

FINANCE, AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

DATE	January 2019
1. CONSTITUTION	<p>1.1 The PRI Association Board (the Board) has established a committee of the Board, known as the Finance, Audit and Risk committee, with terms of reference as set out below.</p> <p>1.2 The Articles of Association of PRI Association (the Articles) state that Directors may: (i) constitute committees to facilitate the workings of the Board; and (ii) may, if they choose, delegate any of their powers to those committees on the basis set out in the Articles.</p> <p>1.3 All committees constituted in accordance with Articles must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by the Directors.</p> <p>1.4 The terms of reference of, and any delegation of executive power by the Board to, a committee must be recorded in the Board's minutes.</p> <p>1.5 The Directors may revoke or alter a delegation in whole or part, or alter its terms and conditions.</p> <p>1.6 As instructed by the Articles Directors must specify in writing the terms of reference (including such conditions as they see fit) of each committee in accordance with the Articles.</p> <p>1.7 No rule, policy or terms of reference will be inconsistent with anything contained in the Articles, but in the event of any inconsistency, the Articles will prevail.</p>
2. PURPOSE	<p>2.1 The Board committee's is to provide assurance to the Board as to:</p> <p>2.1.1 the veracity of the financial statements;</p> <p>2.1.2 the efficacy of risk management;</p> <p>2.1.3 the efficacy of compliance controls; and</p> <p>2.1.4 the strength and appropriateness of general control processes across the PRI Association.</p> <p>2.2 The committee's responsibility and authority covers the entire PRI Association, any subsidiary companies and any joint ventures that may be entered into.</p>

<p>3. DUTIES</p>	<p>Governance, risk management and internal control.</p> <p>3.1 The committee will ensure that an effective system of integrated governance, risk management and internal control, is established and maintained across the whole of the PRI's activities, in support of its aim and strategic objectives. In particular, the committee will:</p> <p>3.1.1 review the adequacy of all risk and control related disclosure statements, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board;</p> <p>3.1.2 satisfy itself that risks are managed appropriately;</p> <p>3.1.3 monitor policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements, and fraud and corruption;</p> <p>3.1.4 use the work of internal and external audit and other assurance functions in carrying out this work, but will not be limited to these functions;</p> <p>3.1.5 seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness;</p> <p>3.1.6 report any substantial matters, within the remit of the committee, to the Board as it deems fit; and</p> <p>3.1.7 examine the strategic context for the PRI to identify significant strategic risks.</p>
<p>4. DUTIES</p>	<p>External audit</p> <p>4.1 The committee will have an annual meeting with the auditor, independent of the PRI Executive.</p> <p>4.2 The committee will review the work and findings of the external auditor and consider the implications of, and management's responses to, their work. This will be achieved by:</p> <p>4.2.1 considering the performance of the external auditor;</p> <p>4.2.2 recommending to the Board approval (or not) of the annual audit plan;</p> <p>4.2.3 discussing and agreeing with the external auditor, before an audit commences, about the nature and scope of the audit as set out in the annual plan and the audit fee; and</p> <p>4.2.4 reviewing all external audit reports, including agreement of the annual audit letter before submission to the Board and any work carried outside the annual audit plan, together with the appropriateness of management responses.</p> <p>4.3 The committee will annually review and monitor the auditor's independence and objectivity of the audit process and make recommendations to the Board on the contract with the auditor.</p>
<p>5. DUTIES</p>	<p>Access</p> <p>5.1 The external auditors have access as required to the committee chair and the committee.</p>

