

**AGGREKO Plc**  
**AUDIT COMMITTEE**  
**TERMS OF REFERENCE**

**1. Membership**

The Committee will be appointed by the Board. All members of the Committee will be independent Non-executive Directors of the Company, at least one of whom should have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.

The Committee will consist of not less than three members.

The Chairman of the Committee will be appointed by the Board from amongst the independent Non-executive Directors.

**2. Attendance at Meetings**

The Chief Financial Officer, Director of Internal Audit and a representative of the external auditors will attend meetings at the invitation of the Committee.

The Chairman of the Board, the Chief Executive Officer, the Group Financial Controller and other Board members will attend if invited by the Committee.

The Secretary of the Committee will be appointed by the Committee.

**3. Quorum**

A quorum will be two members.

**4. Frequency of Meetings**

Meetings will be held normally three times a year, and where appropriate should coincide with key dates in the Company's financial reporting cycle.

The external auditor or internal auditors may request a meeting if they consider that one is necessary.

**5. Responsibilities**

The Audit Committee is a committee of the Board, to which it reports on a regular basis.

The responsibilities of the Committee are as follows:

**5.1 Financial Reporting**

The Committee will:

5.1.1 Monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, and preliminary results announcements, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor;

5.1.2 Review, and challenge where necessary, the actions and judgements of management, in relation to the annual and half-yearly financial statements before submission to the Board, paying particular attention to:

- a. the consistency of and any changes to critical accounting policies and practices;
- b. the methods used to account for significant or unusual transactions where different approaches are possible;
- c. the extent to which the financial statements are affected by any significant or unusual transactions in the year and how they are disclosed;
- d. the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
- e. significant adjustments resulting from the audit;
- f. the going concern assumption;
- g. compliance with accounting standards, making appropriate estimates and judgements, taking into account the views of the external auditor;
- h. all material information presented with the financial statements, such as the strategic review and the corporate governance statements relating to risk management;

5.1.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

## **5.2 Narrative Reporting**

Where requested by the Board, the Committee should review the content of the Annual Report and Accounts and advise the Board on whether an effective process has been undertaken by management in providing the confirmation that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

## **5.3 External Audit**

5.3.1 Consider and oversee the process for selecting the external auditor, including the initiation and supervision of a competitive audit tender process, making appropriate recommendations to the Board to be put to the shareholders to consider at the AGM;

5.3.2 The Committee will oversee the relationship with the external auditor including (but not limited to):

- a. approval of the annual audit fee and pre-approval of any fees in respect of non-audit services provided by the external auditor and ensure that the

provision of non-audit services does not impair the external auditors' independence or objectivity;

- b. approval of the external auditor's terms of engagement, including any engagement letter issued at the start of each audit;
- c. review and monitor the external auditor's independence and objectivity, taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of non-audit services;
- d. review the effectiveness of the external auditor;
- e. agree with the Board a policy on the employment of former employees of the Company's auditor, then monitor the implementation of this policy;
- f. seek to ensure co-ordination with the activities of the internal audit function;
- g. if an auditor resigns the Committee will investigate the issues leading to this and decide whether any action is required;

5.3.3 Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee will meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;

5.3.4 Review and approve the annual audit plan and ensure it is consistent with the scope of the audit engagement. Discuss with the external auditor, before the audit commences, the nature and scope of the audit and review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements and rotation of the audit partner;

5.3.5 Review the findings of the audit with the external auditor. This will include but not be limited to, the following:

- a. a discussion of any major issues which arose during the audit;
- b. key accounting and audit judgements;
- c. levels of errors identified during the audit;
- d. the effectiveness of the audit process.

5.3.6 Review any representation letter(s) requested by the external auditor before they are signed by management;

5.3.7 Review the external auditor's management letter and management's response;

5.3.8 Develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

#### **5.4 Internal Audit**

The Committee will:

5.4.1 Monitor and review the effectiveness of internal audit in the context of the Company's overall risk management system, including a review of the annual internal audit programme ensuring that the internal audit function is adequately resourced, has appropriate access to information to enable it to perform effectively and has appropriate standing within the Company;

5.4.2 Receive reports from the Director of Internal Audit and review and monitor management's response to any major external or internal audit recommendations;

5.4.3 Meet the Director of Internal Audit at least once a year, without management present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the Director of Internal Audit will be given the right of direct access to the Chairman of the Board and to the Committee;

5.4.5 Approve the appointment or dismissal of the Director of Internal Audit.

## **5.5 Whistleblowing and Fraud**

The Committee will:

5.5.1 Review the adequacy and security of the Company's procedures for handling allegations from whistleblowers. The Committee will ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

5.5.2 Review the Company's procedures for detecting fraud;

5.5.3 Consider serious incidents of fraud or other irregularities.

## **5.6 Internal Control and Risk Management**

The Committee will:

5.6.1 Keep under review management's and the internal auditor's reports on the adequacy and effectiveness of systems for internal financial control, financial reporting and risk management;

5.6.2 Review and approve the statements to be included in the annual report concerning internal controls and risk management.

## **6. Reporting Responsibilities**

6.1 The Chairman of the Committee will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, including reporting on significant issues that the Committee considered in relation to the financial statements and how these issues were addressed.

6.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

6.3 The Committee will conduct an annual review of its work and these terms of reference and make recommendations to the Board.

6.4 The Committee's duties and activities during the year will be disclosed in the Annual Report and Accounts. The report should include an explanation of how the Committee assessed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor and all other information requirements set out in the UK Corporate Governance Code, EU Regulations and UK legislation.

6.5 The Committee Chairman will attend the AGM to answer shareholder questions on the Committee's activities and their responsibilities.

*Adopted by resolution of the Board on 16 October 2014*