

## **ASCENTIAL PLC (the "Company")**

### **TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Ascential plc (the "Company") has been established with delegated powers in accordance with the articles of association. The Committee shall review and reassess these terms of reference annually and recommend any proposed changes to the Board for approval.

#### **1. Purpose**

- 1.1 The purpose of the Committee is to assist the Board in its oversight of:
- (a) the integrity of the Company's financial statements, including the accounting and financial reporting process of the Company and audit of the Company's financial statements;
  - (b) the Company's compliance with legal and regulatory requirements;
  - (c) the external auditors' qualifications and independence; and
  - (d) the performance of the Company's internal audit functions and external auditors.
- 1.2 In fulfilling its purpose, the Committee shall maintain free and open communication with the Company's external auditors, internal auditors and management.

#### **2. Duties and Responsibilities**

- 2.1 In furtherance of this purpose, the Committee shall have the following duties and responsibilities for the Company, its major subsidiaries and its group as a whole (the "Group"):

##### General Review

- 2.2 To review and assess major issues regarding accounting principles, policies, practices, and judgments and financial statement presentations, including reviewing and challenging where necessary:
- (a) the consistency, quality and appropriateness of, and any changes to, significant accounting and treasury policies on a year on year basis, across the Company and the Group;
  - (b) the methods used to account for significant or unusual transactions where different approaches are possible;
  - (c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - (d) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
  - (e) all material information presented with the financial statements, such as the strategic report, the business review/operating and financial review, the corporate governance statement (insofar as it

relates to the audit and risk management) and the internal control and risk management statement;

- (f) significant adjustments resulting from the external audit;
  - (g) the adequacy and effectiveness of the Company's internal controls and the Group's financial reporting procedures;
  - (h) any special audit steps adopted in light of material control deficiencies; and
  - (i) the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Company and the Group looking forward over an appropriate and justified period).
- 2.3 To review analyses prepared by management or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements of the Company.

#### Financial Reporting

- 2.4 To monitor the effectiveness of the Group's financial reporting process and the integrity of the financial statements of the Company, including its annual and half year reports, preliminary results' announcements, dividend proposals and any other formal announcement relating to its financial performance, and to review and report to the Board on significant financial reporting issues and judgments which they contain having regard to matters communicated to it by its external and internal auditors. The Committee shall also review summary financial judgments, significant financial returns to regulators and any financial information contained in certain other shareholder documents having regard to matters communicated to it by the external and internal auditors.
- 2.5 To discuss with management and the external auditors, the external auditors' judgments about the quality and appropriateness of the Company's accounting principles and underlying estimates in its financial statements.
- 2.6 Where the Committee is not satisfied with any aspect of the Group's financial reporting, to report its views to the Board.

#### Narrative Reporting

- 2.7 To review the content of the Company's annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

### Internal Controls

- 2.8 To monitor and review the effectiveness of the Group's internal audit function in the context of the Company's overall risk management system.
- 2.9 To review and assess the annual internal audit plan and be advised of the reasons for any change or delay in the plan and ensure co-ordination between the internal and external auditors.
- 2.10 To consider and approve the remit of the internal audit function, and to ensure it:
  - (a) has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards for internal auditors; and
  - (b) has adequate standing and is free from management or other restrictions.
- 2.11 To approve the appointment and removal of the head of the internal audit function.
- 2.12 To ensure the internal auditor has direct access to the board chair and to the Committee Chair (as defined below), and is accountable to the Committee.
- 2.13 To review reports addressed to the Committee from the internal auditor.
- 2.14 To review and monitor management's responsiveness to the findings and recommendations of the internal auditor.
- 2.15 To meet the head of internal audit at least once a year, without management present, to discuss their remit and any issues arising from the internal audit reviews.
- 2.16 To discuss with management and the external auditors the integrity of the Company's financial reporting processes and internal financial controls, including policies and guidelines with respect to risk assessment and risk management and the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- 2.17 To discuss periodically with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements and the adequacy and effectiveness of the Company's internal financial controls and the Group's financial reporting procedures.
- 2.18 To discuss periodically with the Board:
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data;
  - (b) any significant changes in internal controls or other factors that could significantly affect internal controls, including any corrective

