

Audit Committee Terms of Reference

Membership

1. The committee and its chairman shall be appointed by the board. The committee shall consist of all the company's independent non-executive directors, one of whom shall be its chairman. The committee shall consist of not less than three members. A quorum shall be two members.

Attendance at meetings

2. The finance director, the head of global audit and risk and a representative of the external auditor shall normally be invited by the committee to attend meetings.

3. The chairman of the board and the CEO may attend meetings (or parts of meetings) if they so wish and other individuals shall attend meetings if invited by the committee.

4. The committee shall meet the external auditor privately at least four times each year, without any member of management present.

5. The committee shall meet the head of global audit and risk privately at least once each year, without any other member of management present.

6. The company secretary shall be secretary of the committee.

Frequency of meetings

7. Meetings shall be held not less than four times a year and, where appropriate, should coincide with key dates in the company's financial reporting cycle.

8. The external auditor and the head of global audit and risk may request a meeting at any time.

Notice of meetings

9. The agenda and copies of all committee papers shall be sent to all members of the committee, and to other attendees as appropriate, normally at least five working days before the meeting.

Authority

10. The committee is authorised by the board to:

(a) investigate any activity within its terms of reference;

(b) seek any information that it requires from any company employee in order to perform its duties;

(c) obtain, at the company's expense, outside legal or independent professional advice in connection with its duties; and such advisors may attend meetings as necessary;

(d) incur any expenditure it considers appropriate in connection with the above (the company to make available the necessary funds); and

(e) delegate its powers in relation to particular matters to a sub-committee consisting of independent non-executive directors or to a person who is an independent non-executive director.

Responsibilities

11. The responsibilities of the committee shall be to:

(a) monitor the integrity of the company's financial statements, including its interim and annual financial statements, preliminary results announcements and any other formal announcement relating

to its financial performance, before submission to the board; and review, and challenge where necessary, the actions and judgements of management; paying particular attention to:

- (i) critical accounting policies and practices, and any changes in them;
 - (ii) decisions requiring a major element of judgement;
 - (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - (iv) the clarity of disclosures;
 - (v) significant adjustments resulting from the audit;
 - (vi) the going concern assumption;
 - (vii) compliance with accounting standards; and
 - (viii) compliance with stock exchange and other legal requirements.
- (b) review the effectiveness of internal control and risk management, and of control over financial reporting, and propose wording relating to these in the annual financial statements;
- (c) review the company's audit and risk programme including the remit, work plans, findings and major recommendations and management's response thereto, and monitor and review the effectiveness of the global audit and risk function and ensure it is adequately resourced and has appropriate standing within the company;
- (d) review the company's policies and practices concerning business conduct and ethics, including bribery, with a view to satisfying itself that these are appropriate and adequately enforced, and oversee the overall approach to securing compliance with laws, regulations and company policies in areas of risk, including monitoring the effectiveness of the global compliance programme;
- (e) establish, and monitor the implementation of, policies on:
- (i) the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
 - (ii) the confidential, anonymous submission by company employees of concerns regarding questionable accounting or auditing matters; and
 - (iii) the handling of other "whistleblowing" allegations.
- (f) approve the appointment or dismissal of the global audit and risk director;
- (g) consider, and make recommendations to the board on, the appointment or re-appointment of the external auditor, or any issues concerning their independence, possible resignation or dismissal, or the selection of new external auditor. In particular to:
- (i) monitor and review annually the qualification, expertise, and resources, and independence, objectivity and effectiveness of the external auditor, taking into account relevant professional and regulatory requirements;
 - (ii) establish, and monitor the implementation of, a policy for the employment of former employees of the external auditor;
 - (iii) approve the audit fee and the terms of engagement of the external auditor, or any proposed change in the latter;

(iv) establish, and monitor the implementation of, a policy on the engagement of the external auditor to supply non-audit services taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;

(v) in accordance with the above policy, pre-approve (or delegate to one or more members of the committee the power to pre-approve) the supply of non-audit services by the external auditor and, if appropriate, related fees; and

(vi) in the event of resignation by the external auditor, examine the reasons for that resignation.

(h) discuss with the external auditor before the audit commences, the nature and scope of the audit and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;

(i) review any representation letter requested by the external auditor before it is signed by management

(j) review the external auditor's management letter and management's response to this, and to any other major external audit recommendations; and

(k) review any other matter that the board deems appropriate.

Reporting procedures

12. The secretary shall circulate the minutes of meetings of the committee to all members of the board. The chairman of the committee or, as a minimum, another member of the committee, shall attend the board meeting at which the accounts are approved.

13. The committee shall produce a report to shareholders on its activities during the year which will form part of the company's annual report.

14. The committee shall keep under review and report to the board annually whether its members have recent and relevant financial experience.

15. The committee members shall conduct an annual review of the performance of the committee and a periodic review of these terms of reference and make recommendations to the board.

16. The chairman of the committee shall attend the AGM and shall answer questions, through the chairman of the board, on the committee's activities and its responsibilities.

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