

# AUDIT COMMITTEE

## TERMS OF REFERENCE

1 January 2019

## AUDIT COMMITTEE

*Reference to “the Committee” shall mean the Audit Committee.*

*Reference to “the Board” shall mean the Board of Directors.*

*Reference to “the Code” shall mean the FRC UK Corporate Governance Code, July 2018.*

*Reference to “Guidance on Audit Committees” shall mean the FRC Guidance on Audit Committees, April 2016.*

*Reference to “Guidance on Risk” shall mean the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, September 2014*

*Reference to “CMA Order” shall mean “The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014*

## 1. Purpose

The Committee has been established by the Board to ensure the integrity of the financial reporting process and to provide assurance to the Board on matters of key financial judgements and assumptions. The Committee shall ensure that the Company maintains at all times appropriate systems and processes for risk management and internal controls. The Committee is also responsible for ensuring the adequacy of Tullow’s policies for compliance with all anti-bribery and corruption legislation, fraud risk detection and assessment, whistle-blowing and tax compliance.

## 2. Duties

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

### 2.1. Financial Reporting - The Committee shall:

- 2.1.1. monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements, preliminary announcements, and any other formal statements relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain, having regard to matters communicated to it by the auditor.<sup>1</sup>
- 2.1.2. In particular, the Committee shall review and challenge where necessary:<sup>2</sup>
  - 2.1.2.1. whether, taking into account the views of the external auditor, the company had adopted appropriate accounting policies or changes to them, made appropriate estimates and judgements, including the methods used to account for significant or unusual transactions where different approaches are possible<sup>3</sup>;
  - 2.1.2.2. the clarity and completeness of disclosure in the company’s financial reports and the context in which statements are made; and
- 2.1.3. all material information presented with the financial statements, such as the strategic report and the corporate governance statements relating to the audit and to risk management<sup>4</sup>.

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<sup>1</sup> The Code, provision 25; Guidance on Audit Committees, p.32

<sup>2</sup> Guidance on Audit Committees, p.32 and 33

<sup>3</sup> Guidance on Audit Committees, p.33 and 34

<sup>4</sup> Guidance on Audit Committees p.36

- 2.1.4. 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.<sup>5</sup>

## **2.2. Annual Report**

- 2.2.1. Where requested by the Board, the Committee should review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.<sup>6</sup>

## **2.3. Internal Controls and Risk Management Systems – The Committee shall:**

- 2.3.1. keep under review the adequacy and effectiveness of the company's internal financial controls and internal control and risk management systems<sup>7</sup> having regard to the UK Corporate Governance Code, and Guidance on Risk Management, Internal Control and Related Financial and Business Reporting by the Financial Reporting Council;
- 2.3.2. consider the level of assurance it is getting on the risk management and internal control systems, including internal financial controls, and whether this is enough to help the board in satisfying itself that they are operating effectively<sup>8</sup>;
- 2.3.3. review and approve the statements to be included in the Annual Report concerning internal controls and risk management<sup>9</sup>, among others:
- 2.3.3.1. reporting on the emerging and principal risks facing the company, the processes in place for their identification, and an explanation of how they are managed or mitigated<sup>10</sup>;
  - 2.3.3.2. reporting on the review of the risk management and internal control system and the main features of the company's risk management and internal control system<sup>11</sup>;
  - 2.3.3.3. long term viability statement and related disclosures<sup>12</sup>; and
  - 2.3.3.4. review and approve statements on Company's tax strategy to be published on the corporate website;
- 2.3.4. consider the level of assurance it is getting on the risk management and internal control systems for compliance with applicable laws and regulations for the prevention of tax evasion.

## **2.4. Whistleblowing and fraud – The Committee shall:**

- 2.4.1. review the company's arrangements for its workforce to raise concerns, in confidence and, if they wish, anonymously, about possible improprieties in financial reporting or any other matters. The Committee shall ensure that the arrangements are in place for

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<sup>5</sup> Guidance on Audit Committees, p.35.

<sup>6</sup> The Code, provision 25; Guidance on Audit Committees, p.37

<sup>7</sup> The Code, provision 25; Guidance on Audit Committees p.40 and p.41.

<sup>8</sup> Guidance on Audit Committees p.42

<sup>9</sup> Unless this is done by the Board or risk committee as per Guidance on Audit Committees p.44.

