

**HSS HIRE GROUP PLC**  
**(the “Company”)**

**Terms of Reference of the Audit & Risk Committee (the “Committee”) of the Board of Directors of the Company (the “Board”)**

**as adopted by the Board on 1 February 2022 as amended on 25 February 2025**

**1. Constitution**

- 1.1 The Committee was constituted as a committee of the board of directors (board) of the Company at a full meeting of the board held in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the 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 of its powers and authority as it thinks fit to one or more of its members or the company secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

**2. Role**

The role of the Committee is to assist the board in fulfilling its oversight responsibilities by reviewing and monitoring:

- 2.1 The integrity of the financial statements and other financial information provided to shareholders.
- 2.2 The Company's system of internal controls and risk management.
- 2.3 The internal and external audit process and auditors.
- 2.4 The processes for compliance with laws, regulations and ethical codes of practice.
- 2.5 The Company's attitude to and appetite for risk and its future risk strategy.
- 2.6 How risk is reported internally and externally.

**3. Duties and terms of reference**

The Committee shall have oversight of the Company and its subsidiaries (**Group**) as a whole and (unless required otherwise by regulation) carry out the following duties for the Company and its subsidiaries (**Group**) as appropriate:

**3.1 Financial reporting**

The Committee shall:

- (a) monitor and discuss with management the integrity of the financial statements of the Group, including:

- (i) the annual and half-yearly reports; and
  - (ii) any other formal statements relating to its financial performance;
- (b) review and report to the board on significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor;
- (c) review and challenge where necessary:
  - (i) the application and appropriateness of significant accounting policies,
  - (ii) any changes to significant accounting policies both on a year on year basis and across the Company and the Group, including the application of new accounting policies in interim accounts, and the plan to communicate those changes to shareholders and the market;
  - (iii) management's assessment of the impact of new accounting policies on the distributable reserves of the Company and its subsidiaries;
  - (iv) whether the Company has made appropriate estimates and judgements, taking into account the external auditor's views;
  - (v) the clarity and completeness of financial reporting disclosures and any changes to those disclosures, including the review of any correspondence between the Company and the external auditor;
  - (vi) the methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible;
  - (vii) significant adjustments resulting from the external audit;
  - (viii) the 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 twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Group looking forward over an appropriate and justified period), including the robustness of stress-testing and scenario planning, and disclosures around such analysis; and
  - (ix) the legality of any proposed dividend and the company's ability to pay it and remain a going concern;
- (d) monitor compliance with financial reporting standards and the AIM Rules and related guidance and other financial and governance reporting requirements;
- (e) review all material information presented with the financial statements, such as the strategic report and the corporate governance statements, insofar as it relates to audit and risk management;
- (f) review the disclosures in the annual report concerning the Group's pension funds if not reviewed by the board as a whole;
- (g) review first any other statements that contain financial information and require board approval, if carrying out a review before board approval would be practicable and

consistent with any prompt reporting requirements under any law or regulation including the AIM Rules; and

- (h) where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, report its views to the board.

### **3.2 Risk management systems and internal controls**

The Committee shall:

#### **(a) Risk assessment and management**

- (i) on behalf of the board (which retains overall responsibility for risk management), review and monitor the Company's risk management systems and overall risk framework and processes and their effectiveness;
- (ii) consider the appropriate risk appetite for the Company across all major activities, taking into account the overall strategy of the Company, its future plans and other internal information, as well as the external environment, including economic, political and industry information;
- (iii) ensure that a robust assessment of the emerging and principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity and reputation), that procedures are in place to identify emerging risks and provide advice on the management and mitigation of those risks.
- (iv) ensure that risk management is properly considered in board decisions;
- (v) review the methodology for reporting risk to the board, including both quantitative and qualitative measures; and
- (vi) consider whether risks have been properly considered in relation to all major transactions by the Company, including but not limited to mergers and acquisitions, disposals, joint ventures and significant expenditure on property.

