13 October 2017

TI FLUID SYSTEMS PLC

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

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1. DEFINITIONS AND INTERPRETATION

1.1 In these terms of reference, unless the context otherwise requires:

"**AGM**" means the annual general meeting of the shareholders of the Company;

"**Board**" means the board of directors of the Company;

"**Chairman**" means the chairman of the Board;

"**Chief Executive Officer**" means the chief executive officer of the Company from time to time;

"**Chief Financial Officer**" means the chief financial officer of the Company from time to time;

"**Committee**" means the audit and risk committee of the Company;

"**Committee Chairman**" means the chairman of the Committee;

"**Company**" means TI Fluid Systems plc;

"**Ethical Standards**" means the FRC Revised Ethical Standard June 2016;

"**Group**" means the Company and its subsidiaries;

"**Market Abuse Regulation**" means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;

"**Nomination Committee**" means the nomination committee of the Company;

"**Remuneration Committee**" means the remuneration committee of the Company; and

"**Secretary**" means the secretary of the Committee.

2. CONSTITUTION

The Committee was established by a resolution passed by the Board on 13 October 2017 and is to be known as the Audit and Risk Committee.

3. MEMBERSHIP

3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Committee Chairman. The Committee shall comprise at least three members.

3.2 All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Chairman shall not be a member of the Committee.

3.3 Only members of the Committee have the right to attend Committee meetings. However, other non-members such as the Chairman, the Chief Executive Officer, the Chief Financial Officer, other directors, the Company's heads of compliance and internal audit, representatives from the Company's finance function and the Company's external professional advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.

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

3.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for a further period of up to three years, provided the members continue to be independent and to meet the criteria for membership of the Committee.

3.6 The Board shall appoint the Committee Chairman, who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair any of the Committee's meetings.

3.7 If any member of the Committee is unable to act for any reason, the Committee Chairman may appoint any other independent non-executive director of the Company to act as his or her alternate.

4. SECRETARY

The Chief Legal Officer of the Company or his or her nominee shall act as the Secretary 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.

5. QUORUM

The quorum necessary for the transaction of business by the Committee shall be two members. 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.

6. FREQUENCY OF MEETINGS

6.1 The Committee shall meet regularly and at least three times a year at appropriate times in the financial reporting and audit cycle and otherwise as required. The Committee Chairman or a majority of the members of the Committee may call a special meeting of the Committee at any time.

6.2 Outside the official meetings of the Committee, the Committee Chairman, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman, the Chief Executive Officer, Chief Financial Officer, the external audit lead partner and the Company's head of internal audit.

6.3 The Committee shall meet separately with management, the internal auditors (or other personnel responsible for the internal audit function) and with the external auditors to discuss results of examinations or discuss any matters that the Committee or any of these persons or firms believe should be discussed privately.

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

7. NOTICE OF MEETINGS

7.1 Meetings of the Committee shall be convened by the Secretary at the request of any of its members or at the request of external or the Company's internal auditors if they consider it necessary.

7.2 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded by the Secretary 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.

8. MINUTES OF MEETINGS

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

8.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, minutes should be circulated to all other members of the Board, unless the Committee Chairman considers it inappropriate to do so.

8.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

9. ANNUAL GENERAL MEETING

The Committee Chairman shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

10. DUTIES

The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the Company, its major subsidiary undertakings, and the Group as a whole, as appropriate.

10.1 Financial reporting

(a) The Committee shall monitor the integrity of the financial statements of the Company, including its annual statements, half-yearly reports and any quarterly reports or interim management statements and any discussion and analysis of the financial condition and results of operations of the Company, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain having regard to matters communicated to it by the auditor. The Committee shall also review any other financial statements requiring board approval, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature, to carry out a review prior to board approval provided that such monitoring and review is not inconsistent with any requirement for prompt reporting under any law or regulation, including the Market Abuse Regulation or the UK Financial Conduct Authority's disclosure requirements and transparency rules ("**Disclosure Guidance and Transparency Rules**").

(b) In particular, the Committee shall review and challenge where necessary:

(i) the consistency and any changes to, and application of accounting policies both on a year on year basis and across the Company / Group;

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

(iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;

(iv) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and

(v) all material information presented with the Company's financial statements, such as the business review / operating and financial review (including the

strategic report) and the corporate governance statement (insofar as such information relates to the audit and risk management).

(c) Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

10.2 Narrative reporting

Where requested by the Board, the Committee should review the content of the annual report and accounts 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 these matters that is required under the UK Corporate Governance Code.

