

Terms of reference for the Audit Committee

1. Constitution

The Committee will be established by resolution of the Board of Planet Payment, Inc. and will be known as the Audit Committee.

2. Membership

- 2.1 The members of the Audit Committee shall be appointed by the Board on the recommendation of the nomination committee, from amongst the non-executive Directors of the Company and shall comprise not less than two members. The membership of the Audit Committee shall be made up of the non-executive Directors of the Company and the first Chairman shall be Cameron McColl. In the absence of the chairman of the Committee and/or an appointed deputy, the remaining members shall elect one of their numbers to chair the meeting.
- 2.2 A quorum shall be two 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 the Committee.
- 2.3 At least one of the members of the Committee shall have recent and relevant financial experience. The chairman of the Board shall not be a member of the Committee.

3. Attendance at meetings

- 3.1 Only members of the Committee have the right to attend Committee meetings. However, other individuals (such as the chairman of the Board, the chief executive officer, the chief financial officer, other directors, the heads of risk, compliance and internal audit and representatives from the finance function of the Company) may be invited to attend for all or part of any meeting, as and when appropriate.
- 3.2 The external auditors of the Company shall be invited to attend meetings of the Committee on a regular basis.
- 3.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the relevant Committee member remains independent.
- 3.4 The Committee may at each meeting appoint one of their number to be the Secretary of the Committee.

4. Frequency of meetings

- 4.1 Meetings shall be held four times a year and at such other times as the chairman of the Committee shall require.
- 4.2 The external auditors may request a meeting if they consider that one is necessary.
- 4.3 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.

4.4 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 later than five 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.

5. **Authority**

5.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

5.2 The Committee is authorised by the Board at the expense of the Company to obtain outside legal or other independent professional advice to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6. **Duties**

6.1 The duties of the Committee for the Company, major subsidiary undertakings and the group as a whole, as appropriate, shall be:

- (a) to consider the terms of the appointment of the external auditor, consider and approve the audit fee, and consider any questions of resignation or dismissal;
- (b) to discuss with the external auditor before the audit commences the nature and scope of the audit, and other relevant matters;
- (c) to review the quarterly and annual financial statements before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments or unusual transactions resulting from the audit;
 - (iv) any going concern assumption;
 - (v) compliance with accounting standards; and
 - (vi) compliance with stock exchange and legal requirements,
- (d) to discuss issues arising from the external audit, and any matters the auditor may wish to discuss (in the absence of management where necessary) and review the effectiveness of the audit;
- (e) to review the external auditor's management letter and executive management's response in the external auditors findings and recommendations;
- (f) to review the Company's statement on internal control systems prior to endorsement by the Board;

- (g) to consider the major findings of any internal investigations and management's response;
- (h) to review and report on the internal audit programme and keep under review the effectiveness of such programme and risk management systems and ensure that it is adequately resourced.
- (i) the Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports and accounts, announcements of preliminary results 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;
- (j) review and approve any statements to be included in the Company's annual report and accounts concerning internal controls and risk management;
- (k) 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;
- (l) 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 systems;
- (m) the Committee shall approve the appointment and removal of the head of the internal audit function;
- (n) the Committee shall consider and approve the remit of the internal audit function, and ensure 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 the function has adequate standing and is free from management or other restrictions;
- (o) the Committee shall review and monitor the executive management's responsiveness to the findings and recommendations of the internal audit function;
- (p) the Committee shall meet the head of internal audit at least once a year, without the executive management being present, to discuss the remit of the internal audit function 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 chairman of the Board and to the Committee;
- (q) the Committee shall assess annually the external auditors independence and objectivity taking into account relevant UK/US professional and regulatory

requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services;

- (r) the Committee shall satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business);
- (s) the Committee shall monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- (t) the Committee shall assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
- (u) to consider other topics, as defined by the Board.

6.2 Any references to the internal audit function of the Committee at paragraph 6.1 above shall only apply if and when an internal audit representative is adopted by the Company.

6.3 The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) 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;
- (c) give due consideration to laws and regulations and the provisions of the Combined Code as appropriate for the Company;
- (d) be responsible for co-ordination of the internal and external auditors; and
- (e) oversee any investigation of activities which are within its terms of reference and act as a court of last resort.

7. **Minutes of meetings**

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

7.2 The secretary of the Committee shall ascertain, at the beginning of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

8. **AGM**

The Chairman of the Committee shall attend the AGM prepared to respond to any shareholder questions on the Committee's activities.

9. **Reporting procedures**

The Secretary of the Committee shall promptly circulate the minutes of meetings of the Committee to all members of the Board.

10. **Reporting responsibilities**

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

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

10.3 The Committee shall produce an annual report to shareholders on its activities, which will form part of the Company's annual report and accounts.

12. **Self-appraisal**

The Committee shall, 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.