#### **(b) Internal controls**

review the Company's internal financial controls and internal control systems and their effectiveness;

#### **(c) Ongoing viability**

where requested by the board, provide advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the said period;

#### **(d) Management and internal and external audit reports**

- (i) review the assurance reports from management on the effectiveness of the internal control and risk management systems and from the internal audit, the external auditor and others on the operational effectiveness of matters related to

risk and control. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective and are enough to enable the board to satisfy itself that they are operating effectively; and

- (ii) review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to any material external or internal audit recommendation;

**(e) Disclosures**

- (i) review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement, and ensure that relevant disclosures are given in the directors' report as to the Company's risk management and strategy in relation to financial instruments;
- (ii) review the reporting of key risks in the annual report and accounts, ensuring it is consistent with the internal reporting of key risks.
- (iii) consider any necessary disclosure implications of the process that has been applied by the board to deal with material internal control aspects of any significant problems disclosed in the annual report and accounts; and
- (iv) consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate.

### **3.3 Internal audit**

The Committee shall:

- (a) review and approve the role and mandate of the internal audit function and monitor the effectiveness of its work;
- (b) review and approve the annual internal audit plan to ensure it is aligned to business's key risks and receive regular reports on work carried out;
- (c) determine whether it is satisfied that the quality, experience and expertise of internal audit are appropriate for the business;
- (d) review and monitor management's responsiveness to the internal auditors' findings and recommendations and management's actions to support the effective working of the internal audit function;
- (e) ensure that there is open communication between the different functions and that the internal function evaluates the effectiveness of risk, compliance and finance functions as part of its internal audit plan; and
- (f) consider whether an independent, third party review of internal audit effectiveness and processes is required.

### **3.4 External audit**

The Committee shall, taking into account any applicable law and legislation, other professional requirements and the Financial Reporting Standard's Revised Ethical Standard 2019 (Ethical Standard):

**(a) Appointment, reappointment and resignation**

- (i) consider and make recommendations to the board, to be put to shareholders for approval at the Company's AGM, on the appointment, reappointment or removal of the Company's external auditors;
- (ii) oversee any tender for the audit services contract 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, conduct such tender process and develop and oversee the selection process, ensuring that all tendering firms have such access as is necessary to information and individuals during the tendering process;
- (iii) if any external auditor resigns, investigate the issues leading to this and decide whether any action is required; and
- (iv) evaluate the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the Committee and consider the need to include the risk of the withdrawal of the external auditor from the market in that evaluation;

**(b) Terms of engagement**

oversee the relationship with the external auditor, including their terms of engagement and the scope of the audit and, in consultation with the executive directors, agree and approve their remuneration (including fees for both the audit and non-audit services);

**(c) Independence and expertise**

- (i) review and assess on an annual basis;
  - (A) the external auditor's independence and objectivity taking into account the relevant UK law and professional and regulatory requirements and the relationship with the auditor as a whole; and
  - (B) the qualifications, expertise and resources of the external auditor and, taking into account relevant UK professional and regulatory requirements, the effectiveness of the external audit process;

**(d) Non-audit services**

- (i) develop and recommend to the board, and implement, the Company's formal policy on the external auditor's provision of non-audit services, including the Committee's approval of non-audit services and the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements;

**(e) Audit cycle**

- (i) review and approve the annual audit plan at the start of the audit cycle and ensure it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- (ii) meet regularly with the external auditor and at least once a year, without the executive directors or management being present, to review and discuss the auditor's remit and the findings of the audit including (but not limited to) any major resolved or unresolved issues that arose during the audit, the auditor's explanation of how risks to audit quality were addressed, key accounting and audit judgements, the auditor's view of their interactions with senior management and levels of errors identified during the audit;
- (iii) consider communications from the external auditor on audit planning and findings on material weaknesses in accounting and internal control systems that come to the auditor's attention, including a review of material items of correspondence between the Company and the external auditor;
- (iv) review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate;
- (v) review, before its consideration by the board, the external auditor's report to the directors and their management letter, including management's response to the auditor's findings and recommendations;
- (vi) at the end of the audit cycle, assess the effectiveness of the audit process;

### **3.5 Whistleblowing**

The Committee shall review the effectiveness, adequacy and security of the Company's arrangements for its workforce to raise concerns, in confidence and anonymously (where possible), 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.

### **3.6 Fraud**

The Committee shall annually review the Company's procedures for detecting fraud.

### **3.7 Compliance**

The Committee shall review the Company's systems and controls for ethical behaviour and the prevention of bribery and modern slavery and receive reports on non-compliance.

### **3.8 Engagement with shareholders**

The Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **4. Membership**

- 4.1 The Committee shall comprise a minimum of one member with no maximum and the Committee as a whole shall have competence relevant to the section in which the Company operates.