<sup>10</sup> The Code, provision 28 & Guidance on Risk, p.48-50

<sup>11</sup> Guidance on Risk, p.57-60

<sup>12</sup> Guidance on Risk, p.51-52 and Appendix B

the proportionate and independent investigation of such matters and for appropriate follow up action and there is the means for all Board members to routinely review these arrangements and the reports arising from its operation;<sup>13</sup> and

- 2.4.2. review the company's procedures for preventing and detecting fraud.

## **2.5. Internal Audit – The Committee shall:**

- 2.5.1. approve the appointment or termination of appointment of the head of internal audit;<sup>14</sup>
- 2.5.2. review and approve the internal audit function's role and mandate and annually approve the Internal Audit Standard to ensure it remains appropriate to the needs of the company;<sup>15</sup>
- 2.5.3. review and approve the annual internal audit plan and ensure it is aligned to the key risks of the business;<sup>18</sup>
- 2.5.4. oversee relationships of Internal Audit with other functions to ensure they are coordinated and operating effectively to avoid duplication and ensure open communication between the different functions; and that the internal audit function evaluates the effectiveness of the risk, compliance and finance functions as part of its internal audit plan;<sup>16</sup>
- 2.5.5. ensure the Internal Audit has the unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;<sup>17</sup>
- 2.5.6. ensure the internal auditor has direct access to the Board Chair and to the Committee Chair, and is independent of Executive and accountable to the Committee;<sup>18</sup>
- 2.5.7. receive a report on the results of the internal auditor's work on a periodic basis;
- 2.5.8. review and monitor management's responsiveness to the internal auditor's findings and recommendations;<sup>19</sup>
- 2.5.9. meet with the head of Internal Audit at least once a year, without the presence of management;<sup>20</sup> and
- 2.5.10. monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management systems and get satisfied that the quality, experience and expertise of the function is appropriate for the business.<sup>21</sup>

## **2.6. External Audit– The Committee shall:**

- 2.6.1. consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of

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<sup>13</sup> The Code, provision 6.

<sup>14</sup> Guidance on Audit Committees, p.52.

<sup>15</sup> Guidance on Audit Committees p.48

<sup>16</sup> Guidance on Audit Committee p.49 and 50

<sup>17</sup> Guidance on Audit Committees, p.48, 49, 51.

<sup>18</sup> Guidance on Audit Committees, p.52.

<sup>19</sup> Guidance on Audit Committees, p.53

<sup>20</sup> Guidance on Audit Committees p.21

<sup>21</sup> The Code provision 25; Guidance on Audit Committees p.53 and 54

the company's external auditor and to approve the remuneration and terms of engagement of the external auditor;<sup>22</sup>

- 2.6.2. ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender be responsible for the selection procedure, initiate and oversee<sup>23</sup> the tender process, and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tender process;<sup>24</sup>
- 2.6.3. if an auditor resigns, investigate the issues leading to this and decide whether any action is required;<sup>25</sup>
- 2.6.4. oversee the relationship with the external auditor<sup>26</sup> including:
  - 2.6.4.1. negotiating, agreeing,<sup>27</sup> and making recommendations to the Board on their remuneration, and satisfying itself that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;<sup>28</sup>
  - 2.6.4.2. negotiating, agreeing,<sup>29</sup> and approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;<sup>30</sup>
  - 2.6.4.3. approving non-audit services and respective fees to ensure that the provision of such services does not impair the external auditor's independence or objectivity as per established Company policy, assessing:
    - 2.6.4.3.1. threats to independence and objectivity resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the auditor's independence and objectivity;
    - 2.6.4.3.2. the nature of the non-audit services;
    - 2.6.4.3.3. whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
    - 2.6.4.3.4. the fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee, including special terms and conditions (for example contingent fee arrangements); and
    - 2.6.4.3.5. the criteria which govern the compensation of the individuals performing the audit;<sup>31</sup>

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<sup>22</sup> The Code provision 25; Guidance on Audit Committees p.58

<sup>23</sup> CMA Order p.5.1 (b)

<sup>24</sup> Guidance on Audit Committees, p.59.

<sup>25</sup> Guidance on Audit Committees, p.61.

