

**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 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. A quorum shall be two members.

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

**3. Attendance at meetings**

3.1 The Finance Director and a representative of the external auditors shall normally be invited to attend meetings.

3.2 On at least one occasion each year the Audit Committee must have an opportunity to meet with the Company's external auditors in the absence of any executive directors. This meeting is in addition to those referred to at 4.

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

3.4 The Company Secretary shall be secretary of the Committee.

**4. Frequency of meetings**

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 auditors may request a meeting if they consider that one is necessary.

**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**

Tribal Group plc

- 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 consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal, making an appropriate recommendation 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 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(n). 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 half year and annual financial statements before submission for formal approval, focusing particularly on:
    - (i) compliance with accounting standards and any changes in accounting policies and practices;
    - (ii) major judgmental areas;
    - (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 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);
  - (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) if necessary, to consider at least annually the need for the Company to have an internal audit function (and to recommend the establishment of that

function); and to review any internal audit programme, ensure co-ordination between the internal and external auditors and ensure that it is adequately resourced and has appropriate standing within the Company;

- (j) to approve the appointment or dismissal of the head of internal audit (if any);
- (k) 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.
- (l) to review the Company's procedures for handling allegations from whistleblowers;
- (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; and
- (n) The Committee shall be responsible for the preparation and approval of a policy concerning the independence and objectivity of external auditors, taking into consideration relevant professional and regulatory requirements. This policy will cover the provision of non audit services by the Group's auditors and recruitment of staff from the Group's auditors.

## 7. Reporting procedures

- 7.1 Periodically 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 circulate minutes of meetings of the Committee to all members of the Board, and the Chairman of the Committee or, as a minimum, another member of the Committee, shall attend the Board Meeting at which the accounts are approved and shall report to the Board regularly on all of the activities of the Committee.
- 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 December 2009**