- 4.2 Each Committee member shall be an independent non-executive director as determined by the board, at least one of whom shall have recent and relevant experience working with financial and accounting matters with competence in accounting and/or auditing.
- 4.3 The board shall appoint members of the Committee, in consultation with the Nomination Committee as required.
- 4.4 The chair of the board shall not be a Committee member unless exceptional circumstances apply such as when there is a vacancy among the non-executive directors, but may be invited to attend its meetings. The chair of the board shall not chair the Committee.
- 4.5 The board shall appoint the chair of the Committee. In the absence of the Committee chair and/or an appointed deputy, the remaining members present at a Committee meeting shall elect one of their number present to chair the meeting.
- 4.6 The Committee chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 4.7 The company secretary, or their nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

## **5. Attendance at meetings**

- 5.1 The Committee shall meet at appropriate times in the Company's financial reporting and audit cycle.
- 5.2 Only Committee members have the right to attend and vote at Committee meetings. However, the chief financial officer, head of group finance/external reporting, head of risk & internal audit and external audit lead partner shall be invited to attend and address meetings of the Committee on a regular basis by invitation and other non-members may be invited to attend all or part of any meetings as and when appropriate and necessary, with the agreement of the Committee chair.
- 5.3 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.

## **6. Notice of meetings**

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or at the request of the chief financial officer or external audit lead partner.
- 6.2 Unless the Committee otherwise agrees, 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 and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate.

## **7. Quorum**

- 7.1 The quorum necessary for the transaction of business at a Committee meeting shall be met if the Committee chairperson is present, either in person or by audio or video conference. If there is difficulty in achieving a quorum, independent non-executive directors, who are not members of the Committee, may be co-opted as members for individual meetings.
- 7.2 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.

## **8. Voting arrangements**

- 8.1 Subject to Paragraph 8.2 and Paragraph 8.3, each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference) or having otherwise communicated their vote to the company secretary.
- 8.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 8.3 Except where they have a personal interest, the Committee chair shall have a casting vote.
- 8.4 The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **9. Minutes of meetings**

- 9.1 The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **10. Annual general meeting**

Where possible, all Committee members shall attend the annual general meeting and the Committee chair (or other appropriate member) shall be available to respond to any shareholder questions on the Committee's activities.

## **11. Reporting responsibilities**

The Committee shall:

- 11.1 Report to the board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of Committee meetings shall be shared with the board as directed by the Committee chair.



- 11.2 Prepare a formal report on its activities and how the Committee has discharged its responsibilities to be included in the Company's annual report, which shall include:
- (a) details of the membership of the Committee;
  - (b) a summary of the role and work of the Committee;
  - (c) any significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
  - (d) confirmation that the board has carried out a robust assessment of the principal and emerging risks facing the Company, a description of its principal risks, the procedures in place to identify emerging risks and an explanation as to how they are being managed and mitigated;
  - (e) the Committee's policy for approval of non-audit services and how auditor objectivity and independence is safeguarded;
  - (f) an explanation of how the Committee has addressed the effectiveness of the internal audit process;
  - (g) all other information requirements set out in the QCA Corporate Governance Code; and
  - (h) any other issues on which the board has requested the Committee's opinion.
- 11.3 In compiling the report referred to in Paragraph 11.2, exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but include at least those matters that have informed the board's assessment of whether the Company is a going concern and the longer term viability statement.
- 11.4 Make available to shareholders these terms of reference by placing them on the Company's website.

## **12. General matters**

The Committee shall:

- 12.1 Consider other duties determined by the board from time to time.
- 12.2 Have access to significant resources to carry out its duties, including access to the company secretary for assistance, as required.
- 12.3 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.
- 12.4 Give due consideration to all applicable laws and regulations, in particular the directors duties contained in the Companies Act 2006, the provisions of the QCA Corporate Governance Code and the requirements of the London Stock Exchange's rules for AIM companies and any other applicable rules, as appropriate.

### **13. Authority**

The board authorises the Committee to:

- 13.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary.
- 13.2 Seek any information it requires from any employee of the Group to perform its duties.
- 13.3 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- 13.4 Call any employee of the Group to be questioned at a Committee meeting as and when required.
- 13.7 Collectively and individually have direct access to the chief financial officer, the head of internal audit & risk and the Company's external auditors.