

HALEON

**Board Audit
Committee**

COMPOSITION OF THE COMMITTEE

Formulation	The Board Audit Committee (the "Committee") shall be constituted by the Board of Directors (the "Board") of Haleon Pakistan Limited (formerly known as GlaxoSmithKline Consumer Healthcare Pakistan Limited) (the "Company").
Members	The Committee shall have at least three members comprising of <i>non-executive directors</i> and at least <i>one independent director</i> .
Education Experience /	<ul style="list-style-type: none"> • Non-Executive / Independent Directors. • At least one member to be financially literate. <p><i>"financially literate" shall mean a person who</i></p> <ol style="list-style-type: none"> <i>a. is a member of recognized body of professional accountant; or</i> <i>b. has a post graduate degree in finance from a university or equivalent institution, either in Pakistan or abroad recognized by the Higher Education Commission of Pakistan; or</i> <i>c. has at least ten (10) years of experience as audit committee member; or</i> <i>d. has at least twenty (20) years of senior management experience in overseeing of financial, audit related matters.</i>
Chairman	<ul style="list-style-type: none"> • To be appointed by the Board. • Shall be an Independent Director. • Shall not be the Chairman of the Board.
Secretary	<ul style="list-style-type: none"> • To be appointed by the Board. • Shall either be the company secretary or head of internal audit.
Authority	<p>The Committee is authorized by the Board to:</p> <ul style="list-style-type: none"> • Investigate any activity within its terms of reference. • Seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. • Obtain outside legal, or other independent professional, advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
Disclosures	The names of members and brief terms of reference of the Committee shall be disclosed in each annual report of the Company.

MEETINGS OF THE COMMITTEE

Frequency of the Meetings	<ul style="list-style-type: none"> • The Committee shall meet at least once every quarter of the financial year. • The meetings shall be held prior to the approval of interim results of the Company by the Board and after completion of external audit. • A meeting shall also be convened at the request of any of the Committee members or at the request of external auditors or head of internal audit. • At least once a year, the Committee shall meet the external auditors without the chief financial officer and the head of internal audit being present. • At least once a year, the Committee shall meet the head of internal audit and other members of the internal audit
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	<p>function without the chief financial officer and the external auditors being present.</p> <ul style="list-style-type: none"> • Meetings shall be convened by the secretary of the Committee and with the consent of the chairman of the Committee.
Notice of Meetings	<ul style="list-style-type: none"> • Notice of each meeting shall confirm the venue, time and date together with an agenda of items to be discussed • The notice shall be forwarded by secretary of the Committee to each member of the Committee and any other person required to attend at least seven (7) days before the date of the meeting. • However, as and when required and with prior approval of the chairman of the Committee, a meeting may be convened on shorter notice, provided the quorum of the Committee is met.
Attendees	<ul style="list-style-type: none"> • Members of the Committee. • Head of Internal Audit. • By invitation - whomever the Committee deems appropriate to include by invitation of the Chairman. • The head of internal audit and external auditors (represented by engagement partner or in his/her absence any other partner designated by the audit firm) shall attend meetings of the Audit Committee at which issues, if any, relating to accounts and audit are discussed.
Quorum	Two members of the Committee present throughout the meeting.
Electronic Participation	If any member of the Committee is unable to attend any meeting, he/she may participate in the meeting electronically by means of video or audio conferencing and shall constitute the quorum for such meeting.
Meeting Minutes	<ul style="list-style-type: none"> • The secretary of the Committee shall circulate minutes of meetings of the Committee to all members, directors and where required to chief financial officer prior to next meeting of the Board. • Where this is not practicable to send the meeting minutes before next Board i.e. in circumstances when the Board meeting is held on the same day, the chairman of the Committee shall communicate a synopsis of the proceedings to the Board and the minutes shall be circulated on a later date before the next meeting of the Board – preferably with the minutes of the Board meeting. • The minutes would thereafter be approved in the next meeting, and the final minutes would have the signatures of the chairman of the Committee. • All resolution and proceeding of general meeting(s) and the meeting Committee of directors shall put his signature in a book to be kept for that purpose.

TERMS OF REFERENCE OF THE COMMITTEE

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;
- Considering of any other issue or matter as may be assigned by the Board.