

**SCOTT TECHNOLOGY LIMITED  
TREASURY COMMITTEE  
TERMS OF REFERENCE**

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### **Constitution**

The Treasury Committee shall be a Committee of the Board established by the Board.

### **Objectives**

The objective of the Treasury Committee is to oversee the treasury management processes to ensure the integrity, transparency and adequacy of the Group's investments, borrowings, hedging, balance sheet management and treasury risk management in accordance with Group Treasury policies, including:

- Promote a culture of prudent and conservative investment, borrowings, hedging and balance sheet management and management of treasury risks;
- Provide a forum for communication between the Board and senior management in relation to investments, borrowings, hedging and treasury matters affecting the Group; and
- Review and comment on senior management's plans for managing the investment assets, borrowings, hedging, balance sheet and treasury risks faced by the Group.

The Committee will also review and satisfy itself as to:

- The integrity and effectiveness of the investment, borrowing, hedging and treasury policies, ensuring they are consistent with:
  - The strategies and business objectives of the Group; and
  - The Group's capital and solvency strategy plans
- The effectiveness of the Group's internal control, systems and processes to ensure effective management of investments, borrowings, hedging and treasury risks.

### **Authority**

The Board authorises the Committee, within the scope of its role and responsibilities, to:

- Perform its activities in accordance with these Terms of Reference (having regard to the Treasury Management Policy);
- Have unrestricted access to members of management, employees and relevant information;
- Discuss any matters with the internal auditors, external auditor, or other external parties (subject to confidentiality considerations);
- Request the attendance of any employee at Committee meetings as appropriate;
- Obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Group's expense;
- Review and approve the Treasury Policy at least once each financial year, and recommend policy changes to the Board for approval;

- Approve individual transactions on behalf of the Group outside approved CFO / Treasury limits;
- Report to the Board on all material non-operational treasury matters.

## Membership

Members of the Committee shall comprise members of the Board appointed by the Board.

The number of members of the Committee shall not be less than three, of whom at least two will be non-executive Directors, with at least one Independent Director, one of whom will act in the role of Chair of the Committee. At least one member of the Committee should have an accounting or finance background.

## Secretarial and Meetings

The Secretary of the Committee will be appointed by the Board.

A quorum of members of the Committee shall be two.

All Board members are entitled to attend meetings. The Committee may invite other people (such as the Chief Financial Officer) to attend meetings as the Committee considers necessary to provide appropriate information and explanations.

Investment Managers, Bankers and other professional advisors shall be invited to make presentations to the Committee as and when appropriate.

Meetings will be held on an as required basis, particularly in relation to the hedging of project receipts.

Minutes shall be kept.

## Responsibilities

The responsibilities of the Committee are as follows:

- Monitor foreign exchange risk, concentration risk, duration risk and interest rate risk and the matching of assets and liabilities;
- Monitor management's hedging of sales orders denominated in foreign currency;
- Approve management's recommendations for the hedging of sales orders denominated in foreign currency where vanilla forward exchange contracts are not being used, e.g., when using options;
- Set the Group's overall investment and borrowing strategy, including approved asset/liability classes, asset/liability concentration and liquidity limits and ensure that the strategy is consistent with the Group's business strategy, risk appetite and group structure;
- Oversee investments performance against approved risk and return benchmarks and limits, including liquidity, volatility and asset concentration risk;
- Oversee borrowings against approved risk and interest rate benchmarks;
- See that management has in place, and is implementing, an effective treasury management policy that effectively minimises and manages treasury risk;
- See that the Group is operating within its banking and debt covenants (if any), and manages and monitors any exceptions (and the applicable consenting process);

- See that the Group has appropriate processes and systems for identifying, assessing and managing all treasury risks in a manner consistent with the organisation's risk appetite, and ensure that management regularly monitor and report on all material aspects to the Committee;
- Understand the internal control systems implemented by management for the approval of treasury transactions (including derivatives and other hedging instruments);
- Review and evaluate the effectiveness of the Group's treasury risk management framework and reporting, including management of interest rate risk, foreign exchange risk, liquidity risk, credit and counterparty risks and derivatives risk, at least annually to satisfy itself that it continues to be sound and provide a summary of that evaluation to the Board.

In addition, the Committee shall examine any other matters referred to it by the Board.

### Reporting Procedures

After each meeting the Chairman will report the Committee's recommendations and findings to the Board.

### Ownership and Review

The Committee may at any time initiate a review of the Committee and make appropriate recommendations for its alteration to the Board.

Approver:	Scott Technology Board
Reviewer:	Scott Technology Board
Ownership:	Chief Financial Officer
Review:	Annual or as necessary
Last Review:	July 2018