10.3 Internal controls and risk management systems

The Committee shall:

(a) keep under review the adequacy and effectiveness of the Company's internal financial controls that identify, assess, manage and monitor financial risks, and other internal control and risk management systems, specifically:

(i) ensuring both qualitative and quantitative metrics are used;

(ii) reviewing regularly and approving the parameters used in these measures and the methodology adopted; and

(iii) setting a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;

(b) advise and assist the Board on the Company's overall risk appetite, tolerance, and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for the Company's risk policies;

(c) review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement, unless this is done by the Board as a whole;

(d) oversee and advise the Board on the current risk exposures of the Company and future risk strategy;

(e) review the Company's capability to identify and manage new risk types;

(f) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Company, and taking independent external advice where appropriate and available;

(g) review reports on any material breaches of risk limits and the adequacy of proposed action;

(h) provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;

(i) consider and approve the remit of the risk management function, ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards, and ensure the function has adequate independence and is free from management and other restrictions;

(j) put in place an appropriate control process for reviewing and approving the Company's internal transactions and accounting;

(k) review and approve all "related party transactions" in accordance with the Company's policy;

(l) review material pending legal proceedings involving the Company and other contingent liabilities;

(m) review promptly all reports from management relating to risk;

(n) review and monitor management's responsiveness to the findings and recommendations relating to risk; and

(o) ensure that management is given the right of unfettered direct access to the Chairman and to the Committee in connection with internal control and risk management systems.

10.4 Whistleblowing, fraud and compliance

The Committee shall:

(a) review the adequacy and security of the Company's arrangements for its employees and contractors 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;

(b) review the Company's procedures for detecting fraud and receive from executive officers a report of all significant deficiencies and material weaknesses in the design or operation of internal controls and any fraud that involves management or other employees who have a significant role in the Company's internal controls;

(c) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;

(d) review the adequacy and effectiveness of the Company's anti-money laundering systems and controls and review regular reports from management and the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and

(e) review regular reports from the Chief Legal Officer and keep under review the adequacy and effectiveness of the Company's compliance function.

10.5 Internal audit

The Committee shall:

(a) review and approve the role and mandate of internal audit, monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system and annually approve the internal audit charter ensuring it is appropriate for the current needs of the Company;

(b) review and discuss with management, internal auditors and external auditors the Company's system of internal controls, its financial and critical accounting practices, policies relating to risk assessment management, and the effects of alternative generally accepted accounting principles ("**GAAP**") methods, off-balance sheet structures and regulatory and accounting initiatives;

(c) approve the appointment and removal of the head of the internal audit function;

(d) ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;

(e) review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business and receive regular reports on the work carried out;

(f) carry out an annual assessment of the effectiveness of the internal audit function, and as part of this assessment:

(i) meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;

(ii) review and assess the annual internal audit work plan;

(iii) receive a report on the results of the internal auditor's work;

(iv) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and

(v) review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.

(g) monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of compliance, finance and the external auditor;

(h) meet the Company's head of the internal audit function at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the Committee shall ensure that the Company's head of the internal audit function has the right of direct access to the Chairman, the Committee Chairman and to the rest of the Committee, providing independence from the executive, and is accountable to the Committee; and

(i) consider whether an independent, third party review of processes is appropriate.

10.6 External audit

The Committee shall:

(a) 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 auditors. The Committee shall develop and oversee and is responsible for the selection process for new auditors, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process and if auditors resign, the Committee shall investigate the issues leading to this and decide whether any action is required;

(b) annually evaluate, determine the selection of and if necessary replace the external auditors and 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 auditors 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;

(c) oversee the relationship with the external auditors including (but not limited to):

(i) approving their remuneration, including both fees for audit or non-audit services, and ensuring that the level of fees is appropriate to enable an effective and high quality audit to be conducted;

(ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope and plans of the audit, including authority and organisational reporting lines and adequacy of staffing and compensation;

(iii) assessing annually their independence and objectivity taking into account relevant UK law, regulation, the Ethical Standards and other professional requirements and the Group's relationship with the external auditors as a whole, including the annual disclosure from the statutory auditor and any threats to the external auditor's independence and the safeguards applied to mitigate those threats including the provisions of any non-audit services;

(iv) resolving disagreements between management and the external auditors regarding financial reporting;

(v) reviewing a formal report, at least annually, from the external auditors regarding the auditor's independence, including a delineation of all relationships between the external auditors and the Company (such as family, employment, investment, financial or business) (other than in the ordinary course of business) which could adversely affect the auditors' independence and objectivity, and recommending to the Board actions to satisfy the Board of the independence of the auditors;

(vi) agreeing with the Board a policy on the employment of former employees of the Company's external auditors, taking into account the Ethical Standards and legal requirements, and monitoring the implementation of this policy;

