



AUDIT COMMITTEE

TERMS OF REFERENCE

DATED 10 December 2015



TERMS OF REFERENCE OF THE AUDIT COMMITTEE (THE “COMMITTEE”)

OF THE BOARD OF DIRECTORS (THE “BOARD”) OF SYMPHONY ENVIRONMENTAL TECHNOLOGIES PLC (THE “COMPANY”)

1 AUTHORITY

- 1.1 The committee is authorised by the Board to investigate and undertake any activity within its terms of reference. It is authorised to seek any information it requires from any employee or Director of the Company or any consultant or other provider of services to the Company and the Board shall direct all employees, Directors, consultants and other provider of services to co-operate with any request made by the Committee.
- 1.2 If the Committee considers it necessary, it is authorised to obtain appropriate external advice to assist it in the performance of its duties and to secure the services of outsiders with relevant experience and expertise. The Company shall bear the reasonable cost of obtaining such advice or services. The Committee shall consult the Chief Financial Officer before incurring any such expense.

2 COMMITTEE MEMBERS

- 2.1 The members of the Committee shall comprise only of non-executive Directors of the Company.
- 2.2 The members of the Committee (of which there shall be at least two) should have no personal financial interest in the matters to be review and determined (other than as shareholders or optionholders), no potential conflict of interest as a result of cross Directorships, no day to day involvement in the running of the Company, and be free from any business or other relationship which would interfere with the exercise of their independent judgement.
- 2.3 The Board shall ensure that at least one member of the Committee has recent and relevant financial experience.
- 2.4 The Chairman of the Committee (the “Chairman”) shall be appointed by the Board and shall be a non-executive Director.

3 MEETINGS

- 3.1 The Committee shall meet at least twice in each year, at such times and locations as may be agreed by its members.
- 3.2 Any member of the Committee may at any time convene a meeting of the Committee. If he considers that one is necessary, the Company’s Auditors may at any time request a meeting of the Committee and the Committee shall comply with such request. The quorum for any meeting of Committee shall be two members.



- 3.3 A representative of the Company's Auditors shall normally attend at least one meeting of the Committee during any year. Any other member of the Board may be invited to attend (but not to vote at) any meeting of the Committee.
- 3.4 At least once in each year, the Committee shall meet with the Company's Auditors without the presence of any executive Director or employee.
- 3.5 If the Chairman of the Committee is not present at a meeting of the Committee, then the remaining members present shall elect one of their number to chair the meeting.

4 DUTIES

The duties of the Committee shall be:

- (a) to consider and recommend the appointment, reappointment or removal of external Auditors of the Company;
- (b) to agree with the appointed Auditors the nature and scope of their audit and the audit fees and to ensure co-ordination where more than one audit firm is involved;
- (c) to review and discuss with management and Auditors the preliminary, the half year and the annual financial statements before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices and financial reporting disclosures;
 - (ii) major judgemental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards;
 - (vi) compliance with applicable stock exchange and legal requirements;
- (d) to review, prior to its consideration by the Board, the Auditor's report to the Directors and the management's response;
- (e) to review with the Auditors the application and effectiveness of financial controls, audit functions and risk management systems within the Company and to make recommendations where necessary;
- (f) to discuss with the Auditors 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;
- (g) to discuss any problems and reservations arising from the interim and final audits, and any other matters the Auditors may wish to discuss (in the absence of the executive Directors and other management, where necessary);
- (h) to monitor and review the effectiveness of the Company's internal audit function, and where there is no audit function, consider annually whether there is a need for an internal audit function and make a recommendation to the Board;
- (i) to review the Auditors' independence and effectiveness having regard to relevant UK professional and regulatory requirements;
- (j) to make recommendations to the Board in connection with changes of policies and interpretation;



- (k) to review the arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in financial matters and to ensure that the arrangements allow for a proportionate and independent investigation with appropriate follow-up action;
- (l) to consider the major findings of internal audit activities and the management's respond (in the absence of management, where necessary);
- (m) to develop and implement policy on the engagement of the Auditor to supply non-audit services to the Company in line with relevant ethical guidance and to report and make recommendations to the board where appropriate;
- (n) in performing the above duties, to have regard to the Quoted Companies Alliance's Corporate Governance Guidelines for AIM Companies, and any other published guidelines, regulations or recommendations regarding the financial arrangements of companies whose shares are admitted to trading on AIM which the Committee considers relevant or appropriate;
- (o) to consider disclosure about the role of the Committee included in the annual Directors' reports; and
- (p) to consider any other matters the Board may request.

5 REPORTING

- 5.1 Before each meeting of the Committee the secretary of the Committee shall circulate the agenda to all members of the Board and the Company's Auditors and, after each meeting, shall within 7 days circulate the minutes of that meeting to all members of the Board and the Company's Auditors.
- 5.2 Membership of the Committee and a summary of the Committee's work shall be noted in the annual Directors' report.
- 5.3 The Chairman of the Committee (or another member of the Committee nominated by the Chairman) shall attend the Company's annual general meeting to answer any questions that shareholders may raise in connection with the audit.

6 AVAILABILITY

- 6.1 The Committee and the Board shall ensure that these Terms of Reference are made available on request and that they are displayed on the Company's website.