

**TAYLOR MARITIME LIMITED (THE “COMPANY”)**  
**AUDIT & RISK COMMITTEE – TERMS OF REFERENCE**

**1. Introduction**

- 1.1 These terms of reference have been produced to identify and formalise the roles, tasks and responsibilities of the Audit & Risk Committee (the “Committee”) for compliance with the UK Corporate Governance Code<sup>1</sup> and to assist the Committee in achieving best practice in corporate governance for the Company and its subsidiaries (the “Group”).
- 1.2 The Committee has the delegated authority of the Board of Directors of the Company (“Board”) in respect of the functions and powers set out in these Terms of Reference.
- 1.3 The Committee may sub-delegate any or all its powers and authority as it thinks fit to one or more of its members, including without limitation, the establishment of sub-committees which are to report back to the Committee.

**2. Membership**

- 2.1 The Committee shall comprise at least three members, each of whom must be an independent non-executive independent Director of the Company. The Board Chair shall not be a member of the Committee.
- 2.2 At least one member of the Committee shall have recent and relevant financial experience with competence in accounting and/or auditing with the Chair ideally having a professional qualification from one of the professional accountancy bodies. The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 2.3 The member of the Committee as at the date of adoption of these Terms of Reference are:
  - 2.3.1 Trudi Clark (Chair)
  - 2.3.2 Gordon French
  - 2.3.3 Rebecca Brosnan
- 2.4 Only members of the Committee have the right to attend and vote at Committee meetings. However, the Board Chair, the Company’s Chief Financial Officer and the external audit lead partner will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.5 Appointments to the Committee are made by the Board on recommendation of the Company’s Nomination Committee and shall be for such period as determined by the Board, provided the director still meets the criteria for membership of the Committee.
- 2.6 The Board shall appoint the Committee chair. In the absence of the Committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

**3. Secretary**

- 3.1 The Company Secretary or their nominee shall be the secretary of the Committee (“Secretary”).
- 3.2 The Secretary shall attend meetings of the Committee to take minutes and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 3.3 In the absence of the Secretary, the members present at the meeting of the Committee shall elect another person as the secretary.

**4. Quorum and Authority**

- 4.1 The quorum necessary for the transaction of business shall be two members, present in person or by audio or video conference or such other electronic facility as provides an electronic means of attendance and

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<sup>1</sup> The UK Corporate Governance Code (“Code”) referred to is the 2024 Code published by the Financial Reporting Council in January 2024 and is effective for issuers with financial years beginning on or after 1 January 2025 (with the exception of Code Provision 29 that is effective from 1 January 2026, until such time Code Provision 29 of the 2018 Code shall apply and be referenced).

participation in the meeting, enabling all attending to be heard by and be able to communicate with all other attendees.

4.2 A duly convened Committee meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee, decisions can be approved by a simple majority.

4.3 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Committee in which he/she and his/her associates have a material interest.

## **5. Frequency of meetings**

5.1 The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

5.2 Outside of the formal meeting programme, the Committee chair will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chair, the Chief Executive Officer or Chief Financial Officer and the external audit lead partner.

## **6. Notice of meetings and proceedings at meetings**

6.1 Meetings of the Committee shall be convened by the Secretary at the request of any of its members or at the request of the external audit lead partner 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 items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

6.4 The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **7. Minutes of meetings**

7.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee chair.

## **8. Engagement with shareholders and Annual General Meeting**

8.1 The Committee chair shall attend the Company's annual general meeting to answer shareholder questions on the Committee's activities. Should the chair be unable to attend one of the other Committee members will do so. In addition, the Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **9. Duties**

The Committee should carry out the duties below for the Group as appropriate.

### **9.1 Financial reporting**

9.1.1 The Committee shall monitor the integrity of the financial statements of the Company and the Group, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance, reviewing, challenging (where necessary) and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor, and how they were addressed.

9.1.2 In particular, the Committee shall review and challenge where necessary:

9.1.2.1 the consistency of, and any changes to, significant accounting policies both on a year-on-year basis and across the Company and the Group;

9.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

9.1.2.3 whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

9.1.2.4 the clarity and completeness of disclosure in the Group's financial reports and the context in which statements are made, including the review of any correspondence between the Company and the external auditor;

9.1.2.5 all material information presented with the financial statements, such as the corporate governance statements relating to the audit and to risk management;

9.1.2.6 significant adjustments resulting from the external audit;

9.1.2.7 the going concern assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements) and the longer-term viability statement (including an assessment of the prospects of the Company and the Group looking forward over an appropriate and justified period);

9.1.2.8 the Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to the Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the UK Listing Rules or the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority;

9.1.2.9 monitor and review the tax strategy of the Company and the Group and any significant tax issues affecting it at least once a year; and

9.1.2.10 where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company or any member of the Group, it shall report its views to the Board.

## 9.2 **Narrative reporting**

Where requested by the Board, the Committee should review the content of the annual report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and whether it informs the Board's statement in the annual report on those matters required under the UK Corporate Governance Code.

