

ZAIM CREDIT SYSTEMS PLC (THE "COMPANY")

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

1 CONSTITUTION

- 1.1 The Audit Committee was constituted at a full meeting of the board of directors held on 29 October 2019 in accordance with the articles of association of the Company (the "Committee").
- 1.2 In these terms of reference, reference to Company shall include, where applicable, the Company's group.

2 DUTIES AND TERMS OF REFERENCE

- 2.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results, announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain.
- 2.2 The Committee shall review and challenge where necessary:
 - 2.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its group;
 - 2.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 2.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; and
 - 2.2.4 the level and clarity of disclosure in the Company's financial reports such as the business / operating and financial review and any corporate governance statement (insofar as it relates to the audit and risk management).
- 2.3 The Committee shall also review the annual financial statements of any pension funds set up for the benefit of the Company's or Group's officers and employees where it has not been reviewed by the board as a whole.
- 2.4 The Committee shall:
 - 2.4.1 keep under review and challenge where necessary the adequacy and effectiveness of the Company's financial reporting and internal controls and risk management systems; and

- 2.4.2 review and approve the statements to be included in the annual report concerning internal controls and risk management.
- 2.5 The Committee shall review:
 - 2.5.1 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;
 - 2.5.2 the Company's compliance with the UK Listing Authority Rules and shall liaise with its nominated adviser in respect of the same;
 - 2.5.3 the Company's procedures for detecting fraud;
 - 2.5.4 the Company's systems and controls for the prevention of bribery and receive reports on non-compliance (in line with the Company's anti-bribery policy);
 - 2.5.5 reports from the money laundering officer (being the Company Chief Financial Officer) and the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
 - 2.5.6 reports from the compliance officer (being the Company Chief Financial Officer) and keep under review the adequacy and effectiveness of the Company's compliance function.
- 2.6 The Committee shall, if applicable, monitor and review the effectiveness of the Company's internal audit function (if any) in the context of the Company's overall risk management system and:
 - 2.6.1 approve the appointment and removal of the head of the internal audit function;
 - 2.6.2 consider and approve the remit of the internal audit function and ensure it 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;
 - 2.6.3 review and assess the annual internal audit plan;
 - 2.6.4 review promptly all reports on the Company from the internal auditors;

- 2.6.5 review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
 - 2.6.6 meet the head of internal audit 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 internal audit shall be given the right of direct access to the Chairman of the board of directors and to the Committee.
- 2.7 The Committee shall:
- 2.7.1 consider and make recommendations to the board, to be put to shareholders for approval at any Annual General Meeting of the Company, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
 - 2.7.2 keep under review and oversee the relationship with the external auditor including (but not limited to):
 - 2.7.2.1 approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 2.7.2.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 2.7.2.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements, together with those of any other relevant jurisdictions, and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - 2.7.2.4 satisfying 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);
 - 2.7.2.5 agreeing with the board of directors a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
 - 2.7.2.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company

compared to the overall fee income of the firm, office and partner and other related requirements;

2.7.2.7 discussing with the auditors such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the Company's internal auditing standards; and

2.7.2.8 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.

- 2.8 The Committee shall meet regularly with the external auditor, including 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 their remit and any issues arising from the audit.
- 2.9 The Committee shall review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- 2.10 The Committee shall review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- 2.10.1 a discussion of any major issues which arose during the audit;
- 2.10.2 any accounting and audit judgments; and
- 2.10.3 levels of errors identified during the audit.
- 2.11 The Committee shall review any representation letter(s) requested by the external auditor before they are signed by management.
- 2.12 The Committee shall review the management letter and management's response to the auditor's findings and recommendations.
- 2.13 The Committee shall develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.
- 2.14 The Committee Chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 2.15 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.16 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.
- 2.17 The Committee shall:

- 2.17.1 have access to sufficient resources in order to carry out its duties;
 - 2.17.2 be provided with appropriate and timely training, as considered necessary;
 - 2.17.3 give due consideration to applicable laws and regulations;
 - 2.17.4 give consideration to dividend policy and payments;
 - 2.17.5 be responsible for co-ordination of the internal (if applicable) and external auditors;
 - 2.17.6 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
 - 2.17.7 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.
- 2.18 The Committee shall consider such other matters as may be requested by the board of directors.

3 MEMBERSHIP

- 3.1 The members of the Committee shall be appointed by the board of directors who shall ensure that a majority of the members of the Committee shall be non-executive directors where the Company has more than one non-executive director appointed.
- 3.2 The Company shall seek to ensure that the members of the Committee consists of at least two independent non-executive directors. The Chairman of the Committee will be a non-executive director.
- 3.3 A quorum shall be any two members of the Committee. The members of the Committee can be varied at any time by a majority resolution of the existing members of the Committee or the Board of Directors save that subsequent to such variation there will be at a majority non-executive directors as members on the Committee where the Company has more than one non-executive director appointed.
- 3.4 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 as and when required.
- 3.5 All members of the Committee should have sufficient competence to understand, analyse and, when necessary, challenge the management accounts and draft financial statements.

4 VOTING ARRANGEMENTS

- 4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly, has a personal, financial or other interest or a potential conflict of interest, that member shall not be permitted to vote at the meeting.
- 4.3 Save where he has a personal financial or other interest or a potential conflict of interest, the Chairman will have a casting vote.

5 ATTENDANCE AT MEETINGS

- 5.1 The Committee will meet at least twice a year. The Committee may meet at other times during the year as agreed between the members of the Committee.
- 5.2 Other directors of the Company may be invited to attend all or part of any meeting as and when appropriate.
- 5.3 The Company's external auditors may be required to attend Committee meetings, but not in the presence of any directors other than those forming part of the Committee, with a view to consulting with the Committee.
- 5.4 The Committee shall appoint a secretary ahead of each meeting.

6 NOTICE OF MEETINGS

- 6.1 Meetings of the Committee shall be summoned by any of its members or at the request of the external or internal auditors if they consider it necessary.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than two (2) days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee (as appropriate) at the same time.

7 AUTHORITY

The Committee is authorised by the board of directors to examine and undertake any activity within its terms of reference and is authorised to have unrestricted access to the Company's external auditors and to obtain, at the Company's expense (within such limits as may be authorised by the board from time to time), professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director, and

all such employees or directors will be directed to co-operate with any request made by the Committee.

8 REPORTING

Draft minutes of each meeting will be circulated to all members of the Committee. On finalisation and signature by the Chairman and subject to any conflict of interest that may arise, the minutes of each meeting will be submitted to the board of directors as a formal record of the decisions and recommendations of the Committee on behalf of the board of directors.

9 GENERAL MATTERS

- 9.1 Finalised minutes of the meetings of the Committee will be circulated to the members of the board of directors as part of the board papers for each full meeting of the board of directors.
- 9.2 The Chairman of the Committee and the Company should make himself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work during the preceding year.
- 9.3 The recommendations of the Committee (including approval of the accounts) as set out in the minutes of the relevant meeting must be approved by the board of directors before they can be implemented.
- 9.4 Any of the terms set out in this document may be varied by a majority resolution of the Committee.