actions with regard to significant deficiencies and material weaknesses; and

- (c) any fraud involving management or other employees who have a significant role in the Company's internal controls.
- 2.19 To receive and review regular assurance updates from management, internal audit, external audit and others on matters related to risk and control and review the timeliness of, and reports on, the effectiveness of corrective action taken by management. Details of these updates and review/report of action taken by management shall be included in the reports to be compiled pursuant to paragraphs 6.2 and 6.3(b).
  - 2.20 To review, on an annual basis, all relationships between the external auditors and the Company, and to ensure co-ordination between the external and internal audit functions.
  - 2.21 To oversee the development and implementation of the Finance Manual, to review the Finance Manual at least annually and approve any substantial amendments thereto.

#### External Auditors

- 2.22 To consider and make recommendations to the Board, for the Board to put to the shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the external auditor.
- 2.23 To oversee the relationship with the external auditor, including but not limited to:
  - (a) recommendations on the remuneration of the external auditor (including fees for both audit and non-audit services) and ensuring that the level of fees is appropriate to enable an effective and high quality audit to be conducted; and
  - (b) approving terms of engagement of the external auditor (including the retention of the external auditors for any significant permissible non-audit engagement, any engagement letter issued at the start of each audit and the scope of the audit).

The Committee may also take into account the opinions of management in its dealings with the external auditors.

- 2.24 To develop and implement policy on the engagement of the external auditor to supply non-audit services taking into account relevant ethical guidance relating to the provision of non-audit services. The policy statement for the provision of non-audit services is set out in the document entitled "The provision of non-audit services by the external audit firm".
- 2.25 The Committee shall ensure that, as appropriate and in any event at least once every ten years, the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process. If an auditor

resigns the Committee shall investigate the issues leading to this and decide whether any action is required.

- 2.26 To evaluate and assess annually the experience, qualifications, performance, objectivity and independence of the external auditors, including their lead partners, and the effectiveness of the audit process, which must include a report from the auditor on its own internal quality control procedures. To ensure the regular rotation of the audit partners, as required by applicable laws, rules and regulations. The Committee may take into account relevant UK professional, legal and regulatory requirements, the opinions of management and the internal auditors and the Company's relationship with the auditor as a whole (including the provision of non-audit services) in its evaluation of the external auditors. The Committee will present its conclusions regarding the external auditor and the effectiveness of the external audit process to the Board.
- 2.27 To satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business including the level of non-audit fees) which could adversely affect the auditor's independence and objectivity or the audit process.
- 2.28 To review (in the absence of management, if necessary) with the external auditors any audit problems or difficulties, together with management's responses, including any restrictions on the scope of the external auditors' activities or on access to requested information, and any significant disagreements with management.
- 2.29 To evaluate the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include risk of the withdrawal of the Company's present auditor from the market in that evaluation.
- 2.30 To meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year discuss the external auditors remit and any issues arising from the audit without management present.
- 2.31 To review the findings of the audit with the external auditor, including but not limited to:
  - (a) any major resolved or unresolved issues that arose during the audit, key accounting and audit judgements; and
  - (b) the level of errors identified during the audit and the effectiveness of the audit.
- 2.32 To discuss the results of the year-end audit of the Company with the external auditors and any other matters required to be communicated to the Committee by the external auditors under generally accepted accounting standards.
- 2.33 To review and approve the annual audit plan at the start of the audit cycle and to ensure it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.

- 2.34 To review any representation letter(s) requested by the external auditor before they are signed by management and to review the management letter and management's response to the auditor's findings and recommendations.
- 2.35 To discuss with the external auditors the quality of the Company's financial personnel.