<sup>26</sup> Guidance on Audit Committees p.57

<sup>27</sup> CMA Order, p.3.1.(b) and Guidance on Audit Committees p.58 and 63

<sup>28</sup> Guidance on Audit Committees, p.65.

<sup>29</sup> CMA Order, p.3.1.(b), Guidance on Audit Committees p.63

<sup>30</sup> The Code provision 25; Guidance on Audit Committees, p. 63 and 64, 72.

<sup>31</sup> See p. 8.9 below and Tullow Standard on Appointment and Independence of the Statutory Auditor (T-AUD-STD-0002)

- 2.6.4.4. reviewing and monitoring their independence and objectivity and the effectiveness of the audit process taking into consideration relevant UK law, regulation, the Ethical Standard and other professional requirements<sup>32</sup> and the relationship with the auditor as a whole, including the provision of any non-audit services;<sup>33</sup>
- 2.6.4.5. consider the disclosure from the statutory auditor and discuss with them the threats to their independence and the safeguards applied to mitigate those threats, involving a consideration of all relationships between the company and the audit firm, including throughout the group and with the audit firm's network firms, and any safeguards established by the external auditor; and satisfy itself whether, taken as a whole and having regard to the views, as appropriate, of the external auditor, management and internal audit, those relationships appear to impair the auditor's independence and objectivity;<sup>34</sup>
- 2.6.4.6. seek annually from the audit firm information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding the rotation of audit partners and staff<sup>35</sup>
- 2.6.4.7. agreeing with the Board a policy for the employment of former employees of the company's auditor, and monitoring the implementation of this policy, including the number of former employees of the external auditor currently employed in senior positions in the company;<sup>36</sup>
- 2.6.4.8. monitoring the auditor's compliance with the Ethical Standard, the level of fees paid by the company compared to the overall fee income of the firm, or relevant part of, and other related regulatory requirements;<sup>37</sup>
- 2.6.4.9. assessing annually the qualifications, expertise, resources and independence of the auditor and the effectiveness of the audit process<sup>38</sup>, which shall include obtaining a report from the external auditor on their own internal quality procedures and consideration of audit firms' annual transparency reports; and reporting to the Board;
- 2.6.4.10. seek to ensure co-ordination with the activities of the internal audit function; and
- 2.6.4.11. evaluate the risks to the quality and effectiveness of the financial reporting process in light of the auditor's communications with the Committee;<sup>39</sup>
- 2.6.5. meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year without management being present, to discuss the auditor's remit and any issues arising from the audit;<sup>40</sup>

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<sup>32</sup> The Code provision 25., Guidance on Audit Committee p.66

<sup>33</sup> Guidance on Audit Committees, p.66.

<sup>34</sup> Guidance on Audit Committees, p.66.

<sup>35</sup> Guidance on Audit Committees p.68 and 70.

<sup>36</sup> Guidance on Audit Committees, p.69.

<sup>37</sup> Guidance on Audit Committees, p.67.

<sup>38</sup> The Code provision 25.; Guidance on Audit Committees, p.60.

<sup>39</sup> Guidance on Audit Committees, p.62.

<sup>40</sup> Guidance on Audit Committees, p.21.

- 2.6.6. review and approve the annual audit plan, considering planned materiality levels and resources to execute audit, and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;<sup>41</sup> and
- 2.6.7. review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
  - 2.6.7.1. a discussion of any major issues, both resolved and unresolved, which arose during the audit;<sup>42</sup>
  - 2.6.7.2. seeking explanation from the auditors how they addressed the risks to audit quality identified earlier;
  - 2.6.7.3. key accounting and audit judgements weighing the evidence auditors have received in relation to each of the areas of significant judgment;<sup>43</sup>
  - 2.6.7.4. auditors' perception of their interactions with senior management and other members of the finance team;<sup>44</sup>
  - 2.6.7.5. levels of errors identified during the audit;<sup>45</sup> and
  - 2.6.7.6. the effectiveness of the audit process including consideration of key audit firm and network level controls the auditor relied on to address the identified risks to audit quality; and the findings from internal and external inspections of their audit and their audit firm;<sup>46</sup> and
- 2.6.8. review and monitor management's responsiveness to the external auditor's findings and recommendations.<sup>47</sup>

## **2.7. Additional duties** – The Committee shall also:

- 2.7.1. review any representation letter(s) requested by the external auditor before they are signed by management;<sup>48</sup>
- 2.7.2. review the management letter and management's response to the auditor's findings and recommendations;<sup>49</sup>
- 2.7.3. develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm. The policy should consider the types of non-audit service for which use of the external auditor is pre-approved being considered clearly trivial. The policy should also define how the non-audit services will be assessed whether they have a direct or material effect on the audited

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<sup>41</sup> Guidance on Audit Committees, p.75.