(vii) monitor the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standards, including the guidance on the rotation of audit partner and staff;

(viii) monitor the level of fees paid by the company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standards;

(ix) assessing at least annually the qualifications, expertise, resources, and independence of the external auditors and the effectiveness of the audit process, which shall include a formal report from the external auditors detailing their own internal quality procedures, any material issues raised by the independent auditor's internal quality control review, peer review or any governmental or other professional inquiry performed within the past five years, and any remedial actions implemented by the firm;

(x) seeking to ensure coordination with the activities of the Company's internal audit function; and

(xi) evaluating the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Commitee and consideration of the need to include the risk of the withdrawal of the external auditors from the market in that evaluation;

(d) meet regularly with the external auditors and management, including once at the planning stage before the audit and once after the audit at the reporting stage, and discuss the quality of accounting principles, the reasonableness of significant judgments, the results of the annual audit and quarterly reviews, the clarity of disclosures in the financial statements, including the Company's disclosures of critical accounting policies and other disclosures, and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards. The Committee shall meet the external auditors at least once a year, without management being present, to discuss their remit and any issues arising from the audit;

(e) discuss with the external auditor the factors that could affect audit quality and 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;

(f) receive and review the report of the findings of the audit with the external auditors. This shall include but not be limited to the following:

(i) a discussion of any major issues which arose during the audit;

(ii) an explanation by the external auditors of how they addressed the risks to audit quality;

(iii) any accounting and audit judgments including all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors;

(iv) a discussion with the external auditors regarding their perception of their interactions with senior management and other members of the Company's finance function;

(v) levels of errors identified during the audit;

(vi) the effectiveness of the audit process; and

(vii) other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences;

(g) review and approve (or pre-approve) any or all auditing services (including comfort letters, representation letters and statutory audits) requested by the external auditors before they are signed by management;

(h) review the management letter and management's response to the auditors' findings and recommendations;

(i) review with internal and external auditors any difficulties with audits and management's response; and

(j) develop and recommend to the board the company's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the Committee and specifying 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. The policy should include consideration of the following matters:

(i) threats to the independence and objectivity of the external auditor and any safeguards in place;

(ii) the nature of the non-audit services;

(iii) whether the external audit firm is the most suitable supplier of the non-audit service;

(iv) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and

(v) the criteria governing compensation.

11. REPORTING RESPONSIBILITIES

11.1 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 and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

(a) the significant issues that it considered in relation to the financial statements and how these were addressed;

(b) its assessment of the effectiveness of the external audit process (required under paragraph 10.6(c)(ix)) and its recommendation on the appointment or reappointment of the external auditor; and

(c) any other issues on which the Board has requested the Committee's opinion.

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

11.3 The Committee shall compile a report on its activities to be included in the Company's annual report to shareholders. The report should include an explanation of:

(a) how the Committee has addressed the effectiveness of the external audit process;

(b) the Company's risk management and strategy;

(c) the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditors; and

(d) all other information requirements set out in the UK Corporate Governance Code.

11.4 In compiling its reports, the Committee should exercise judgment in deciding which of the issues in relation to the financial statements it considers 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 the 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 a cross-reference to that information.

11.5 The directors' report in the annual report and accounts should set out risk management objectives and policies including in relation to financial instruments.

12. OTHER MATTERS

12.1 The Committee shall:

(a) have access to sufficient resources in order to carry out its duties including access to the Company secretary for assistance as required;

(b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;

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

(d) be responsible for co-ordination of the internal and external auditors;

(e) oversee any investigation of activities which are within its terms of reference;

(f) work and liaise as necessary with all other Board committees taking particular account of the impact and internal controls being delegated to different committees;

(g) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or accounting matters;

(h) 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; and

(i) perform any other activities consistent with the Company's articles of association and governing law of the Company as the Board or the Committee shall deem appropriate, including holding meetings with the Company's investments bankers and financial analysts.

12.2 To the extent permitted by law, each member of the Committee shall be entitled to rely on the integrity of the external auditors and any organisations that it receives information from in relation to the audit as well as the accuracy of the financial and other information provided to

the Committee by such persons or organisations absent of actual knowledge to the contrary (which shall be promptly reported to the Board).

13. AUTHORITY

The Committee is authorised to:

(a) seek any information it requires from any employee of the Company in order to perform its duties;

(b) obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes is necessary to do so, and determine compensation for such advisors;

(c) determine appropriate funding needs for its own ordinary administrative expenses that are necessary and appropriate to carrying out its duties;

(d) call any employee to be questioned at a meeting of the Committee as and when required; and

(e) have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.