

**BURFORD CAPITAL LIMITED**  
**AUDIT COMMITTEE - TERMS OF REFERENCE**  
**(updated 10 February 2021)**

In these terms of reference the following words and expressions shall have the following meaning:

“Administrator”	means Oak Fund Services (Guernsey) Limited or any successor as the Company’s administrator
“AIM”	means the market of that name operated by the London Stock Exchange plc
“Annual General Meeting”	means the annual general meeting of the Company
“Board”	means the Board of directors of the Company
“Combined Code”	means the UK Corporate Governance Code published by the Financial Reporting Council
“Committee”	means the audit committee of the Company
“Committee Chairman”	means the Chairman of the Committee
“Company”	Burford Capital Limited

**1. CONSTITUTION**

The Committee was constituted at a meeting of the Board held on 14 October 2009.

**2. SECRETARY**

The Company’s secretary or its nominee shall act as the secretary of the Committee (the “Secretary”).

**3. MEMBERSHIP**

- 3.1 Membership of the Committee shall be appointed by the Board. The Committee shall be made up of at least 2 members.
- 3.2 All members of the Committee shall be non-executive directors at least one of whom shall have recent and relevant financial experience and at least one of whom shall be independent.
- 3.3 Only members of the Committee have the right to attend Committee meetings. However, other directors and executives of the Company, and its subsidiaries, advisers and the Administrator, may be invited to attend all or part of any meeting as and when appropriate.

3.4 The external auditors will be invited to attend meetings of the Committee on a regular basis.

3.5 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

#### **4. QUORUM**

The quorum necessary for the transaction of business shall be at least 1 member. A duly convened meeting of the Committee 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.

#### **5. FREQUENCY OF MEETINGS**

The Committee shall meet at least twice per year at appropriate times in the reporting and audit cycle and otherwise as required or requested by any member.

#### **6. NOTICE OF MEETINGS**

6.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members or at the request of external 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 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.

#### **7. VOTING ARRANGEMENTS**

7.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can be cast by members attending a meeting of the Committee or by written consent.

7.2 If a matter that is considered by the Committee is one where a member of the Committee (either directly or indirectly) has a personal interest, that member shall not be permitted to vote at the meeting.

7.3 Save where he has a personal interest, the Committee Chairman will have a casting vote.

#### **8. MINUTES OF MEETINGS**

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

8.2 The Committee Chairman shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and the Secretary shall minute them accordingly.

8.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed and signed by the Committee Chairman, to all members of the Board.

- 8.4 The Committee shall have the full power delegated by the Board to approve and sign on behalf of the Board the Company's annual audited and interim unaudited financial statements, the letter of representation addressed to the auditors related thereto, the auditors' letter of engagement and any other documents which the Committee Chairman in his reasonable discretion considers expedient or necessary in connection with the foregoing.
- 8.5 Recommendations arising from meetings of the Committee must be approved by the Board before they can be implemented.

## **9. DUTIES**

### **9.1 Financial Reporting**

9.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half yearly reports, interim management statements, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

9.1.2 The Committee shall review, and challenge where necessary:

- (a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its subsidiaries;
- (b) the methods used to account for significant or unusual transactions where different approaches are possible;
- (c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (d) the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- (e) all material information presented with the financial statements, such as the business review and any corporate governance statement (insofar as it relates to the audit and risk management).

### **9.2 Internal Controls and Risk Management Systems**

The Committee shall:

9.2.1 keep under review the effectiveness of the Company's internal controls and risk management systems; and

9.2.2 review and approve the statements to be included in the annual report concerning internal controls and risk management.

### **9.3 Whistleblowing**

The Committee shall review the Company's arrangements for concerns to be raised, 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. The Committee shall review the Company's procedures for detecting fraud.

#### 9.4 Internal Audit

The Committee shall keep under review (and advise the Board on) the need for an internal audit function as the Company and its business develop.

#### 9.5 External Audit

The Committee shall:

9.5.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor, including evaluating the auditor's qualifications and independence and in relation thereto whether the auditor provides any consulting, auditing or tax services to the Company or any of its subsidiaries. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to such resignation and decide whether any action is required;

9.5.2 oversee the relationship with the external auditor including (but not limited to):

- (a) evaluation and 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;
- (b) evaluation and approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (c) 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; and receiving the auditor's specific representations as to its independence, which shall delineate all relationships between the auditor and the Company and its affiliates, consistent with Public Company Accounting Oversight Bureau Rule 3526 or any other applicable auditing standard;<sup>1</sup>

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<sup>1</sup> Pre-approval of the Committee for non-audit services is not required so long as (i) the aggregate amount of all such permissible non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to the auditor during the fiscal year in which the permissible non-audit services are provided, (ii) the permissible non-audit services were not recognized

- (d) 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);
  - (e) 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;
  - (f) 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; and
- (g) engaging in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor;
- 9.5.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage;
- 9.5.4 meet the external auditor at least once a year, without senior management being present, to discuss their remit and any issues arising from the audit;
- 9.5.5 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 9.5.6 review the findings of the audit with the external auditor to include but not be limited to, the following:
- (a) a discussion of any major issues which arose during the audit;
  - (b) any accounting and audit judgments; and
  - (c) levels of errors identified during the audit,
- and the Committee shall also review the effectiveness of the audit;
- 9.5.7 review any representation letter(s) requested by the external auditor before it is/they are signed by management;
- 9.5.8 review the management letter and proposed response to the auditor's findings and recommendations; and

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by the Company at the time of the engagement to be non-audit services and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee prior to the completion of the audit.

9.5.9 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.

## 9.6 Reporting Responsibilities

9.6.1 The Committee Chairman shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities.

9.6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## 9.7 Other Matters

The Committee shall consider such other matters as may be requested by the Board. Furthermore, the Committee shall:

9.7.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;

9.7.2 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;

9.7.3 give due consideration to applicable laws and regulations, the provisions of the Combined Code, the QCA Corporate Governance Guidelines for AIM companies, and the requirements of the London Stock Exchange's rules for AIM companies as appropriate;

9.7.4 be responsible for co-ordination of the internal and external auditors;

9.7.5 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and

9.7.6 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.

## 10. AUTHORITY

The Committee is authorised by the Board to examine 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, professional advice on any matter within its terms of reference. The Committee is authorised to request any information it requires from any employee or director of the Company or its subsidiaries or the Administrator, and all such parties will be directed to co-operate with any request made by the Committee.