

AVEVA GROUP PLC
Audit Committee terms of reference

Reference to 'The Committee' shall mean The Audit Committee of AVEVA Group plc.

Reference to 'The Board' shall mean The Board of Directors of AVEVA Group plc.

A. Constitution

1. The Board hereby resolves to establish a committee of The Board known as The Audit Committee.

B. Membership

1. The Committee shall comprise a chairman and at least 2 other members each of whom shall be appointed by The Board from amongst the Non-Executive Directors of the Company, at least one of whom shall have recent and relevant financial experience.
2. All of members of The Committee shall be independent of the management of the Company.
3. The Board shall appoint The Committee Chairman and determine the period for which they shall hold office. Only members of The Committee shall have the right to attend meetings of The Committee. However, other individuals, including the Chief Executive, the Finance Director and other representatives from the Finance function may be invited to attend meetings of The Committee as and when appropriate.
4. The Company Secretary or their nominee shall act as the Secretary of The Committee.

C. Meetings

1. The Committee shall meet formally at least twice a year and where appropriate should coincide with the key dates in the Company's financial reporting cycle.
2. A meeting of The Committee may be called by any member of The Committee or by the Secretary. The external or internal auditor may request a meeting if they consider that one is necessary.
3. Notice of each meeting of The Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed shall, unless otherwise agreed by all concerned, be forwarded to each member of The Committee and any other person required to attend.
4. The quorum for The Committee meetings shall be 2. 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.
5. In the absence of The Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
6. The Committee should meet with the external auditors at least once a year without management being present.
7. The Committee or its Chairman shall meet with The Board at least once a year to discuss such matters as the annual report, the relationship with the external auditors etc.
8. The Secretary shall keep appropriate records of all meetings of The Committee with appropriate minutes of the proceedings and resolutions.
9. Copies of the minutes of the meetings shall be circulated to all members of The Committee and to the chairman of The Board; any director may upon request to the Secretary of The Committee, as long as there is no conflict of interests, obtain copies of The Committee's agenda and minutes.

D. Responsibilities

The responsibilities of The Committee shall be:

1. to consider and make recommendations to The Board to be put to the shareholders at the Annual General Meeting, in respect of the appointment, re-appointment and removal of the Company's external auditors;
2. to assess annually the independence, qualification, objectivity and effectiveness of the external auditors taking into account relevant UK professional and regulatory requirements and ensuring that key partners are rotated at appropriate intervals;
3. to recommend the audit fee to The Board and develop and recommend to The Board the Company's policy in relation to non-audit services provided by the external auditor, to oversee implementation of the policy; to consider any fees in respect of non-audit services provided by the external auditors and to ensure the provision of the non-audit services does not impair the external auditors' independence or objectivity;
4. to meet with the external auditors before the audit commences and to discuss the nature and scope of the audit, approve terms of engagement, including the engagement letter and the scope of the audit;
5. to meet with the external auditors post-audit to discuss the audit, including problems and reservations arising from the audit, and any matters the external auditors may wish to discuss;
6. to review effectiveness of the Company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks;
7. to review the external auditors quality control procedures and steps taken by the auditors to respond to changes in regulatory and other requirements;
8. to review the consistency of accounting policies both on a year to year basis and across the Company/group;
9. to give due consideration to the requirements of the Combined Code and UK Listing Authority's Listing Rules and associated guidance;
10. to consider annually whether there should be a financial internal audit function and make a recommendation to The Board accordingly;
11. to consider any major audit recommendations and the major findings of internal investigations and management's response.
12. to review the arrangements for employees of the Company 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;
13. to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and to review, and challenge where necessary, the actions and judgments of management, in relation to the interim and annual financial statements before submission to The Board, paying particular attention to:
 - a) critical accounting policies and practices, and any changes in them;
 - b) decisions requiring a major element of judgment;
 - c) the level of errors identified during the audit;

- d) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - e) the clarity of disclosures;
 - f) significant adjustments or issues arising from the audit;
 - g) the going concern assumption;
 - h) compliance with accounting standards;
 - i) compliance with stock exchange and other legal requirements (when relevant); and
 - j) reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company;
14. to consider other topics, as defined by The Board; and
15. to review the management representation letter and the external auditors' management letter and to consider management's response to any major external audit recommendations.
16. to review the annual financial statements of the pension funds where not reviewed by the Board as a whole; and in the light of the above, the committee shall make whatever recommendations to the Board which it deems appropriate and shall compile a report to shareholders to be included in the company's Annual Report and Accounts;

E. Authority

The Committee is authorised by The Board to:

- 1. oversee any investigation of activities which are within its terms of reference;
- 2. have the right to seek any necessary information to fulfil the above from any employee of the Company and all employees are directed to co-operate with any request made by The Committee;
- 3. have the right to obtain outside legal or independent professional advice, at the company's expense, which might be necessary for the fulfilment of its duties and such advisers may attend the meetings as necessary; and
- 4. have the power to call any member of staff to be questioned at a meeting of The Committee as and when required.

F. Reporting procedures

- 1. The Chairman of The Committee or, as a minimum, another member of The Committee, shall attend the board meeting at which the accounts are approved;
- 2. The Committee members shall conduct an annual review of their work and these terms of reference and shall make recommendations to The Board;
- 3. The Committee's duties and activities during the year shall be disclosed in the annual financial statements;
- 4. The Chairman of The Committee shall attend the AGM and shall be prepared to respond to any shareholder questions on The Committee's report and activities;

Updated and approved by the Board of AVEVA Group plc on 16 April 2008.