

## **HUNTING PLC**

### **AUDIT COMMITTEE - TERMS OF REFERENCE**

#### **Membership**

The committee shall be appointed by the Hunting PLC Board (the "Board") and comprise the non-executive directors of the Company. A quorum shall be two members.

The Chairman of the committee shall be appointed by the Board.

#### **Attendance at Meetings**

The Finance Director and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance. However, the Committee shall meet with the external auditors without executive board members present when it sees fit.

The Company Secretary shall be the Secretary of the Committee.

#### **Frequency of Meetings**

Meetings should be held at least three times a year. The external auditors may request a meeting if they consider that one is necessary.

#### **Authority and Duties**

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonably requires from any employee and all employees are directed to co-operate with any request made by the Committee. In practice this information would be requested on behalf of the Audit Committee by the Chief Executive/Finance Director.

The Committee is authorised by the Board 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.

The Committee has no executive powers of its own and reports directly to the Group Board.

#### **Duties**

The duties of the Committee shall be:

1. To consider and recommend to the Board the appointment and reappointment of the external auditor, the audit fee and any questions of resignation or dismissal.
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.

3. To develop and implement policy on the engagement of the external auditor to supply non audit services.
4. To approve the nature and scope of the external audit as proposed by the Finance Director.
5. To review the half year and full year financial statements, and any formal announcements relating to the Company's financial performance, focusing particularly on:
  - Any changes in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements
6. To discuss problems and reservations arising from the half year and full year audits, and any matters the auditor may wish to discuss.
7. To review the external auditors report to the Audit Committee.
8. To review the Company's statement on internal control systems, including financial controls, prior to endorsement by the Board, and in particular to review:
  - The procedures for identifying business risks and controlling their financial impact on the Company
  - The Company's policies for preventing or detecting fraud
  - The Company's policies for ensuring that the Company complies with relevant regulatory and legal requirements
  - The operational effectiveness of the policies and procedures
9. To monitor and review the internal audit programme and ensure that it has appropriate standing within the Company and remains effective.
10. To consider the major findings of internal investigations and management's response
11. To consider other topics as defined by the Board.
12. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

13. The Chairman of the Audit Committee will be the initial point of contact for staff members to raise concerns in confidence about possible improprieties in matters of financial reporting or other matters.

