

Terms of Reference – Audit Committee

References to ‘The Committee’ shall mean the Audit Committee.

References to ‘The Board’ shall mean the full Board of Director of Sportingbet Plc.

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The square brackets contain recommendations which are in line with Best Practice but which may need to be changed to suit the circumstances of the particular organisation.

1 Membership

- 1.1 The Committee shall be appointed by the Board and shall comprise of a Chairman and at least [2] other members.
- 1.2 Whilst the Committee itself would normally be made up entirely of non-executive directors, other individuals, e.g. head of compliance and head of internal audit may be invited to attend as and when appropriate.
- 1.3 The majority of members of the Committee shall be independent of the management of Sportingbet.
- 1.4 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. (It is recommended that, where possible, the Chairman and members of the Committee should be rotated on a regular basis.)
- 1.5 The Board shall appoint the Committee Chairman who shall be a non-executive director. (The Chairman of the Board should not be the Chairman of the Committee.) In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of the non-executive members present 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] of whom at least [1] must be clearly independent. 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

- 4.1 The Committee shall meet no less than once a year and at such other times as the Chairman of the Committee shall require.

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.
- 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 non-executive directors, no fewer than [2] working days prior to the date of the meeting.
- 5.3 The Group Finance Director shall have the right to attend and speak at meeting of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

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 should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and to the Chairman and all members of the Board.

7 Annual General Meetings

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8 Duties

8.1 Internal Control and Risk Assessment

- 8.1.1 The Committee shall keep under review the effectiveness of Sportingbet's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks.

8.2 Internal Audit

- 8.2.1 The Committee shall consider applications for the post of [and appoint] the Group Finance Director.
- 8.2.2 The Committee shall consider and approve the terms of reference of the internal audit function.
- 8.2.3 The Committee shall review the management of financial matters and focus upon the freedom allowed to the internal auditors.
- 8.2.4 The Committee shall review promptly all reports on Sportingbet from the internal auditors.
- 8.2.5 The Group Finance Director shall be given the right of direct access to the Chairman of the Committee.

8.3 External Audit

- 8.3.1 The Committee shall consider and make recommendations to the Board as regards the appointment and reappointment of Sportingbet's external auditors.
- 8.3.2 The Committee shall meet with the external auditors at least twice each year, once at the planning stage prior to the audit and once post audit at the reporting stage.
- 8.3.3 The Committee shall keep under review the relationship with external auditors including (but not limited to):
 - 8.3.3.1 the independent and objectivity of the external auditors;
 - 8.3.3.2 the consideration of audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities; and
 - 8.3.3.3 discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis Sportingbet's internal auditing standards.

8.4 Financial Statements

- 8.4.1 The Committee shall keep under review the consistency of accounting policies both on a year to year basis and across Sportingbet/group.
- 8.4.2 The Committee shall review the annual financial statements of the pension funds where not reviewed by the Board as a whole.

8.5 Reporting Responsibilities

- 8.5.1 The Committee or its Chairman shall meet formally with the Board of Directors at least [once] a year to discuss such matters as the Annual Report, the relationship with the external auditors.
- 8.5.2 In the light of its other duties, the Committee shall make whatever recommendations to the Board it deems appropriate and shall compile a report to shareholders to be included in Sportingbet's Annual Report and Accounts.

8.6 Other Matters

- 8.6.1 The Committee shall give due consideration to the requirements of the UK Listing Authority's Listing Rules.
- 8.6.2 The Committee shall be responsible for co-ordination of the internal and external auditors.
- 8.6.3 The Committee shall oversee any investigation of activities which are within its terms of reference and act as a court of the last resort.
- 8.6.4 The Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it is opening at maximum effectiveness.

9 Authority

The Committee is authorised:

- 9.1 to seek any information it requires from any employee of Sportingbet in order to perform its duties;
- 9.2 to obtain, at Sportingbet's expense, outside legal or other professional advice on any matters within its terms of reference; and
- 9.3 to call any member of staff to be questioned at a meeting of the Committee as and when required.