



## **Terms of reference of the Audit Committee**



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### 1. MEMBERSHIP

- 1.1. The board of directors of BSD Crown Ltd. ("**BSD Crown** " or "**the Company**") (the "**Board**") has resolved to establish a committee of the Board to be known as the Audit Committee.
- 1.2. Membership of the Audit Committee shall consist of at least three members. The members of the Audit Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the chairman of the Audit Committee, where such chairman is then in office. Subject to the normal periodic re-election of directors, a member of the Audit Committee shall serve a term of three years which may be extended by no more than two additional three-year periods.
- 1.3. The chairman of the Audit Committee shall be an external director; all its members shall be directors, the majority of whom shall be independent non-executive directors and all external directors of the Company shall be members of the Audit Committee. The chairman of the Board, directors employed by the Company and any controlling shareholder are not eligible to be members of the Audit Committee.
- 1.4. At least one of the Audit Committee members should have recent and relevant financial experience.

### 2. QUORUM

A quorum shall be the majority of the members of the Audit Committee, for as long as the majority of members present are independent and include at least one external director. Notice of meetings of the Audit Committee shall be given to all members and invitees within a reasonable time prior to the date of a meeting. All reasonable efforts shall be made to arrange such meetings so that all members and invitees are able to attend.

### 3. CHAIRMAN

- 3.1. The Board shall appoint one of the members of the Audit Committee to be chairman of the Audit Committee, subject to the terms set out in paragraph 1.3 above. If the chairman is not present at a meeting of the Audit Committee, then the remaining members present shall elect one of their number to chair the meeting.

### 4. ATTENDANCE

- 4.1. No one other than the chairman of the Audit Committee and its members, or those directors eligible to be nominated as members of the Audit Committee, shall be entitled to be present at a meeting of such Committee. Attendance at meetings of the Audit Committee by non-members, such as the chairman of the Board, the chief executive, non-independent members of the Board or any Company adviser, shall be at the discretion of the chairman of the Audit Committee. The Audit Committee shall each year have at least one meeting, or part of a meeting, with the Company's auditor and its internal auditors (if any) without any member of the Company's management present, to discuss matters relating to the remit of the Audit



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Committee and any issues arising from the audit.

- 4.2. The Company secretary shall be the secretary of the Audit Committee and shall, (other than where excluded from participation pursuant to paragraph 4.1 above, in which case another member of the Committee shall be the secretary for such meeting), attend all of its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to give full and proper consideration to the issues. The secretary of each Committee shall prepare minutes of the Audit Committee meetings and shall circulate them to all members of the Audit Committee and to the chairman and other members of the Board.

### 5. FREQUENCY OF MEETINGS

- 5.1. The Audit Committee shall meet at regular intervals to deal with routine matters, at other times as determined by its chairman, in consultation with the Company secretary and, in any event, not less than four times in each financial year. Any member of the Audit Committee, the Company's auditor or its internal auditors (if any) may request a meeting if he/she considers that one is necessary or expedient. To the extent allowed under the law, meetings may be held by telephone.
- 5.2. Meetings will be arranged to coincide with key dates within the Company's financial reporting and audit cycle where appropriate. A sufficient interval should be allowed between meetings of the Audit Committee and meetings of the Board to allow any work arising from a meeting of the Audit Committee to be carried out and reported to the Board as appropriate.

### 6. AUTHORITY

- 6.1. The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company. All employees, directors, consultants and other providers of services are directed to co-operate with requests for information made by the Audit Committee including requests to attend meetings of the Audit Committee.
- 6.2. The Audit Committee is authorised by the Board to obtain any outside legal or other independent professional advice at the cost of the Company as it considers appropriate in relation to matters within its terms of reference and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary or expedient.

