

**TERMS OF REFERENCE OF THE BOARD AUDIT and RISK COMMITTEE (BAARMC)
HALEON PAKISTAN LIMITED:**

The ultimate responsibility for approval of financial reports and for overseeing that the management staff discharge their responsibilities relating to the control over the financial and operational activities of the organization rests with the entire Board. The Committee shall however provide appropriate practical recommendations for addressing areas, which in the Committee's view, need to be addressed or require improvement.

The terms of reference of the Committee shall be:

- Determination of appropriate measures to safeguard the Company's assets;
- Review of annual and interim financial statements of the Company, prior to their approval by the Board focusing on:
 - o Major judgemental areas;
 - o Significant adjustment resulting from the audit;
 - o Going concern assumption;
 - o Any changes in accounting policies and practices;
 - o Compliance with applicable accounting standards;
 - o Compliance with these regulations and other statutory and regulatory requirements; and
 - o All related party transactions.
- Review of preliminary announcements of results prior to external communication and publications;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by the external auditors and management's response thereto;
- Ensure coordination between the internal and external auditors of the Company;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales. Receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittances of any matter to the external auditors or to any external body;
- Determining of compliance with relevant statutory requirements / regulations and identification of significant violations thereof;
- Review of arrangement for staff and management to report to the Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- Recommend to the Board the appointment of external auditors, their removal, audit fee, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board shall give due consideration to the recommendations of the Committee and where it acts otherwise it shall record the reasons thereof;

- Appointment and removal of the head of internal audit;
- Monitor and review of all material controls (financial, operational, compliance);
- Ensure risk mitigation measures are robust and integrity of financial information;
- Determine appropriate extent of disclosure of company's risk framework and internal control system in Director's report; and
- Considering of any other issue or matter as may be assigned by the Board.