

# Terms of Reference – Audit Committee

*(approved by the Board on 6 April 2017)*

## 1. Composition

The Committee shall comprise at least three members from the Board (but not more than half of the number of Board directors). All Committee members shall be independent of the executive management and the majority of Committee members shall be independent of major shareholders. The Board shall appoint the members. If available, members of the Board with experience from accounting/auditing/financing should be appointed.

The Board shall appoint the Committee Chair who shall chair Audit Committee meetings.

Each member of the Committee shall continue to be a Committee member until a successor is appointed, unless the member resigns, is removed by resolution of the Board or otherwise ceases to be a director.

Where a vacancy occurs at any time in the Committee membership, it shall be filled by the Board, if the membership of the Committee is less than three (3) directors. Alternatively, the Committee's responsibilities shall be transferred to the Board, if, in the opinion of the Board Chairman, the seriousness of the audit issues then arising justifies consideration at full Board level.

Only members of the Committee have the right to attend meetings, however, the CFO should normally attend Committee meetings. The external auditor shall meet the Committee at least annually. Other members of management may be invited to attend Committee meetings.

## 2. Secretary

The Group Company Secretary or a nominee shall act as Secretary of the Committee unless the Committee appoints the CFO/Group Controller to do so.

## 3. Quorum

All members must be present to form a quorum. 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.

## 4. Meetings

The Committee shall meet at least quarterly and at such other times as required, each time in connection with the establishment of the quarterly result of the Company. The meetings can take place either in physical meetings or phone conferences.

The Committee shall, together with the CFO, establish a schedule for its work.

## 5. Notice of Meetings

Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member thereof or at the request of the CFO.

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 and any other person required to attend with a copy to the chairman of the Board, no less than five days prior to the date of the meeting.

## 6. Authorities and Duties

The Committee shall act as an advisory committee to the Board on issues related to financial reporting and audit of the Group, internal control routines and financial risk.

The Committee shall have the following particular authorities and responsibilities:

- **Financial reporting:** The Committee shall review and evaluate draft quarterly and annual accounts prior to any board discussion of the same matter and provide its recommendation to the Board. Particular attention shall be paid to:
  - Accounting principles, including development of new principles and change of existing principles;
  - Decisions on principles/numbers that are open for alternative conclusions;
  - Special transactions, including transactions with related parties;
  - Adjustments required due to audit;
  - Assumptions made for impairment testing;
  - The “going concern” assumption.
- **Budgets:** The Committee shall review and evaluate the budget process. Particular attention shall be paid to:
  - The planning of the budget process;
  - The required level of details in the various budgets.

The review and evaluation of the draft budgets shall be made by the Board.

- **Internal Control:** The Committee shall annually evaluate the Group’s internal financial control routines and procedures, routines and procedures related to financial reporting as well as financial risk management systems.
- **Auditor:** The Committee shall regularly liaise with the Group’s external auditor. Particular emphasis shall be placed on:
  - Development of annual plan for the audit work as proposed by the auditor;
  - Evaluation of the auditor’s fees;
  - Proposal on change of auditor;
  - Evaluation of the auditor’s independence to the management and the Group, including the management’s use of consultancy services from the auditor;
  - Review of auditor’s numbered letters prior to the presentation of these to the Board.

## **7. Minutes of the Meetings**

The Secretary shall minute the proceedings of all Committee meetings, including the names of those present and in attendance.

Action Points arising out of Committee meetings shall be circulated to the Committee within one week of the meeting. Draft minutes of Committee meetings shall be circulated to the Committee Chair and subsequently all members of the Committee and to the Chairman of the Board latest three weeks after the meeting and made available on request to other members of the Board. Meeting minutes shall be approved at the subsequent Committee meeting.

## **8. Reporting/Recommendations**

The Committee Chair shall report to the Board on the quarterly accounts and annual accounts at each Board meeting where such accounts are subject to discussion. The Committee Chair shall at least once a year give an outline of the various other elements of the work of the Committee.

The Committee shall present its recommendation to the Board on all proposals made by the management to the Committee.

The Committee shall annually review its own performance and present the review for comments to the Board.

The Committee shall annually review the terms of reference for the Committee and recommend any changes to the Board for approval.