

**KEWILL PLC**  
**AUDIT SUB-COMMITTEE OF THE BOARD OF DIRECTORS**  
**TERMS OF REFERENCE**

**1. Constitution**

The Board hereby resolves that the existing terms of reference for the audit sub-committee as at 03 December 2010 shall with effect from such date be replaced by the terms of reference detailed below, and that the conduct of the audit sub-committee shall thereafter be subject to these Terms.

**2. Definitions**

In these Terms the following words have the following meanings:

“Board”	the board of directors of the Company;
“Chairman”	the chairman of the Committee;
“Committee”	the audit sub-committee of the Board;
“Company”	Kewill plc with registered number 1037515;
“Secretary”	the secretary to the Committee;
“Terms”	these terms of reference.

**3. Composition**

3.1 The Committee shall be appointed by the Board.

3.2 Subject to provision 3.3:

3.2.1 all members of the Committee shall be independent non-executive directors of the Company;  
and,

3.2.2 the committee shall consist of not less than two members.

3.3 Where the Board is composed of two or less independent NEDs, a non-independent NED may be a member of the Committee until such time as an independent NED is available to fulfil such role.

3.4 A quorum shall be two members.

3.5 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.

3.6 The chairman of the Committee shall be appointed by the Board from amongst the independent non-executive directors. In the absence of the Chairman (or a nominated deputy) the remaining members present shall elect a chairman for the purposes of that specific meeting.

**4. Attendance at meetings**

4.1 The finance director, the head of internal audit (where such function exists), and a representative of the external auditors shall attend meetings at the invitation of the committee.

4.2 The Chairman of the Board, the CEO and other Board members shall attend if invited by the Committee.

4.3 There should be at least one meeting per financial year, or part thereof, where the external auditors attend without management present.

4.4 The company secretary (or his/her nominee from time to time) shall be the Secretary.

**5. Frequency & notice of meetings**

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

- 5.2 External auditors or internal auditors may request a meeting if they consider that one is necessary.
- 5.3 Meetings of the Committee shall be summoned by the Secretary at the request of any member of the Committee.
- 5.4 Unless agreed otherwise, notice of each meeting (confirming location, timing and agenda) shall be circulated to each member of the Committee at least 2 working days prior to the date of the meeting.

## 6. **Reporting procedures**

- 6.1 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.
- 6.2 The Chairman or, as a minimum, another member of the Committee, shall attend the Board meeting at which the accounts are approved.
- 6.3 The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.
- 6.4 The Committee's duties and activities during the year shall be disclosed in the annual financial statements.
- 6.5 The Chairman shall attend the AGM and shall answer questions, through the chairman of the Board, on the Committee's activities and their responsibilities.

## 7. **Authority**

The Committee is authorised by the Board to:

- 7.1 investigate any activity within these Terms;
- 7.2 seek any information that it requires from any employee of the Company and all employees are directed to cooperate with any request made by the Committee; and,
- 7.3 obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.

## 8. **Responsibilities**

The responsibilities of the Committee shall be:

- 8.1 to make recommendations to the Board, for it to put to the shareholders for their approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the external auditor;
- 8.2 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- 8.3 to develop and implement 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, 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;
- 8.4 to review the nature and scope of the external audit and to approve the remuneration and terms of engagement of the external auditor;
- 8.5 to review the external auditor's management letter and management's response to any major audit recommendations;
- 8.6 to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- 8.7 to consider annually the requirement for an internal audit function; and
- 8.8 to monitor and review the Company's procedures for handling 'whistleblowers'.