be brought to the attention of the Board members.

In accordance with AIC Code of Corporate Governance the Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board. This requirement could be met by including the information on the Company's website.

AUTHORITY:

The Committee is authorised by the Board to:

- a. Investigate any activity within its terms of reference;
- b. Seek any information that it requires from any party; and
- c. Obtain outside legal or independent professional advice at the Company's expense and such advisers may attend meetings as necessary.

RESPONSIBILITY:

The responsibilities of the Committee shall be:

External Audit

- a. To consider the appointment of the External Auditor and assess the independence, effectiveness and performance of the External Auditor in accordance with the UK Corporate Governance Code requirements, ensuring also that key partners are rotated at appropriate intervals;
- b. To oversee the process for selecting the External Auditor and make appropriate recommendations through the Board for the shareholders to consider at the AGM;
- c. To interview and to agree the identity of the Audit Engagement Partner with the external auditors and to consider and approve any changes to this appointment.
- d. To review annually the terms of the External Auditor's engagement letter and their proposed remuneration taking into account any changes to the Group's structure and operations in the period. To make recommendations to the Board regarding the annual external audit fee;
- e. To discuss with the External Auditor, before the audit commences, the nature and scope of the audit (or its review of the interim financial statements) and to review the Auditor's Audit Plan, quality control procedures and steps taken by the Auditor to respond to changes in regulatory and other requirements having regard to the seniority, expertise and experience of the audit team;
- f. To review the External Auditor's management letter and management's response;
- g. To consider communications from the Auditors of audit matters to those charged with governance as required by Auditing Standards (IAS 260);
- h. To develop and implement a policy on the supply of non-audit services. In this respect pre-approval of fees in excess of £20,000 on a case by case basis in respect of non-audit services provided by the External Auditor and to ensure that the provision of non-audit services does not impair the External Auditors' independence or objectivity. In the cases where the fee is under £20,000 they will be reported after the event to the Committee;

- i. To receive and review, every six months, a summary of the External Auditor fees, both audit and non-audit, charged to TRIG Group companies and its investments;
- j. To run a tender process for the audit services at least once in every 10 years, to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms. To the extent that the incumbent is successful in the tender process they shall be limited to a further term of 10 years with a maximum therefore of 20 years of appointment as auditors. The Financial Reporting Council recommends that such tender be considered on the same review cycle as for the incumbent audit partner (audit partner rotation due in 2020); and
- k. Evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of the auditor from the market in that evaluation.

Directors' Valuation

- a. To receive from the Investment Manager a valuation of the Group's investment portfolio based on the agreed valuation methodology. Current frequency is twice a year; and
- b. To recommend to the Board the valuation of the Group's investment portfolio based on the work of the Investment Manager.

Fraud

- a. To review the Company's procedures for the prevention, detection and reporting of fraud;
- b. To consider any reports or information received by the Company Secretary in respect of Whistleblowing; and
- c. To review the Company's procedures for handling allegations from whistleblowers. Such procedures should permit individuals, in confidence, to raise concerns about possible improprieties, in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place to follow up the matters raised.

Anti-Bribery Act

To review the Company's procedures for following the Anti-Bribery Act 2010 and the subsequent reporting and notification thereof.

Financial Statements

- a. To review, and challenge where necessary, the actions and judgements of the Investment Manager and any other relevant entities, in relation to the interim and annual financial statements before submission and reporting to the Board having regard to matters communicated to it by the auditor, paying particular attention to:
 - i. When taken as a whole, the financial statements are fair, balanced and understandable referring in this respect to the guidelines separately issued the Committee and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. Critical accounting policies and practices and any changes in them, as they relate to the consolidated results of the Company, Subsidiaries, Joint Ventures and Associates;

- ii. Decisions requiring a major element of judgement including the impact of adopting any acceptable alternative accounting treatment;
 - iii. The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - iv. The clarity of disclosures;
 - v. Significant adjustments resulting from the audit;
 - vi. The Auditor's statement of unadjusted audit differences and management's explanation as to why adjustments have not been processed;
 - vii. The going concern assumption and note those matters that have informed the Board's assessment of whether the Company is a going concern;
 - viii. The viability statement and the accompanying commentary and reviewing the projections and sensitivities prepared by the Investment Manager to support the statement
 - ix. Compliance with Accounting Standards;
 - x. Compliance with Financial Conduct Authority ('FCA') and other legal requirements;
 - xi. Reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company; and
 - xii. Compliance with the AIC Code of Corporate Governance.
- b. At the end of an audit cycle, or earlier if appropriate, to review the effectiveness of the external audit process referring in this respect to the guidelines separately issued the Committee and to report the Committee's conclusions to the Board; and
 - c. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

REPORTING PROCEDURES:

The Secretary shall circulate the minutes of the meetings to all members of the Board. The Chairman of the Committee shall attend the Board meeting at which the accounts are approved and report the key issues which, in the opinion of the Committee, should be brought to the attention of the Board in relation to the financial statements other statutory disclosures and internal control weaknesses. The Committee shall compile a report on its activities to be included in the Company's annual report including the key issues and how those issues were addressed, its assessment of the effectiveness of the external audit process and all other information required as set out in the AIC Code.

The Committee shall also report on its recommendation on the appointment or reappointment of the auditor.

The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board for changes. The Committee shall make its terms of references available to shareholders on request and ensure that they are published on the Company's website.

The Committee's duties and activities during the year shall be disclosed in the annual financial statements, including an explanation of the procedures adopted by the Committee to ensure that the independence of the External Auditor is maintained at all times.

The Chairman shall attend the AGM and shall answer questions, through the Chairman of the Board, on the Committee's activities and its responsibilities.

In the event of a material disagreement between the Committee and the Board, the Committee should have the right to report on the issue to shareholders in the annual report.

Amendments may be made to the duties of the Committee by the Board from time to time.

**FREQUENCY
OF MEETINGS:**

Meetings shall be held not less than three times a year, and where appropriate should coincide with key dates in the Company's financial reporting cycle, i.e. prior to the Board's review of the interim results announcement and the announcement of annual results.

The External Auditors may request a meeting at any time if they consider that one is necessary.

OTHER:

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.

Policy notes re engagement of external auditor for non-audit services

Note 1

The following non-audit services are prohibited:

- *Bookkeeping and other services relating to accounting records or financial statements;*
- *Financial information system design and implementation;*
- *Valuation services;*
- *Actuarial and legal services;*
- *Internal audit outsourcing; and*
- *Management Functions.*

Note 2

General approval is granted by the Audit Committee for provision of the following services to TRIG and its consolidated subsidiaries up to a limit of £20,000K for an assignment or engagement.

- *Stock Exchange reporting assignments;*
- *Due diligence assistance;*
- *Tax compliance services;*
- *Tax advisory services to include:*
 - *Advice on the likely tax consequences of proposed transactions;*
 - *Tax issues associated with organisational structure;*
 - *Tax consequences associated with new or proposed legislation;*
 - *Assistance with negotiations with tax authorities regarding outstanding tax liabilities;*
 - *Advice regarding foreign tax issues;*
 - *Assistance with negotiation with tax authorities about status of transactions as proposed transactions;*
 - *Assistance with the filing of ruling requests;*
 - *Assistance and representation during appeals of cases before tax authorities.*

Note 3

Pre-approval from the Audit Committee for all other services, including engagements as noted above that exceed £20,000, is to be requested as and when necessary.