<sup>42</sup> Guidance on Audit Committees, p.76.

<sup>43</sup> Guidance on Audit Committees, p.76.

<sup>44</sup> Guidance on Audit Committees, p.76.

<sup>45</sup> Guidance on Audit Committees, p.76.

<sup>46</sup> Guidance on Audit Committees, p.79.

<sup>47</sup> Guidance on Audit Committees, p.77.

<sup>48</sup> Guidance on Audit Committees, p.77.

<sup>49</sup> Guidance on Audit Committees, p.79.

financial statements, the estimation of the effect on the financial statements and consideration of the external auditors' independence;<sup>50</sup>

- 2.7.4. give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 2.7.5. oversee any investigation of activities which are within its terms of reference;
- 2.7.6. work and liaise as necessary with all other Board Committees; and
- 2.7.7. arrange for annual review of its own performance, its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.<sup>51</sup>

### 3. Reporting

3.1. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall formally report to the Board on how it has discharged its responsibilities. This report shall include<sup>52</sup>:

- 3.1.1. the significant issues that it considered in relation to the financial statements (required under paragraph 2.1.1) and how these were addressed;<sup>53</sup>
- 3.1.2. its assessment of the effectiveness of the external audit process identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and its recommendation on the appointment or reappointment of the external auditor;<sup>54</sup>and
- 3.1.3. any other issues on which the Board has requested the Committee's opinion<sup>55</sup>.

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

3.3. The Committee shall compile a report on its activities to be included in the company's Annual Report. The report should include:

- 3.3.1. summary of the role and work of the Committee;
- 3.3.2. assessment of the Audit Committee composition requirements;<sup>56</sup>
- 3.3.3. the number of Audit Committee meetings;
- 3.3.4. an explanation of how the Committee assessed its own effectiveness, effectiveness of the external audit process as well as effectiveness of internal audit and that its quality, experience and expertise is appropriate for the business;

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<sup>50</sup> The Code provision 25.; Guidance on Audit Committees, p.71 and 74; CMA Order p.5.2

<sup>51</sup> The Code B.6 and Guidance on Audit Committees, p.11.

<sup>52</sup> Guidance on Audit Committees p.29

<sup>53</sup> Guidance on Audit Committee p.29

<sup>54</sup> The Code provision 25Guidance on Audit Committees, p.29

<sup>55</sup> Guidance on Audit Committees p.29

<sup>56</sup> Guidance on Audit Committees p.81. Note that the report should include the names and qualifications of all members of the audit committee during the period, if not provided elsewhere.



- 3.3.5. the approach taken to the appointment or reappointment of the external auditor;
  - 3.3.6. the length of tenure of the current audit firm and when the tender was last conducted; the current audit partner name, and for how long the partner has held the role;
  - 3.3.7. an advance notice of any retendering plans;
  - 3.3.8. if the tender process for audit services was not carried out in relation to five consecutive financial years, for the fifth financial year and any following financial year until the Company completes the tender: also state financial year in which the Company proposes that it will next complete a tender; and reasons as to why completing a tender in the financial year proposed is in the best interests of the Company's shareholders;<sup>57</sup>
  - 3.3.9. the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed<sup>58</sup>, having regard to matters communicated to it by the auditor;
  - 3.3.10. if the external auditor provides non-audit services, the committee's policy for approval of non-audit services and explanation of how auditor objectivity and independence are safeguarded; and
  - 3.3.11. statement of compliance of the Company with the CMA Order;<sup>59</sup> and
  - 3.3.12. nature and extent of interaction (if any) with the FRC's Corporate Reporting Review team and, if the company's audit has been reviewed by the FRC's Audit Quality Review team, their findings and the actions the auditors and the Committee plan to take.
- 3.4. In compiling the reports referred to in 3.1 and 3.3, the Committee should exercise judgement in deciding which of the issues in relation to the financial statements are significant<sup>60</sup>.
- 3.5. The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.<sup>61</sup>

