

Tribal Group plc

Terms of reference for the Audit Committee

1. Constitution

The Board has resolved to establish a Committee of the Board to be known as the Audit Committee.

2. Membership

2.1 The members of the Audit Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, from the Non-Executive Directors of Tribal Group plc ("**the Company**") and (unless otherwise determined by the Board from time to time) shall consist of not less than three members. All members of the Audit Committee should be independent Non-Executive Directors of the Company who are also independent from the management of the Company and free from any business or other relationship with the Company which could materially interfere with the exercise of their independent judgement.

2.2 The Chairman of the Committee shall be appointed by the Board.

2.3 Appointments to the Committee shall 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.

2.4 Any new members of the Committee will attend the induction programme provided by the Company, which shall include an overview of the Company's business model and strategy, the main risks to the Company and the role of the Committee. Training to members of the Committee will be provided on an ongoing basis.

3. Attendance at meetings

3.1 The Finance Director and a representative of the external auditors shall normally be invited to attend meetings. The Chairman of the Board, the Chief Executive and other board members shall attend meetings at the invitation of the Committee.

3.2 On at least one occasion each year the Audit Committee must have an opportunity to meet with the Company's external auditors and (separately) the Company's internal auditor, in each case in the absence of any Executive Directors. These meetings are in addition to those referred to at 4.

3.3 The head of internal audit of the Company shall normally be invited to attend all meetings of the Committee. The group risk manager may be invited to attend meetings of the Committee (as appropriate).

3.4 The Company Secretary or their nominee shall be secretary of the Committee.

3.5 The required quorum for the transaction of business by the Committee shall be two members.

4. Frequency and Notice of meetings

4.1 Meetings shall be held at least three times a year and where appropriate should coincide with key dates in the Company's financial reporting cycle, as well as dealing with other matters within the Committee's terms of reference. Any member of the Committee or the external or internal auditors may request a meeting if they consider that one is necessary.

4.2 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 5 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.

5. Authority

5.1 The 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 and all employees are directed to co-operate with any request made by the Committee.

5.2 The Committee is authorised by the Board at the expense of the Company to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6. Responsibilities

6.1 The responsibilities of the Committee shall apply to the Company, its subsidiary undertakings and the Group as a whole, as appropriate. They shall be:

- (a) to oversee and agree the appointment of the external auditor, their terms of engagement, the audit fee, and any questions of resignation or dismissal, making appropriate recommendations through the Board to the shareholders to consider at the AGM;
- (b) to discuss with the external auditor before the audit commences the nature and scope of the audit (and likewise for any review of accounts by the auditor) and to agree the audit plan, and other relevant matters, and ensure co-ordination where more than one audit firm is involved;
- (c) to review the independence and objectivity of the auditors in accordance with the policy referred to in 6.1(o). In particular, ensuring that key partners are rotated at appropriate intervals, and keeping under review the volume of non-audit services provided by the auditors to balance maintaining objectivity against value for money;
- (d) to review the integrity of the Company's half year and annual financial statements and any formal announcements of the Company's financial performance before submission for formal approval by the board, focusing particularly on:
 - (i) compliance with accounting standards and any changes in accounting policies and practices;
 - (ii) significant financial reporting judgments;
 - (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - (iv) the clarity of disclosures;
 - (v) significant adjustments resulting from the audit;
 - (vi) the going concern assumption; and
 - (vii) compliance with accounting standards, FSA Listing Rules/UK Listing Authority and legal requirements;

- (e) to receive a report on the audit and matters arising from the audit (and likewise for any review of accounts by the auditor), and any matters the auditor may wish to discuss (in the absence of management where necessary) including the following:
 - (i) major issues which arose during the audit;
 - (ii) any accounting and audit judgements made; and
 - (iii) levels of errors identified during the audit;
- (f) to review the external auditor's management letter and management's response;
- (g) to receive reports from Management and internal audit (if appointed) / risk management on and keep under review the effectiveness Group's risk management procedures and internal controls. The Committee will report annually to the Board on its work in connection with the review of effectiveness of internal controls.
- (h) to consider the major findings of any internal investigations and Management's response;
- (i) to approve the appointment or dismissal of the head of internal audit (if any);
- (j) if the Company undertakes a transaction or corporate action that involves material accounting reporting issues and/or audit involvement (for example, the release of a transaction circular or of a prospectus), to review reports from Management and the Group's auditors / advisers on financial information to be published;
- (k) to review the arrangements by which the Company's employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that any reported matters are subject to a proportionate and independent investigation and appropriate follow-up action;
- (l) to review the Company's procedures relating to detection of fraudulent activities;
- (m) to consider other topics or engage in other projects relating to its remit, as defined by the Board or when the Committee considers it appropriate;
- (n) to approve a policy concerning the independence and objectivity of external auditors, taking into consideration relevant professional and regulatory requirements and guidance. This policy will cover the provision of non audit services by the Group's auditors and recruitment of staff from the Group's auditors; and
- (o) To assess annually the auditor's qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.
- (p) if requested by the Board, to advise the Board on whether the annual report and accounts, taken as a whole, is fair balanced and understandable and that the information necessary for shareholders to assess the Company's performance, business model and strategy has been provided, and to prepare a report on the Committee's work for inclusion in the Annual Report; and
- (q) to consider other topics, as defined by the Board.

7. Reporting procedures

- 7.1 After each meeting the Chairman of the Committee will report to the Board on the work of the Committee, including the relationship with the auditors.
- 7.2 The Secretary of the Committee shall minute the proceedings and decisions of all meetings of the Committee, and circulate those minutes to all members of the Board.
- 7.3 The Committee Members shall conduct an annual review of their work and these terms of reference and make recommendation to the Board.
- 7.4 The Committee's duties and activities during the year shall be disclosed in the annual financial statements.
- 7.5 The Chairman of the Audit Committee shall be available to answer questions about the Committee's work at the annual general meeting of the Company.

Revised and adopted by the Board: effective 16 May 2014.