MISSION

The MISSION Group plc

Audit Committee Terms of Reference

1. Membership

1.1. Members of the Audit Committee ("Committee") shall be appointed by the Board of Directors ("Board"), on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least 2 members.

1.2. All members of the Committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience.

1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, CEO, Finance Director, other directors, audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.

1.4 The external auditors will be invited to attend meetings of the Committee on a regular basis.

1.5 The Committee should at least once each year meet the external auditors without management to discuss matters relating to its remit and any issues arising from the audit.

1.6 Appointments to the Committee shall be for a period of up to three years, which may be extended provided the director remains independent.

1.7 The Chairman of the Board should appoint the Committee Chairman who shall be an independent non-executive director and determine the period for which they shall hold office. In the absence of the Committee Chairman the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

3.1. 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.

4. Frequency of Meetings

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

5. Notice of Meetings

5.1. Meetings of the Committee shall be summoned by the Chairman of the Committee at the request of any of its members or at the request of external auditors if they consider it necessary.

5.2. 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 Committee, any other person required to attend and all other nonexecutive directors, no later than 3 working days before the date of the meeting.

5.3. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

7. Annual General Meeting

7.1. The Chairman of the Committee or (if unavailable) another member shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

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

8.1. Financial Reporting

8.1.1. The Committee shall monitor the integrity of the financial statements of the Group, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

8.1.2. The Committee shall review and challenge where necessary:

8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Group;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the clarity of disclosure in the Group's financial reports and the context in which statements are made; and

8.1.2.5 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);

8.2. **Internal Controls and Risk Management Systems**

TMG's management are responsible for the identification, assessment, and management and monitoring of risk, for developing, operating and monitoring the system of internal controls and for providing assurance to the Board that it has done so. The Audit Committee should receive reports from management on the effectiveness of the systems established and conclusions from any testing of the controls performed by the external auditors.

The Committee shall:

8.2.1. keep under review the effectiveness of the Group's internal financial controls and general internal controls and risk management systems; and

8.2.2. review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

8.3. **Whistleblowing**

The Committee shall review the Group'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.

8.4. **Internal Audit**

Due to the size and complexity of TMG's business it is currently considered appropriate that there is no separate internal audit function. However, the Committee shall:

8.4.1 consider on an annual basis whether there is a need for an internal audit function and make a recommendation to the Board;

8.4.2 explain the reasons why there is no internal audit function in the Annual Report.

8.5. **External Audit**

The Committee shall:

8.5.1. 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 the Group'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;

8.5.2. oversee the relationship with the external auditor including (but not limited to):

8.5.2.1. 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;

8.5.2.2. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

8.5.2.3. assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services;

8.5.2.4. seeking annually from the external auditors, information about their firm's policies for maintaining independence;

8.5.2.5. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Group (other than in the ordinary course of business);

8.5.2.6. agreeing with the Board a policy on the employment of former employees of the Group's auditor, then monitoring the implementation of this policy;

8.5.2.7. monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements; and

8.5.2.8. 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;

8.5.3. meet regularly with the external auditor after the audit at the reporting stage. The Committee shall meet the external auditor at least twice a year, without management being present, to discuss their remit and any issues arising from the audit;

8.5.4. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

8.5.5. review the findings of the audit with the external auditor. This shall include but not be limited to, the following;

8.5.5.1. a discussion of any major issues which arose during the audit,

8.5.5.2. any accounting and audit judgements, and 8.5.5.3.

levels of errors identified during the audit.

The Committee shall also review the effectiveness of the audit, and will:

8.5.6. review any representation letter(s) requested by the external auditor before they are signed by management;

8.5.7. review the management letter and management's response to the auditor's findings and recommendations; and

8.5.8. 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. Where the external auditor provides non-audit work to TMG, the Annual Report should state how auditor objectivity and independence is safeguarded, and report to the Board on any action required in relation to auditor independence.

8.6. **Communication with shareholders**

8.6.1 The Committee terms of reference, including its role and the authority delegated to it by the Board, should be made available on request.

8.6.2 The Annual Report should contain a section describing the work of the Committee in discharging its responsibilities.

9. Reporting Responsibilities

9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

9.3 The Committee shall compile a report to shareholders on its activities to be included in TMG's Annual Report.

10. Other Matters

The Committee shall:

10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

10.2 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;

10.3 give due consideration to laws and regulations, and the provisions and recommendations in the QCA Code;

10.4 be responsible for co-ordination of the external auditors;

10.5 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;

10.6 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; and

10.7 expect that Committee members will communicate on a continuous basis with key people involved in TMG's governance, including the executive directors and external auditors.

11. Authority

The Committee is authorised:

11.1 to seek any information it requires from any employee of the Group in order to perform its duties;

11.2 to obtain, at the Group's expense, outside legal or other professional advice on any matter within its terms of reference; and

11.3 to call any employee to be questioned at a meeting of the Committee as and when required.