## 9.3 **Risk management systems and internal control framework**

The Committee shall:

9.3.1 keep under review the adequacy and effectiveness of the Group's risk management and internal control framework that identifies, assesses, manages and monitors financial risks and other integral control and

risk management systems, and review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement;

9.3.2 monitor and review the Group's risk management and internal control framework and review the effectiveness of its internal audit function. In doing so, the Committee shall assist the Board in monitoring the Group's risk management and internal control framework and shall cover all material controls including, financial, operational, reporting<sup>2</sup> and compliance controls and draw on the results of the on-going monitoring process to obtain sound, appropriately documented evidence to support the relevant statement and confirmations required from the Board in the annual report (and in the case of (9.3.2.6) below, the half-yearly financial statements) including:

9.3.2.1 that the Board has carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity and the Board's description of those principal risks, its description of the procedures in place to identify emerging risks and its explanation of how they are being managed or mitigated;

9.3.2.2 taking into account the Group's current position and principal risks, how the Board has assessed the prospects of the Group, over what period it has done so and why it considers that period to be appropriate;

9.3.2.3 whether the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, drawing attention to any qualifications or assumptions as necessary;

9.3.2.4 that the Board has monitored and reviewed the effectiveness, at least annually, of the Group's risk management and internal control framework and should cover all material controls including, its financial, operational, reporting and compliance controls and the Board's report on that review;

9.3.2.5 that the material controls are effective as at the balance sheet date<sup>3</sup>; and

9.3.2.6 the appropriateness of adopting the going concern basis of accounting in the financial statements and whether there are any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of the approval of the financial statements.

9.3.3 if any material controls have not been operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues;

9.3.4 oversee the establishment and organisation of the Group's Internal Audit function including where appropriate outsourcing of such provision to a third-party provider ("Internal Audit Provider"). Oversight to include:

9.3.4.1 Review and monitoring of the Internal Audit Provider's annual risk-based internal audit plan to ensure it is aligned to the Group's business, risks and operations and, where appropriate recommend revisions;

9.3.4.2 review the Internal Audit Provider's reports on the effectiveness of systems of internal control and financial reporting in the overall context of the Group's risk management system, including with reference to the internal audit plan, performance, budget and any significant findings or control issues identified on work carried out and work of compliance, finance and the external auditor; and

9.3.4.3 consider management's response to any material recommendations;

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<sup>2</sup> Note: the reporting control is effective for financial years commencing after 1 January 2026. Until then Provision 29 of the 2018 UK Corporate Governance Code applies.

<sup>3</sup> The declaration of effectiveness by the board will be included in the annual report for the financial year beginning on or after 1 January 2026 i.e. for companies with a financial year end of 31 December the first such declarations will be in the 2026 annual report published in Q1 of 2027.

- 9.3.5 seek assurance from the Internal Audit Provider covering all aspects of the internal audit function to ensure conformance with global internal audit standards;
- 9.3.6 oversee and advise the Board on the current risk exposures of the Group with particular focus on the Group's principal risks, being those which would threaten its business model, future performance, solvency or liquidity, and consequently could influence shareholders' economic decisions, and the controls in place to mitigate those risks and annually consider how the remuneration of executives shapes their view of risk;
- 9.3.7 review the arrangements and effectiveness for the monitoring of risk parameters;
- 9.3.8 develop a risk matrix and consider appropriate mitigating measures and where appropriate and identifiable fallback measures, implementing these where possible or making recommendations to the Board. The application of the risk matrix should be dynamic and respond to the evolving strategy of the Group;
- 9.3.9 ensure the Group operates a robust mechanism to identify and manage new or emerging risk exposures;
- 9.3.10 ensure appropriate, documented and regularly updated due diligence processes are implemented when appointing and reviewing services providers, including reviewing the main contracts entered into by the Company or any member of the Group for such services;
- 9.3.11 report to the Board on its conclusions and to make recommendations in respect of any matters within its remit including proposals for improvement or changes to the systems, processes and procedures that are in place;
- 9.3.12 review quantitative and qualitative metrics in relation to the categories of risk which are relevant to the Group's overall activities; and
- 9.3.13 establish, subject to Board approval, risk limits and tolerances and monitor compliance with those limits and tolerances, making recommendations accordingly.

#### **9.4 Compliance, whistleblowing and fraud**

The Committee shall:

- 9.4.1 review the Group's arrangements for the employees and other members of its workforce and contractors of third party service providers 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;
- 9.4.2 review the Group's procedures for detecting fraud and systems and controls for the prevention of fraud and receive reports on non-compliance; and
- 9.4.3 review both the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.