6. DUTIES	<p>Financial reporting</p> <p>6.1 The committee will review the Annual Report and financial statements before submission to the Board, focusing particularly on:</p> <p>6.1.1 the wording in the Statement on Internal Control and other disclosures relevant to the terms of reference of the committee;</p> <p>6.1.2 changes in, and compliance with, accounting policies and practices;</p> <p>6.1.3 unadjusted mis-statements in the financial statements; and</p> <p>6.1.4 significant variations resulting from the audit.</p> <p>6.2 The committee should also ensure that the systems for financial reporting to the Board, including those of budgetary control, are complete, accurate and relevant.</p>								
7. DUTIES	7.1 The committee will also consider other topics, as referred to it from time to time by the Board.								
8. COMPOSITION	<p>8.1 The committee will be comprised of PRI Board Directors.</p> <p>8.2 There is to be a minimum of three and a maximum of five committee members at all times.</p> <p>8.3 Committee members and the committee chair are appointed by the Board.</p>								
9. QUORUM	<p>9.1 A quorum of the committee is set out in the table below:</p> <table border="1" data-bbox="534 864 1114 1014"> <thead> <tr> <th>Committee members</th> <th>Quorum</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>2</td> </tr> <tr> <td>4</td> <td>3</td> </tr> <tr> <td>5</td> <td>3</td> </tr> </tbody> </table>	Committee members	Quorum	3	2	4	3	5	3
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10. MEETING PROCEDURES	<p>10.1 The PRI Board Chair cannot chair the Finance, Audit and Risk committee.</p> <p>10.2 In the absence of the committee chair, the remaining members present can designate one of themselves to chair the meeting.</p> <p>10.3 Agenda items for decision at any meeting must be determined by a majority of votes of the committee members present that are entitled to vote.</p> <p>10.4 In the case of an equality of votes, the chair of the committee will not have a second or casting vote but a decision on the relevant matter must be referred to the next available meeting of the Directors.</p>								
11. ATTENDANCE AT MEETINGS	<p>11.1 The expectation is that committee members attend all committee meetings, either in person or by conference call.</p> <p>11.2 Other Board Directors have the right to attend the committee meetings. Permanent UN Advisors, members of the PRI Executive and any advisers appointed by the committee may attend any meeting of the committee if invited by the committee.</p> <p>11.3 The Chief Finance Officer or their nominee is the secretary of the committee and will attend the meetings.</p> <p>11.4 The Director of Planning and Operations will attend the meetings.</p>								
12. FREQUENCY OF MEETINGS	<p>12.1 Meetings are to be held not less than twice annually and at such other times as required.</p> <p>12.2 The committee will have an annual meeting with the auditor, independent of the Executive.</p>								

	<p>12.3 The external auditor, the committee chair or two members of the committee may request a meeting if any of them consider that a meeting is necessary.</p>
13. NOTICE OF MEETINGS	<p>13.1 Meetings of the committee are called by the secretary of the committee at the request of the committee chair.</p> <p>13.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, are to be forwarded to each member of the committee and any other person required to attend, no later than five working days before the meeting. Supporting papers are to be sent to committee members and to other attendees as appropriate, at the same time.</p> <p>13.3 All directors will be notified of all committee meetings and have access to every committee's materials and minutes.</p>
14. MINUTES OF MEETINGS	<p>14.1 The secretary of the committee will ensure that a formal record of committee proceedings and resolutions is maintained.</p> <p>14.2 Following approval of the minutes by the chair of the committee they are to be circulated to all members of the committee for final approval.</p>
15. AUTHORITY	<p>15.1 The committee is authorised by the Board to:</p> <p>15.1.1 investigate, or cause to be investigated, any activity within its terms of reference and make any recommendations which it deems appropriate on any area where action or improvement is needed;</p> <p>15.1.2 seek any information that it requires from any employee or Director of the Company in order to perform its duties and require all employees to co-operate with any request made by the committee;</p> <p>15.1.3 obtain at the Company's expense, so long as resources permit, external legal or independent professional advice from such advisers as the committee select, who may at the invitation of the committee attend meetings as necessary;</p> <p>15.1.4 meet to conduct its business, adjourn and otherwise regulate its meetings as it sees fit including approving items of business by the written resolution procedure set out in the Company's articles of association; and</p> <p>15.1.5 with the agreement of the committee delegate any of its duties to a relevant PRI staff member or consultant (if required), provided it retains the responsibility for the discharge of such duties.</p>
16. REVIEW	<p>16.1 The committee at regular intervals will review the work undertaken by the committee and its performance, ensure that it is provided with sufficient resources to undertake its duties and recommend any changes it considers necessary to the Board for approval.</p> <p>16.2 These terms of reference will be reviewed and, where necessary updated, at least once a year.</p>

<p>17. REPORTING PROCEDURES</p>	<p>17.1 The committee chair is responsible for reporting to the Board the activities of the committee at the next available in person Board meeting, either verbally or in writing, or earlier if required. The approved minutes of all meetings and resolutions of the committee are to be circulated in a timely manner to the Board after every meeting. The secretary will retain copies of the minutes and the papers.</p> <p>17.2 The committee terms of reference, including any duties delegated by the Board, will be disclosed on the PRI website.</p> <p>17.3 The Board will provide an annual report to signatories on the committee’s activities, including any recommendations made, the number of meetings and attendance by each committee member.</p> <p>17.4 The committee chair or another designated member of the committee is expected to attend the Signatory General Meeting to answer questions on the committee’s activities and responsibilities.</p>
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