### 7. RESPONSIBILITIES

- 7.1. The Audit Committee has the responsibilities set out below for the Company and also for its major subsidiary undertakings and for the group as a whole as appropriate.
- 7.2. The Audit Committee shall:



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- 7.2.1. consider and make appropriate recommendations to the Board for the shareholders to consider at the annual general meeting relating to the appointment, re-appointment and removal of the Company's auditor. The Audit Committee shall oversee the process for selecting a new Company auditor. If the Company's auditor resigns, the Audit Committee shall investigate the issues leading to the resignation and shall decide whether any action is required;
- 7.2.2. recommend to the Board the audit fee and approve the terms of engagement of the Company's auditor. The Audit Committee shall approve in advance any fees in respect of non-audit services provided by the Company's auditor. The Audit Committee shall review, monitor and implement a policy on the engagement of the Company's auditor to supply other professional services to the Company and its subsidiary undertakings to ensure that the Company's auditor continues to be objective and remains independent from the Company's management whilst still providing value for money. The Audit Committee shall take into account relevant ethical guidance;
- 7.2.3. review any representation letter requested by the Company's auditor before it is signed by any member of the management of the Company;
- 7.2.4. review the Company's auditor's management letter and the response of the Company's management to it;
- 7.2.5. satisfy itself that matters raised by its members or the Company's auditor or the Company's internal auditors (if any) about any aspect of the accounts or of the Company's control and audit procedures are appropriately considered and, if necessary, brought to the attention of the Board and resolved;
- 7.2.6. satisfy itself that there are no family, employment, investment, financial, business or other relationships between the auditor and the Company other than in the ordinary course of business. The Audit Committee shall agree with the Board and monitor and implement a policy on the employment of former employees of the Company's auditor;
- 7.2.7. monitor and review the effectiveness of the Company's financial reporting and controls and its systems for internal control and risk management (for both financial and non-financial risks, including any money laundering risk). The Audit Committee shall review management's and the internal auditor's reports on the effectiveness of these systems and shall review and approve the statements on internal control and risk management to be included in the Company's annual report prior to its endorsement by the Board;
- 7.2.8. monitor and review the effectiveness of the internal audit function in the context of the Company's risk management system, its remit and the annual internal audit plan, ensure co-ordination between the internal and external auditors and ensure that the internal audit function is adequately resourced and has appropriate access to



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information to enable it to be effective and comply with relevant professional standards;

- 7.2.9. ensure that the internal audit function has appropriate standing within the Company and is free from management or other restrictions;
- 7.2.10. review promptly all reports on the Company from the internal auditor and ensure that the head of internal audit has direct access to the chairman of the Board and to the Audit Committee;
- 7.2.11. approve the appointment or removal of the head of internal audit;
- 7.2.12. where no such internal audit function exists, review annually the need for one and make an appropriate recommendation to the Board;
- 7.2.13. institute special projects or investigations on any matter within the Audit Committee's terms of reference as it sees fit, following consultation with the finance director. The Audit Committee shall be provided with the necessary resources to access information for these purposes. The Audit Committee shall review any significant findings of internal investigations. Additionally, it shall consider from time to time whether any special remit should be referred to the Company's auditor or to any other external body;
- 7.2.14. make available its terms of reference explaining clearly its role and the authority delegated to it by the Board;
- 7.2.15. ensure that it receives appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 7.2.16. give due consideration to legal and regulatory requirements, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- 7.2.17. consider any other matter specifically referred to the Audit Committee by the Board; and
- 7.2.18. review, monitor and implement a policy regarding material and exceptional transactions, including any related party transactions and, in each case, decide whether such transactions should be approved and instruct the Board accordingly.

## 8. REPORTING PROCEDURES

- 8.1. The Audit Committee shall report to the Board after each meeting on all matters within its terms of reference. The Audit Committee shall identify any matters in respect of which it considers that action or improvement is needed, making recommendations as to the steps to be taken.



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- 8.2. A summary of the Audit Committee's duties and work, including the membership of the committee, the number of committee meetings held, attendance over the course of the year and reference to examination of the annual accounts, shall be included each year in the Company's annual report.
- 8.3. The Audit Committee shall conduct an annual review of its constitution, its performance and effectiveness, its work and these terms of reference and make recommendations to the Board.
- 8.4. The chairman or at least one other member of the Audit Committee shall attend the meeting of the Board at which the accounts are approved.