

BONSUCRO: Finance & Risk Committee

Terms of Reference

These are the rules governing the Finance & Risk Committee (“FRC”) made by the Bonsucro Board of Directors according to Articles 4.2, 4.6 and 12.1 of its Articles of Association.

1. Role

- 1.1 The FRC is a permanent sub-committee of the Board of Directors of Bonsucro.
- 1.2 The role of the FRC is to monitor and advise the Board of Directors on issues relating to the financial performance and corporate risk of Bonsucro. On behalf of the Board, the FRC maintains an overview of Bonsucro’s finance and risk management processes, ensuring that the system of internal control is satisfactory to deliver compliance, financial probity and value for money. It also reviews and challenges financial plans and performance, including investment, in the interest of the long-term financial viability of Bonsucro.

2. Responsibilities

The FRC’s responsibilities are:

2.1. Risk Management

- 2.1.1. To review Bonsucro’s risk management processes to ensure the process for identifying, assessing, monitoring and reporting strategic risks and key operational risks is adequate.

2.2. Internal controls

- 2.2.1. To monitor and review Bonsucro’s systems of internal controls, both financial and non-financial.
- 2.2.2. To form an opinion on the adequacy of those controls, such that the FRC can provide reassurance on this to the Board when recommending the annual accounts and the governance statement for approval.

2.3. Financial reporting

- 2.3.1. To review Bonsucro’s accounts for compliance with regulatory and financial reporting requirements.
- 2.3.2. To review the accounting policies adopted by Bonsucro.
- 2.3.3. To recommend the annual accounts to the Board of Directors for approval.

2.4. Independent Examination/Audit

APPROVED BY MEMBERS ON 12 AUGUST 2019

- 2.4.1. To review the activities, findings, conclusions and recommendations of the external independent examiner(s)/auditor(s) of Bonsucro.
- 2.4.2. To monitor action taken against recommendations made.
- 2.4.3. To review the approach adopted by the independent examiner(s)/auditor(s) and identify opportunities to enhance the efficiency of the independent examination/audit process.

2.5. Financial governance

- 2.5.1 To review the financial and investment plans of Bonsucro and related performance, including in particular monitoring actual expenditure against budget.
- 2.5.2 To examine the underlying risks in these plans and make any recommendations to the Board accordingly.
- 2.5.3 To review the processes, mechanisms and reporting structure in place for managing financial planning and performance.

3. Specific Authorities

- 3.1 The FRC is specifically authorised by the Board of Directors to investigate any activity within its terms of reference. It is further authorised to seek any information it requires from any employee and all employees are directed to cooperate with any requests made by the FRC.
- 3.2 The FRC is specifically authorised by the Board of Directors to obtain outside legal, financial or other professional advice, and to secure the attendance of external advisers with relevant experience and expertise if it considers this necessary.

4. Communication & Reporting

- 4.1 The Chair of the FRC has the right of direct access to the independent examiner(s)/auditor(s).
- 4.2 The Chair of the FRC has the right of direct access to the Chair of Board of Directors for ad hoc reporting if required.
- 4.3 The Chair of the FRC shall report to the Board at each Board meeting.
- 4.4 The FRC shall formally report on an annual basis to the Board on the work of the Committee, including in particular (but not limited to) its work to support the finalisation of the accounts and to confirm its opinion on the adequacy of the system of internal controls.
- 4.5 Minutes of the FRC meetings, once agreed with the members of the FRC, will be shared with the Board of Directors.

5. Membership, Composition and Selection

- 5.1 The FRC will consist of at least three members, and at most five members.
- 5.2 The Chair of the FRC must be a member of the Board of Bonsucro, as must at least one other member of the FRC. The FRC may co-opt additional members

to provide specialist skills, knowledge and experience, subject to the limit on the maximum number of members of the FRC and to those appointments being approved by the Board of Bonsucro.

- 5.3 All FRC members shall be formally appointed by the Board of Bonsucro in accordance with Article 12.2 of the Articles of Association.
- 5.4 FRC members will be independent of Bonsucro management and free of any factor that might interfere with the exercise of independent judgement. As a result, neither members of staff of Bonsucro, nor its external independent examiner(s)/auditor(s), are eligible to be members of the FRC although they may be invited to attend meetings.
- 5.5 Members shall be selected such that the FRC as a body has a broad range of skills and experience appropriate to its responsibilities, covering all aspects of financial governance, risk management and internal control. In addition to each member bringing an understanding of Bonsucro's objectives, policies and strategy, a majority of members of the FRC should have recent and relevant financial experience.
- 5.6 Where possible, and without compromise to the balance of skills, the composition of the FRC should be such so as to achieve a reasonable balance in terms of geography, gender, age and ethnicity.

6. Meetings and Quorum

- 6.1 Quorum will be half of the number of members of the FRC plus one (rounded up to the nearest whole number), one of whom must be a Director of Bonsucro.
- 6.2 The FRC will meet as regularly as the FRC Chair judges appropriate and normally at least six times per year. The FRC Chair may call an FRC meeting at any time. Ordinarily three weeks' notice shall be given in advance of a meeting. The FRC may request the presence of any other official of the organisation to attend to assist it with its discussions on any particular matter.
- 6.3 The Chief Executive is accountable to the Board of Directors for the financial affairs of Bonsucro. In order to properly execute his/her responsibilities, the Chief Executive is expected to attend and participate in all FRC meetings, unless otherwise decided by the FRC Chair.
- 6.4 The Finance & Risk Manager shall have the ability to disclose in full confidence (and under protection of the Public Interest Disclosure Act) to the Chair of the FRC or any member of the Board of Directors any concerns that he/she has relating to the finance operations of Bonsucro.
- 6.5 A staff member from the Secretariat shall act as secretary to the FRC.
- 6.6 The Committee may invite other people to attend meetings, including representatives of the external independent examiners/auditors.

7. Review

- 7.1 The FRC will also arrange for periodic reviews of its own performance and, at least annually, review these Terms of Reference, to ensure it is operating at maximum effectiveness, and recommend any changes it considers necessary to the Board of Directors for approval.

8. Articles of Association Govern

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- 8.1 If any provision of these Terms of Reference is inconsistent with any provision of the Bonsucro Articles of Association, the Articles of Association shall govern.