

Chamberlin plc

(the "Company")

Audit Committee

Terms of Reference

Approved by the Board of Directors of the Company (the "Board") on 12th July 2012.

1 Introduction

These terms of reference have been approved by the Board to confirm the role and responsibilities of the audit committee of the company (the "Audit Committee").

2 Membership

- 2.1 The Audit Committee should comprise a minimum of three members each of whom shall be independent non-executive directors.
- 2.2 The members of the Audit Committee shall be selected by the Board, on the recommendation of the Nomination Committee, in consultation with the chairman of the Audit Committee and at least one member shall have recent and relevant financial experience.
- 2.3 The chairman of the Audit Committee shall be appointed by the Board. In the absence of the chairman of the Audit Committee, the remaining members shall elect one of their number to chair the meeting.
- 2.4 No one other than an Audit Committee member is entitled to attend meetings of the Audit Committee but others may attend by invitation such as the chairman of the Board, the Chief Executive Officer, the Group Finance Director, and a representative of the Company's external auditors whenever requested by the Audit Committee. The external auditors will be invited to attend meetings of the Audit Committee on a regular basis.
- 2.5 Appointments to the Audit Committee shall be for a period of up to three years, which may be extended for up to two further three year periods, provided the director remains independent, and continues to fulfil the criteria for membership of the Audit Committee.

3 Secretary

- 3.1 The company secretary or his or her nominee shall act as the secretary of the Audit Committee.

4 Quorum

- 4.1 The quorum necessary for the transaction of business at meetings of the Audit Committee is two members. A duly convened meeting of the Audit Committee at which a quorum is present shall be empowered to fulfil all authorities, powers and duties of the Audit Committee.

5 Frequency of Meetings

- 5.1 The Audit Committee shall meet at least two times a year at appropriate times in the reporting and audit cycle and at such other times as may be required.
- 5.2 At least once a year, the Audit Committee shall meet with the Company's external auditors without any executive directors present.

6 Notice of Meetings

- 6.1 Meetings of the Audit Committee shall be convened by the secretary of the Audit Committee at the request of its members, the Group Finance Director or at the request of the external auditors if they consider it is necessary.
- 6.2 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 Audit Committee and any other person invited to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Audit Committee members and to other attendees as appropriate at the same time.

7 Minutes of Meetings

- 7.1 Minutes shall be prepared in relation to each Audit Committee meeting.
- 7.2 The minutes of meetings shall be circulated promptly to all members of the Audit Committee and, once agreed, to all other members of the Board.
- 7.3 All other members of the Board are entitled to request copies of the minutes of meetings of the Audit Committee from the secretary of the Audit Committee.

8 Annual General Meeting

- 8.1 The chairman of the Audit Committee shall attend the Annual General Meeting of the Company and shall be prepared to respond to any questions from shareholders concerning the Audit Committee's reports and activities.

9 Duties

The Audit Committee shall carry out the duties below for the Company and the Group as a whole, as appropriate.

9.1 Financial Reporting

- (a) The Audit Committee shall monitor the integrity of the financial statements of the Company, including its annual and half yearly reports, any preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain;
- (b) The Audit Committee shall review and challenge where necessary the half year and annual financial statements and any formal announcements relating to financial performance before submission to the Board, focusing particularly on:
- critical accounting policies and changes in accounting policies and practices;
 - major judgmental areas including material alternative accounting treatments, the ramifications of their use and the treatment preferred by the auditor;
 - significant adjustments resulting from the audit;
 - the going concern assumption;
 - the clarity of disclosure in the Company's financial reports in the context in which they are made;

- compliance with accounting and other financial reporting standards;
- compliance with stock exchange, UK Listing Authority and legal requirements as appropriate;
- compliance with best practice in the area of corporate governance; and
- other material written communications and representations between the external auditors and the Company's management such as any management letter, representation letter or schedule of "unadjusted" differences.

9.2 Internal Controls and Risk Management Systems

The Audit Committee shall:

- review the effectiveness of the Company's internal control systems (including financial, operational and compliance controls and risk management), to consider reports from management on its monitoring of internal control, to make recommendations to the Board regarding the effectiveness of the group's internal control and risk management systems and the procedures for detecting fraud;
- review and approve the statements to be included in the annual report concerning internal controls and risk management; and
- review the group's risk matrix on a regular basis.

9.3 Whistleblowing

The Audit Committee shall review:

- the Company's arrangements for its employees to raise concerns, in confidence, about possible improprieties in financial reporting or other matters. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- the Company's procedures for detecting fraud;
- the Company's anti-bribery systems and other anti-corruption procedures and receive reports from time to time on compliance with the provisions of the Bribery Act.

9.4 External Audit

The Audit Committee shall:

- consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Audit Committee shall oversee the selection process for new auditors and if an auditor resigns the Audit Committee shall investigate the issues leading to this and decide whether any action is required;
- oversee the relationship with the external auditor including (but not limited to):
 - approval of their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);

- (v) agreeing with the Board a policy on the employment of former employees of the Company's external auditor, then monitoring the implementation of this policy;
 - (vi) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
 - (vii) assessing annually their 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.
- (c) 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 Audit Committee shall meet the external auditor at least once a year, without any executive director or other member of management being present, to discuss their remit and any issues arising from the audit;
 - (d) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
 - (e) review the findings of the audit with the Company's external auditor. This shall include, but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) any accounting and audit judgements;
 - (iii) levels of errors identified during the audit; and
 - (iv) review the effectiveness of the audit;
 - (f) review the list of related party transactions and the consequent relevant disclosures in the Company's annual report;
 - (g) review any representation letter(s) requested by the external auditor before they are signed by management;
 - (h) review the external auditors' management letter and management's response; and
 - (i) develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

9.5 Terms of Reference

The Audit Committee shall make available on the Company's website its terms of reference explaining clearly its role and the authority delegated to it by the Board.

10 Reporting Responsibilities

- 10.1 The chairman of the Audit Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Audit Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.

11 Other Matters

The Audit Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties;

- 11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 11.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing and Disclosure and Transparency Rules as applicable;
- 11.4 oversee any investigation of activities which are within its terms of reference; and
- 11.5 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

12 Authority

The Audit Committee is authorised by the Board:

- (a) to investigate any activity within its terms of reference;
- (b) to seek any information it requires from any employee of the Company or any of its subsidiary undertakings (and all employees are directed to co-operate with any request made by the Audit Committee);
- (c) to obtain such legal or other independent professional advice as it deems necessary to fulfil its responsibilities; and
- (d) to secure the attendance of other persons at its meetings if it considers this necessary.