

TRETT PLC

Audit Committee Terms of Reference

1. Membership

- 1.1 The Committee shall comprise at least three members each of whom shall be appointed by the Board for a period of up to three years, which may be extended by no more than two further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.
- 1.2 All members of the Committee shall be independent Non-executive Directors at least one of whom shall have recent and relevant financial experience. The Chairman of the Board may be a member of, but not chair, the Committee providing (s)he was independent on appointment as Chairman.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of the meeting, as and when appropriate and necessary.
- 1.4 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 their number to chair the meeting.

2. Secretary

The Company Secretary or, with the approval of the Committee Chairman their nominee, shall be the Secretary of the Committee.

3. Meetings

- 3.1 The Committee shall meet at least twice a year and otherwise as required.
- 3.2 A meeting of the Committee shall be called by the Secretary at the request of any member of the Committee or at the request of the external audit partner.
- 3.3 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 not fewer than five working days prior to the date of the meeting.
- 3.4 The quorum for the Committee meetings shall be two members.
- 3.5 The Secretary shall minute the proceedings and resolutions as well as keep appropriate records of those present and in attendance.
- 3.6 Draft minutes of the meetings shall be circulated to all members of the Committee and once approved to all members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.
- 3.7 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

4. Duties

Financial reporting

- 4.1 The Committee shall monitor the integrity of the annual report, reviewing and reporting to the board on significant financial reporting issues and judgements which it contains having regard to matters communicated to it by the auditor.
- 4.2 In particular, the Committee shall review and challenge where necessary:
 - 4.2.1 the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company/Group;
 - 4.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

- 4.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 4.2.4 the clarity and completeness of disclosure in the company's financial reports and the context in which statements are made; and
 - 4.2.5 all material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management.
- 4.3 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.

Narrative reporting

- 4.4 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.

Internal Audit

- 4.5 The Committee shall annually consider whether there exists a need for an internal audit function.

External Auditors

- 4.6. The Committee shall:
- 4.6.1 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 auditor
 - 4.6.2 if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
 - 4.6.3 oversee the relationship with the external auditor including:
 - recommendations on their remuneration;
 - assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner; and
 - assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures.
 - 4.6.4 meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
 - 4.6.5 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; and
 - 4.6.6 review the findings of the audit with the external auditor including:
 - a discussion of any major issues which arose during the audit;
 - key accounting and audit judgements;
 - levels of errors identified during the audit; and
 - the effectiveness of the audit process.
- 4.7 The Committee shall also:

- 4.7.1 review any representation letter(s) requested by the external auditor before they are signed by management; and
- 4.7.2 review the management letter and management's response to the auditor's findings and recommendations.

5. Reporting Responsibilities

- 5.1 The Committee Chairman shall report formally to the Board on its 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.
- 5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 5.3 The Committee shall compile a report on its activities to be included in the Company's annual report explaining how the Committee has addressed the effectiveness of the external audit process and 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 auditor.
- 5.4 In compiling the reports referred to above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

6. Other Matters

The Committee shall:

- 6.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 6.2 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;
- 6.3 give due consideration to the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 6.4 oversee any investigation of activities which are within its terms of reference;
- 6.5 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

7. Authority

The Committee is authorised to:

- 7.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 7.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 7.3 call any employee to be questioned at a meeting of the Committee as and when required; and
- 7.4 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.