

Audit Committee Terms of Reference

References within this Section to “the Committee” mean the Audit Committee.

1 Membership and Attendance

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination & Corporate Governance Committee, and in consultation with the Chairman of the Committee. The Committee shall normally comprise all of the independent non-executive directors (excluding the Chairman of the Board), at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive Officer, Chief Financial Officer and other directors may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.3 The external auditors, the heads of risk, compliance and internal audit and representatives from the finance function will be invited to attend meetings of the Committee on a regular basis, as appropriate.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods.
- 1.5 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 the meeting.

2 Secretary

- 2.1 The Company Secretary or his or her designee shall act as the Secretary of the Committee 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.

3 Quorum and Location

- 3.1 The quorum necessary for the transaction of business shall be two members of whom at least one must be an independent non-executive director. 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.
- 3.2 A majority of the meetings of the Committee will be held in the Republic of Ireland; other Committee meetings may be held at another location outside the United Kingdom.
- 3.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such way.

4 Frequency of Meetings

- 4.1 The Committee shall meet at least three times a year at appropriate intervals in the reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the Chairman of the Committee will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the head of internal audit.

5 Notice of Meetings

- 5.1 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 external auditors if they consider it necessary. Such meetings must be convened from the Republic of Ireland.
- 5.2 Unless otherwise agreed, 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, any other person required to attend and all other non-executive directors, no later than four 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.

6 Minutes of Meetings

- 6.1 The Secretary of the Committee shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 6.2 The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and to all members of the Board, unless it would be inappropriate to do so.

7 Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8 Duties

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

8.1 Financial Reporting

- 8.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-year reports, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor.

- 8.1.2** In particular, the Committee shall review and challenge where necessary:
- (i) the application of, and any changes to, significant accounting policies;
 - (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 financial statements, such as the strategic report and the corporate governance statements relating to the audit and to risk management;
- 8.1.3** Except as otherwise agreed by the Board, the Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the UK Financial Conduct Authority's Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.
- 8.1.4** 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.

8.2 Narrative reporting

Where requested by the Board, the Committee should review the content of the annual report and financial statements 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/Group'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.

8.3 Internal Controls and Risk Management Systems

The Committee shall:

- 8.3.1** keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and internal control and risk management systems; and
- 8.3.2** review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement.

8.4 Compliance, Whistleblowing and Fraud

The Committee shall:

- 8.4.1** 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;

- 8.4.2 review the Company's procedures for detecting fraud;
- 8.3.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance; and
- 8.3.4 review regular reports from Compliance and keep under review the adequacy and effectiveness of the Compliance function.

8.5 Internal Audit

The Committee shall:

- 8.5.1 monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system and the work of relevant governance functions and the external auditor;
- 8.5.2 approve the appointment, remuneration (in practice the responsibility for remuneration will be a role normally delegated to the Chairman of the Committee) and removal of the head of the internal audit function;
- 8.5.3 consider and approve the mandate of the internal audit function, and Ensure it has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different governance functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure it is equipped to perform in accordance with appropriate professional standards for internal auditors. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- 8.5.4 review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and the charter of the internal audit function;
- 8.5.5 review on a periodic basis the results of the internal auditors' work;
- 8.5.6 review and monitor management's responsiveness to the findings and recommendations of the internal auditors;
- 8.5.7 meet the head of internal audit at least two times each year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the Board, the Chairman of the Committee, and shall be accountable to the Committee;
- 8.5.8 carry out an annual assessment of the internal audit function to ensure the activities outlined above are performed to the Committee's satisfaction; and
- 8.5.9 consider whether an independent, third party review of processes is appropriate.

8.6 External Audit

The Committee shall:

- 8.6.1 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;

- 8.6.2** develop and oversee the selection procedure for the appointment of the audit firm, and ensure that all tendering firms have access to all necessary information and individuals during the duration of the tendering process;
- 8.6.3** If an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.6.4** oversee the relationship with the external auditor including (but not limited to):
- (i) approval of their remuneration for audit services and ensure that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - (ii) approval of their remuneration for non-audit services, taking into account any relevant ethical guidance on this matter;
 - (iii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iv) assessing annually their independence and objectivity taking into account relevant law, regulation, the UK Financial Conduct Authority's Ethical Standard (the "Ethical Standard") and other professional requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
 - (v) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
 - (vi) agreeing with the Board a policy on the employment of former employees of the external auditor, taking into account the Ethical Standard and monitoring the implementation of this policy;
 - (vii) monitoring the auditor's process for maintaining independence, and compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff. Monitor the level of fees paid by the Company 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 Standard;
 - (viii) assessing annually their qualifications, expertise and resources;
 - (ix) assessing annually the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
 - (x) seeking to ensure co-ordination with activities of the 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 Committee;

- 8.6.5 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least two times each year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.6.6 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 external audit team;
- 8.6.7 review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) the auditor's explanation of how the risks to audit quality were addressed;
 - (iii) key accounting and audit judgements;
 - (iv) the external auditor's view of their interactions with senior management;
 - (v) levels of errors identified during the audit; and
 - (vi) the effectiveness of the audit process;
- 8.6.8 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.6.9 review the management letter, or a summary thereof, and management's response to the auditor's findings and recommendations; and
- 8.6.10 develop and implement a policy on the supply of non-audit services by the external 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.

8.7 Treasury and Tax Policies

The Committee shall carry out an annual review of, and approve, the Company's treasury and tax policies and, if appropriate, recommend them to the Board for ratification.

8.8 Reporting Responsibilities

- 8.8.1** The Chairman of the Committee shall report to the Board at the first Board meeting following each Committee 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:
- (i) The significant issues that it considered in relation to the financial statements and how these were addressed;
 - (ii) Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - (iii) Any other issues on which the Board has requested the Committee's opinion.
- 8.8.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.8.3** The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; 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; and all other information requirements set out in the UK Corporate Governance Code.
- 8.8.4** In compiling the reports referred to in 8.8.1 and 8.8.3, 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 which 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 financial statements, but could provide cross references to that information.

8.9 Other Matters

The Committee shall:

- 8.9.1** have access to sufficient resources in order to carry out its duties, including access to the Group Corporate Secretariat for assistance as required;
- 8.9.2** 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;
- 8.9.3** give due consideration to relevant laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 8.9.4** be responsible for co-ordination of the internal and external auditors;
- 8.9.5** oversee any investigation of activities which are within its terms of reference;
- 8.9.6** work and liaise as necessary with all other Board committees; and

8.9.7 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

9 Authority

The Committee is authorised:

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