



MACRO 4 PLC ("THE COMPANY")

AUDIT COMMITTEE (THE "COMMITTEE") TERMS OF REFERENCE

1 MEMBERSHIP

- 1.1 The Committee shall comprise at least 2 members, all of whom should be independent non-executive directors and at least one of whom should have recent and relevant financial experience. Members of the Committee shall be appointed by the Board. The chairman of the Committee (the "**Chairman**") shall be appointed by the Board.
- 1.2 Appointments should be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.

2 SECRETARY

The company secretary or their nominee shall act as the secretary of the Committee (the "**Secretary**").

3 MEETINGS

- 3.1 The Committee shall meet at least three times each year and meetings may be held by telephone. The quorum for any meeting of the Committee shall be two members. The Company's auditors may at any time request a meeting of the Committee and the Committee shall comply with such request.
- 3.2 Only members of the Committee have the right to attend Committee meetings, however, other Directors, employees or external advisers may attend by invitation of the Chairman. The Group Finance Director and external auditors will be invited to attend meetings of the Committee on a regular basis.
- 3.3 Reasonable notice of each meeting together with an agenda of items to be discussed and any relevant supporting papers shall be sent to the Committee members and other attendees as appropriate.
- 3.4 If the Chairman is not present at a meeting of the Committee, then the remaining members present shall elect one of their number to chair the meeting.
- 3.5 The Secretary shall circulate the minutes of the Committee meetings, once agreed to all members of the Board and nominated recipients, unless a conflict of interest exists.
- 3.6 The Chairman shall report to the Board on the Committee's proceedings.

4 DUTIES

The Committee shall:-

4.1 External Audit

- 4.1.1 Make recommendations to the Board for it to be put to shareholders for their approval in general meeting, in relation to the appointment and re-appointment of the Company's external auditors and consider their resignation and removal.
- 4.1.2 Approve the remuneration, whether fees for audit or non –audit services, to be paid to the Company's external auditor.
- 4.1.3 Approve the terms of engagement including any letter of engagement issued at the start of each audit and the scope of the audit.
- 4.1.4 Review and approve the annual audit plan before commencement of the audit process and ensure that it is consistent with the scope of the audit engagement.
- 4.1.5 Review the findings of the audit with the external auditor, in the absence of management where necessary.
- 4.1.6 Review any representation letter(s) requested by the external auditor before they are signed by management.
- 4.1.7 Review the external auditor's management letter and management's response to the auditor's findings and recommendations;
- 4.1.8 At least once in each year meet with the Company's external auditors without the presence of any executive director or employee.
- 4.1.9 Review, at least annually, the effectiveness of the audit process and the qualifications, expertise, independence and objectivity of the external auditors taking into consideration relevant UK professional and regulatory requirements.
- 4.1.10 Develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.
- 4.1.11 Agree with the Board a policy on the employment of former employees of the Company's auditor and monitor the implementation of this policy.

4.2 Financial reporting

- 4.2.1 Monitor the integrity of the financial statements of the Company, including its annual and interim financial statements, preliminary results' announcements and any other formal announcement relating to the financial performance of the Company including any of a price sensitive nature, reviewing significant financial reporting issues and judgments which they contain.

4.2.2 Review and challenge where necessary :-

- (i) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
- (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 appropriate estimates and judgments, taking into account the views of the external auditor;
- (iv) the clarity of disclosure in the financial reports of the Company and the context in which statements are made; and
- (v) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);

4.3 Internal Audit

- 4.3.1 Review the effectiveness of the Company's internal controls and risk management systems and approve the statements to be included in the annual report concerning internal controls and risk management.
- 4.3.2 Monitor and review the effectiveness of the internal audit department and the annual internal audit plan.
- 4.3.3 Approve the appointment and removal of the head of the internal audit function.
- 4.3.4 Ensure that the internal audit function has adequate resources and is sufficiently independent to fulfil its role.
- 4.3.5 Meet with the head of internal audit at least once a year without management being present and ensure that the head of internal audit has the right of direct access to the Chairman.
- 4.3.6 Review and monitor management's responsiveness to the internal audit findings and recommendations
- 4.3.6 Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and to ensure that such matters are independently investigated and appropriate follow up action is taken and review the Company's procedures for detecting fraud.
- 4.3.7 Review promptly all reports on the Company from the internal auditors.

5 AUTHORITY

- 5.1 The Committee is authorised by the Board to investigate and undertake any activity within its terms of reference and to seek any information it requires from any employee or director of the Company in order to perform its duties.
- 5.2 The Committee is authorised to obtain, at the Company's expense, external legal or other professional advice on any matter within its terms of reference.

6 REPORTING

- 6.1 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.2 The Chairman (or another member of the Committee nominated by the Chairman) shall attend the Company's AGM to answer any questions that shareholders may raise in connection with the Committees activities.
- 6.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report.

7 REVIEW

The Committee shall: 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.