

## **AEGIS GROUP PLC**

### **Terms of Reference for the Audit Committee**

#### **Constitution**

- 1) The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee, in order to assist it in the financial and risk oversight of the group.

#### **Membership**

- 2) The Committee shall be appointed by the Board from amongst the independent Non-Executive Directors of the Company and shall consist of not less than three members. A quorum shall be two members.
- 3) The Board shall appoint the chairman of the Committee.
- 4) At least one member of the Committee shall have recent and relevant financial experience.

#### **Attendance at meetings**

- 5) The Audit Committee may invite the Chief Executive, Chairman, Chief Financial Officer, Group Chief Accountant, Chief Internal Auditor and any other group executive, and a senior representative from the external auditors as it deems fit.
- 6) The Company Secretary shall be the Secretary of the Committee.

#### **Frequency of meetings**

- 7) Meetings shall be held not less than three times a year. The external or internal auditors may request a meeting if they consider one is necessary.

#### **Authority**

- 8) The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or relevant external party. All employees are directed to co-operate with any such request.
- 9) The Committee is authorised by the Board to obtain external professional advice and assistance at the Company's expense if it considers this necessary.

#### **Duties**

- 10) The duties of the Committee shall be: -

In respect of financial reporting:

- a) Overall, to monitor the integrity of the financial statements of the Group, including its annual and half-yearly reports, interim management statements, preliminary results' announcements and other announcements containing a

significant amount of price-sensitive financial information, reviewing and challenging where necessary;

- i) any changes in accounting policies and practices;
- ii) major judgemental areas;
- iii) significant adjustments resulting from the audit;
- iv) the going concern assumption;
- v) compliance with accounting standards;
- vi) clarity of disclosure and the context in which statements are made;
- vii) material information presented with the financial statements (e.g. the operating and financial reviews and statements relating to risk management); and
- viii) compliance with regulatory and legal requirements.

In respect of findings of the external auditors:

- b) to discuss problems and reservations arising from the interim review and annual audit, and any matters that both internal and external auditors may wish to discuss (in the absence of management at the Committee's discretion); and
- c) To review the external auditors' management letter and management's response.

In respect of the Company's control systems:

- d) to keep under review the effectiveness of the Company's internal financial and management control systems on behalf of the Board; and
- e) to review the Company's statement on internal control systems prior to endorsement by the Board.

In respect of the appointment, scope of audit and performance of the external auditors:

- f) to recommend the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal;
- g) to consider with the external auditors the nature and scope of the audit, and to ensure coordination where more than one audit firm is involved;
- h) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- i) monitor the auditors' compliance with relevant 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;
- j) assess their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditors relating to their own internal quality procedures;

- k) meet regularly with the external auditors, including at least once a year without the management being present, to discuss their remit and any issues arising from the audit; and
- l) to develop and implement a policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

In respect of internal audit:

- m) to consider and approve the annual internal audit plan;
- n) to consider the major findings of internal audit investigations and management's response;
- o) to review the remit and resources of the internal audit function and to confirm any changes thereto;
- p) to monitor and review the performance and effectiveness of the internal audit function and to undertake a formal appraisal of its performance on an annual basis;
- q) to meet the Head of Internal Audit at least once a year without management being present, to discuss the function's remit and to ensure it has adequate resources and access to information to enable it to perform effectively; and
- r) to ensure that the internal audit function has sufficient standing within the Group and is free from management or other restrictions.

In respect of whistleblowing and fraud:

- s) to review the Group's arrangements for its employees to raise concerns, in confidence, about possible crimes committed in relation to the Group, including wrongdoings in financial reporting. The Committee shall ensure that such arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action; and
- t) to review the Company's procedures for detecting fraud.

Other

- u) to review annually the Group's major legal, tax and treasury policies.
- v) to consider other topics as necessary.

### **Reporting procedures**

11) The Secretary shall circulate the minutes of meetings of the Committee (once approved by the Committee's Chairman) to all Board members unless a conflict of interest exists.

### **Other Matters**

12) The Committee shall;

- a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- b) be provided with appropriate and timely training, including induction training where required and ongoing training as appropriate;
- c) give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UKLA's Listing, Prospectus and Disclosure and Transparency Rules as appropriate;
- d) be responsible for the co-ordination of the internal and external auditors;
- e) oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of last resort; and
- f) 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.

Revised 23 October 2009