#### **9.5 External Audit**

The Committee shall:

- 9.5.1 follow the Financial Reporting Council's (FRC) Audit Committees and the External Audit: Minimum Standard (published May 2023);
- 9.5.2 review the management of the Group's non-audit relationships with audit firms to ensure that it has a fair choice of suitable external auditors at the next tender to aim for greater market diversity and market opening measures which may be introduced;

- 9.5.3 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 9.5.4 ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process. The maximum period of continuous audit service provided by any one audit firm shall not exceed 20 years;
- 9.5.5 if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 9.5.6 oversee the relationship with the external auditor including (but not limited to):
- 9.5.6.1 recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - 9.5.6.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 9.5.6.3 assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - 9.5.6.4 ensuring that the provision of non-audit services by the Company's external auditor complies with the Company's Non-Audit Services Policy;
  - 9.5.6.5 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company or any member of the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
  - 9.5.6.6 agreeing with the Board a policy on the employment of former employees of the Company's auditor, taking into account the FRC's Revised Ethical Standard 2024 and legal requirements, and monitoring the implementation of that policy;
  - 9.5.6.7 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
  - 9.5.6.8 assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, the mind-set and culture of the auditor; skills, character and knowledge; quality control; and judgement, including the robustness and perceptiveness of the auditors in handling key judgements, responding to questions from the audit committee, which shall include a report from the external auditor on their own internal quality procedures; and
  - 9.5.6.9 evaluating the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the Committee and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.
- 9.5.7 meet regularly with the external auditor (including once at the planning stage before the audit once after the audit at the reporting stage and once after the interim review) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 9.5.8 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and
- 9.5.9 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

- 9.5.9.1 a discussion of any major issues which arose during the audit;
- 9.5.9.2 the auditor's explanation of how the risks to audit quality were addressed;
- 9.5.9.3 the auditor's view of their interactions with senior management;
- 9.5.9.4 key accounting and audit judgements;
- 9.5.9.5 levels of errors identified during the audit; and
- 9.5.9.6 the effectiveness of the audit process.

The Committee shall also:

- 9.5.10 review any representation letter(s) requested by the external auditor before they are signed by management;
- 9.5.11 review the management letter and management's response to the auditor's findings and recommendations; and
- 9.5.12 develop and implement policy on the supply of non-audit services by the external auditor, ensuring there is prior approval of non-audit services, to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter, and reporting to the Board on any improvement or action required.

## **10. Reporting responsibilities**

- 10.1 The Committee chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
  - 10.1.1 the significant issues that it considered in relation to the financial statements (required under paragraph 9.1.1) and how these were addressed;
  - 10.1.2 its assessment of the effectiveness of the external audit process (required under paragraph 9.5.6.8) and its recommendation on the appointment or reappointment of the external auditor;
  - 10.1.3 the activities it has undertaken to meet the requirements of the FRC's Audit Committees and the External Audit: Minimum Standard (published May 2023); and
  - 10.1.4 any other issues on which the Board has requested the Committee's opinion.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of the Committee's work in relation to the matters set out in the FRC's Audit Committees and External Audit: Minimum Standard (published May 2023), including the following matters:
  - 10.3.1 the significant issues the Committee considered in relation to the financial statements and how these were addressed;
  - 10.3.2 an explanation of the application of the Company's accounting policies;
  - 10.3.3 an explanation of the reasons why, where shareholders have suggested certain matters be covered in the audit, that request has been rejected;

10.3.4 an explanation of how the Committee has assessed the independence and effectiveness of the external audit process, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;

10.3.5 where a regulatory inspection of the quality of the Company's audit has taken place, information about the findings of that review, together with any remedial action the auditor is taking in light of these findings;

10.3.6 in the case of the Board not accepting the Committee's recommendation on the external auditor appointment, re-appointment or removal, a statement from the Committee explaining its recommendation and that of the Board, and the reasons why the Board has taken a different position;

10.3.7 if a tender process for the external audit contract has taken place during the financial year, an explanation of the criteria used to make the selection and the process followed; and

10.3.8 any other issues on which the Board has requested the Committee's opinion.

10.4 In the compiling the reports referred to in 10.1 and 10.3, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

## **11. Other matters**

The Committee shall:

11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

11.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and associated guidance and the requirements of the Financial Conduct Authority's UK Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;

11.4 be responsible for co-ordination of external auditors;

11.5 oversee any investigation of activities which are within its terms of reference;

11.6 work and liaise as necessary with all other Board committees; and

11.7 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

## **12. Authority**

The Committee is authorised by the Board to:

12.1 seek any information it requires from any employee or director of the Company, and all such employees or directors shall be directed to co-operate with any request made by the Committee;

12.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matters within these Terms of Reference, as it considers necessary; and

12.3 call any connected person to be questioned at a meeting of the Committee as and when required.



*Last updated on 20 February 2025*

Document Version Control

Version Number	Approval Date	Issued by	Details of changes (amendment, whole, partial)
2.0	Dec'24	Audit & Risk Committee	Whole (listing category conversion and transition to UK Corporate Governance Code)
2.1	Feb'25	Audit & Risk Committee	Change of Company name. Annual review.