

Terms of Reference - Audit Committee

1. **Constitution:**

The Board of the Company ("the Board") on 26 January 2006 endorsed the revised Terms of Reference of the Audit Committee ("the Committee").

2. **Membership:**

- The Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairperson of the Audit Committee. The Committee shall be made up of at least 3 members at least one of whom shall have recent and relevant financial experience.
- Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Group Managing Director, Group Financial Director, other Directors, the Group internal auditor and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.
- The external auditors will be invited to attend meetings of the Committee on a regular basis.
- Appointments to the Committee shall be for a period of up to three years or until earlier retirement from the Board. Appointments may be extended for two further three-year periods.
- The Board shall appoint the Committee Chairperson who shall be an independent Non-Executive Director. In the absence of the Committee Chairperson and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.

3. **Secretary:**

The Company Secretary or his/her nominee shall act as the Secretary of the Committee. The Secretary shall minute the proceedings and resolutions of all meetings, including recording the names of those present and in attendance.

4. **Quorum:**

The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. **Frequency of meetings:**

The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

6. Notice of Meetings:

- ❑ Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- ❑ Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of times to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, not later than 3 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.

7. Communications with the Board:

- ❑ After each meeting of the Committee, the Chairman of the Committee shall report to the Board on the proceedings and resolutions of the meeting.
- ❑ Board members have full access to any information they request in relation to the activities of the Committee.

8. Annual General Meeting:

The Chairperson of the Committee shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities.

9. Duties:

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

❑ ***Financial Reporting***

- The Committee shall monitor the integrity of the financial statements of the company, including its annual and interim reports, preliminary results' announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements that they contain. The Committee shall also review any financial information contained in certain other documents such as announcements of a price-sensitive nature.
- The Committee shall review and challenge where necessary:
 - The consistency of, and any change to, accounting policies both on a year-on-year basis and across the company/group
 - The methods used to account for significant or unusual transaction where different approaches are possible
 - Whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the view of the external auditor
 - The clarity and completeness of disclosure in the company's financial reports and the context in which statements are made
 - All material information presented with the financial statements, such as the operating and financial review and the Corporate Governance statement (insofar as it relates to the audit and risk management)

- The Committee shall review the annual financial statements of the pension funds where not reviewed by the Board as a whole

□ ***Combined Code***

The Committee shall assist the Board in meeting its obligations under the Combined Code on Corporation Governance and, in particular, to review reports from specialist functions (such as on food safety, environment matters and legal and compliance issues) and conduct an annual assessment and make a report to the Board on:

- (i) the nature and extent of significant risks facing the Group;
- (ii) the design, operation and monitoring by management of internal control systems; and
- (iii) the accuracy and frequency of reports from management to the Board, and whether they give a balanced assessment of the significant risks and the effectiveness of the system of internal control in managing those risks;.

□ ***Internal Controls and Risk Management Systems***

The Committee shall:

- Keep under review the effectiveness of the company's internal controls and risk management systems.
- Receive reports from management on the effectiveness of the systems they have established and the conclusions of any testing carried out by internal and external auditors
- Review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

□ ***Whistleblowing***

The Committee shall review the company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

□ ***Internal Audit***

The Committee shall:

- Monitor and review the effectiveness of the company's internal audit function in the context of the company's overall risk management system
- Approve the appointment and removal of the head of the internal audit function
- Consider and approve the remit of the internal audit function and ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure that the function has adequate standing and is free from management or other restrictions.
- Review and assess the annual internal audit plan
- Review promptly all reports on the company from the internal auditors
- Review and monitor management's responsiveness to the findings and recommendations of the internal auditor

- Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairperson of the Board and to the Committee.

□ **External Audit**

The Committee shall:

- 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 the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.
- Oversee the relationship with the external auditors including (but not limited to):
 - Approving their remuneration, whether fees for audit or non-audit services and verifying that the level of fees is appropriate to enable an adequate audit to be conducted
 - Approving 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)
 - Agreeing with the Board a policy on the employment of former employees of the company's auditors, then monitoring the implementation of this policy
 - Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of free paid by the company compared to the overall fee income of the firm, office and partner and other related requirements
 - 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 process
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting state. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit.
- Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, considering whether the auditor's overall work plan, including planned levels of materiality, and proposed resources to execute the audit plan appears consistent with the scope of the audit engagement, having regard also to the seniority, expertise and experience of the audit team.
- Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - A discussion of any major issues that arose.
 - Any accounting and audit judgements.
 - Levels of errors identified during the audit.

The Committee shall also review the effectiveness of the audit. The Committee shall

- Review any representation letter(s) requested by the external auditor before being signed by management giving particular consideration to matters where representation has been requested that relate to nonstandard issues and considering whether the information provided is complete and appropriate based on its own knowledge.
- Review the management letter and management's response to the auditor's findings and recommendations
- 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.

□ ***Reporting Responsibilities***

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

□ ***Market Abuse Regime***

- The Committee shall review annually:
 - whether all inside information (identified as requiring disclosure) was disclosed without delay.
 - whether all reasonable steps were taken by the Company to ensure that the disclosure of information to the public was synchronised as closely as possible between all categories of investors in regulated markets in Ireland and the UK.
 - whether all inside information announced via an RNS was made available on Company's internet site by the close of business day following the day of the RIS announcement.
 - whether the Company, for a period of one year following publication, posted on its Internet site, all inside information that it is required to disclose via an RNS.
 - the Company's arrangements to keep inside information confidential until the moment of announcement;
 - the Company's arrangements to deny access to inside information to persons other than those who require it in the exercise of their functions within the Company;
 - the list of Person(s) responsible for communication with analysts, investors and press;
 - the measures taken by the Company to ensure that a person with access to inside information acknowledges the legal and regulatory duties entailed and

is aware of the sanctions attaching to the misuse or improper circulation of that information;

- the Company and anyone acting on its behalf draws up and maintains a list of insiders.
- whether persons discharging managerial responsibilities, and persons closely associated with them, notify the Company in writing of transactions conducted on their own account in the shares of the Company, or derivatives or other financial instruments relating to those shares,
- whether the Company announces via an RNS all such dealings as referred to in the preceding paragraph within the proper timeframe.
- the procedures taken by the Company, where it releases inside information to people owing it a duty of confidentiality in the normal course of that person's profession, duties or employment, to document the nature of the duty of confidentiality on which it is relying in releasing inside information.

□ **Other Matters**

The Committee shall:

- have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- be provided with appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members.
- give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the Irish Stock Exchange Listing Authority's Listing Rules and other listing rules as appropriate.
- be responsible for co-ordination of the internal and external auditors.
- oversee any investigation of activities that are within its Terms of Reference and act as a court of the last resort
- 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.

10. **Authority:**

The Committee is authorised:

- To seek any information it requires from any employee of the company in order to perform its duties.
- To obtain, at the company's expense, outside legal or other professional advice on any matters within its Terms of Reference.
- To call any employee to be questioned at a meeting of the Committee as and when required.