

## **Activity of TP Group Audit Committee in 2008**

The Audit Committee was established by virtue of the Resolution of the TP Supervisory Board no. 324/V/2002 dated 14 June 2002 regarding the establishment of the Audit Committee as a consultative body acting under the Supervisory Board.

The task of the Committee is to advise the Supervisory Board on the proper implementation of budgetary, financial reporting and internal control (including risk management) principles in the TP Group and to liaise with the auditors of TP Group.

### **Composition**

In 2008, the Audit Committee was composed of the following persons:

Chairman: Mr. Timothy Boatman (“Independent Director”)

Members: Ms. Stéphane Pallez  
Mr. Ronald Freeman (“Independent Director”)  
Mr. Michel Monzani – resigned on September 25, 2008  
Mr. Olivier Faure – nominated on September 25, 2008

The Secretary of the Committee was Jerzy Klonecki who was nominated on July 29, 2008 after Mr. Herve Langer resigned.

### **Functions of the Committee**

The key functions of the Audit Committee include:

- 1) Monitoring the independence and objectivity of the Company’s external auditors and presentation of recommendations to the Supervisory Board with regard to selection and remuneration to the Company’s auditors, particular attention is being paid to remuneration for additional services;
- 2) Discussion with the Company’s auditors before the start of each annual audit on the nature and scope of the audit and monitoring the auditors’ work;
- 3) Review the issues giving rise to the resignation of the external auditor;
- 4) Monitoring the integrity of the financial information provided by the Company in particular by reviewing:
  - a. The relevance and consistency of the accounting methods used by the Company and the TP Capital Group, including the criteria for the consolidation of the financial results;
  - b. Any changes to accounting standards, policies and practices;

- c. Major areas of financial reporting subject to judgment;
  - d. Significant adjustments arising from the audit;
  - e. Statements on going concern;
  - f. Compliance with the binding accounting regulations;
- 5) Review and providing opinion to the TP Management Board on transactions with related parties;
  - 6) Discussion (with or without the presence of the Company Management Board) of any problems or reservations, resulting from the financial statements audit;
  - 7) Review the effectiveness of the external audit process, and the responsiveness of the Management Board to the recommendation made by the external auditor;
  - 8) Review at least annually the Group's system of internal control and risk management systems with a view to ensuring that the main risks (including those related to compliance with existing legislation and regulations) are properly identified, managed and disclosed;
  - 9) Analysis of reports of the Company's internal audit and major findings of any other internal investigations and response to the Management Board to them, including review of freedom allowed to internal auditors;
  - 10) Annual review of the internal audit program, coordination between the internal and external auditors;
  - 11) Make recommendations in relation to the selection of the Director of the Internal Audit and on such department's budget;
  - 12) Consideration of any other matter noticed by the Audit Committee or the Supervisory Board;
  - 13) Regularly informing the Supervisory Board about all important issues within its scope of activity;
  - 14) Providing the Supervisory Board with its annual report on the Audit Committee's activity and results

### **Activity in 2008**

The TP Group Audit Committee held 13 meetings in 2008, out of which 10 were regular meetings and 3 dedicated ad-hoc meetings, and in particular performed the following:

- 1) Reviewed the Company's and Group's published financial statements, notably the relevance and consistency of the accounting methods used by the Company and the TP Capital Group;

- 2) Reviewed the Group's system of internal control and risk management system as reported by the Management Board and, in particular, the way risks were identified, managed and disclosed by the Management. The Audit Committee received reports from Management on action plans in response to comments on internal controls from the internal and external auditors;
- 3) Reviewed the annual plan of Internal Audit Department, its budget and progress reports, as well as monitored the responsiveness of management to internal audit findings and recommendations;
- 4) Made recommendation to the Supervisory Board on the external auditor, its remuneration and terms of engagement;
- 5) Kept under review the scope and the results of the external audit, independence and objectivity of the auditors and reported its conclusions to the Supervisory Board; monitored the Company's responsiveness to the recommendations from the external auditor made in its management letter;
- 6) Reviewed the development and operation of the Group's anti-fraud and whistle-blowing programs managed by the Management Board; monitored results of investigations initiated by whistle-blowing;
- 7) Reviewed the Group's 2009 budget and addressed recommendations on it to the Supervisory Board;
- 8) Reviewed the 2008 cash distribution policy proposed by the Management.

In the year under review, the Audit Committee, especially its two independent members, reviewed and gave opinions to the Management Board of TP on transactions with related parties and received reports on them from the Company's Internal Audit.

Timothy Boatman  
Chairman of the Audit Committee of the Supervisory Board

18 March 2009