## 4. Composition, Rules of Order and Authority

### Composition

- 4.1. The composition of the Committee shall be as follows:
- 4.1.1. The Committee shall comprise of at least three independent non-executive directors<sup>62</sup>.
  - 4.1.2. Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee in consultation with the Chair of the Audit Committee.<sup>63</sup>

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<sup>57</sup> CMA Order, p.4.1 to p.4.5

<sup>58</sup> The Code provision 26; Guidance on Audit Committees p.81

<sup>59</sup> CMA Order p.7.1

<sup>60</sup> Guidance on Audit Committees, p.82. The section need not repeat information disclosed elsewhere in the annual report and accounts, but could provide signposts to that information (p.84)

<sup>61</sup>; Guidance on Audit Committees, p.85

<sup>62</sup> The Code provision 24.; Guidance on Audit Committees, p.9

<sup>63</sup> Guidance on Audit Committees, p.13

- 4.1.3. All members of the Committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience<sup>64</sup> in accounting or auditing, or both.<sup>65</sup>
- 4.1.4. The Audit Committee as a whole shall have competence relevant to the oil and gas sector.<sup>66</sup>
- 4.1.5. The Chair of the Board shall not be a member of the Committee.<sup>67</sup>
- 4.1.6. Only members of the Committee have the right to attend Committee meetings<sup>68</sup>. However, the finance director, head of internal audit and external audit lead partner will be invited to attend meetings of the Committee on a regular basis<sup>69</sup> and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 4.1.7. Appointments to the Committee shall be for a period of up to three years, which may be extended for further two additional three-year periods, so long as members continue to be independent.
- 4.1.8. The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 4.1.9. The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.<sup>70</sup>

## Rules of Order

- 4.2. The Committee shall meet as frequently as considered necessary or appropriate by its members and shall conduct its business in accordance with any rules or procedures it may determine to establish from time to time, subject to the following:
  - 4.2.1. The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.<sup>71</sup>
  - 4.2.2. The quorum necessary for the transaction of business shall be two members.<sup>72</sup>
  - 4.2.3. Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chair, the Chief Executive, the Finance Director, the External Audit Lead Partner and the Head of Internal Audit<sup>73</sup>.

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<sup>64</sup> The Code provision 24; Guidance on Audit Committees, p.15; Guidance on circumstances likely to affect independence is given in the Code.

<sup>65</sup> FCA Disclosure and Transparency Rules 7.1.1A R.

<sup>66</sup> The Code provision 24.; Guidance on Audit Committees p.15

<sup>67</sup> The Code provision 24.;

<sup>68</sup> Guidance on Audit Committees p.20

<sup>69</sup> Guidance on Audit Committees, p.20.

<sup>70</sup> Guidance on Audit Committees, p.25.

<sup>71</sup> Guidance on Audit Committees, p.18.

<sup>72</sup> As Code provision 24 requires that at least one member of the Committee has recent and relevant financial experience, it would be preferable for any quorum to include such a member, whenever possible.

<sup>73</sup> Guidance on Audit Committees p.22

- 4.2.4. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of External Audit Lead Partner or Head of Internal Audit if they consider it necessary.
- 4.2.5. 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 five working 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.
- 4.2.6. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 4.2.7. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chair.

### **Authority**

4.3. To help it fulfil its obligations, the Committee shall have full authority to:

- 4.3.1. seek any information it requires from any employee of the company in order to perform its duties;
- 4.3.2. obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it reasonably believes necessary to do so<sup>74</sup>;
- 4.3.3. call any employee to be questioned at a meeting of the Committee as and when required;
- 4.3.4. have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board<sup>75</sup>;
- 4.3.5. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;<sup>76</sup>
- 4.3.6. 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;<sup>77</sup> and
- 4.3.7. have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board<sup>78</sup>.

**Approved by the Board on 6 December 2018 to take effect on 1 January 2019**

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<sup>74</sup> Guidance on Audit Committees, p.26.

<sup>75</sup> Guidance on Audit Committees, p.30.

<sup>76</sup> Guidance on Audit Committees, p.23

<sup>77</sup> Guidance on Audit Committees, p.16 and 17.

<sup>78</sup> Guidance on Audit Committees, p.30.