#### Legal Compliance and Complaints

- 2.36 To have access, at the Company's expense, to the Company's lawyers to discuss, as required, any legal matters that could have a significant impact on the Company's financial statements or the Company's compliance with applicable laws and regulations, any breaches of fiduciary duties, and inquiries received from regulators or governmental agencies.
- 2.37 To review with management and the external auditors any correspondence with regulators or governmental agencies and any published reports and employee complaints concerning financial matters which raise material issues regarding the Company's financial statements or accounting policies.
- 2.38 To establish and maintain procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by the Company's employees and contractors of concerns regarding financial reporting or other matters. The Company's whistle blowing procedures are set out in the document entitled "Whistleblowing Policy".
- 2.39 To investigate and address any reports of evidence of breaches of fiduciary duties.
- 2.40 To review the Company's procedures for detecting fraud.
- 2.41 To review the Company's system and controls for the prevention of bribery and receive reports on non-compliance.

#### Risk Management Systems

- 2.42 The Committee shall assist the Board with the definition and execution of a risk management strategy, risk policies and current risk exposures, including any prudential risks.
- 2.43 In support of the Board's risk management strategy, the Committee shall, unless dealt with by the Board:
  - (a) monitor and keep under review (i) the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems, including a review of the Group's risk

management framework, and (ii) the policies and overall process for identifying and assessing business risks and managing their impact on the Company and the Group, including receiving reports and other information relating to such risks;

- (b) ensure that a robust assessment of the principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the management and mitigation of those risks and include details in the reports referred to in paragraphs 6.2 and 6.3(b);
- (c) review the Board's statements to be made in the annual report and any half yearly reports about the adoption of the going concern basis of accounting and the identification of any material uncertainties in the company's ability to continue to do so;
- (d) review the Board's statements to be made in the annual report about its assessment of the principal risks facing the company and how they are being managed and mitigated;
- (e) review the Board's statements to be made in the annual report about its assessment of the Company's prospects and its expectations as to the Company's viability, and where requested by the Board, provide advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period, and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary;
- (f) advise the Board on the current risk exposures of the Company and the Group and future risk strategy and consider how the remuneration of executives shapes their view of risk;
- (g) provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;
- (h) consider and make recommendations to the Board about the remit of the risk management function and, with the approval of the Board, ensure it:
  - (A) has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
  - (B) has adequate independence and is free from management and other restrictions; and
  - (C) is able to identify and manage new risk types;
- (i) ensure the adequacy of insurance coverage for the Company;

- (j) monitor and review the risk committees of the Group's business divisions and report to the Board if required on the performance and effectiveness of such risk committees;
- (k) consider and review the risk registers prepared by the Group's business divisions, maintain a Group risk register which will identify all material risks (including through a review of the risk registers of the business divisions and central functions), evaluate any financial impact of such risks, identify actions to mitigate or avoid any potential impact from such risks, and, going forward, monitor and review the risks. The Board intend to review this risk register at least twice a year.

2.44 Unless dealt with by the Board, the Committee shall review any external disclosures on the risk management system of the Company and provide an annual statement of effectiveness to the Board.

#### Other Audit Committee Responsibilities

- 2.45 To consider, and if appropriate, develop a group tax strategy and approve any amendments thereto.
- 2.46 To establish clear guidelines for the hiring of current or former employees of the Company's external auditors, and monitoring the implementation of these guidelines.
- 2.47 To conduct any investigation appropriate to fulfill its responsibilities with the authority to have direct access to the external auditors as well as any employee of the Company.
- 2.48 To keep abreast of new accounting and reporting standards, and give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Rules and Transparency Rules and any other applicable rules, as appropriate.
- 2.49 To perform any other activities consistent with these terms of reference, as the Committee or the Board deems necessary or appropriate.

### **3. Membership and Independence Requirements**

- 3.1 The Committee shall consist of at least three (3) members. All Committee members shall be independent non-executive directors of the Company, and as a whole, shall have competence relevant to the sectors in which the Company operates; have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements. At least one (1) member shall have recent and relevant financial experience and a professional qualification from one of the professional accountancy bodies, either in the UK or elsewhere.
- 3.2 Committee members shall be appointed by the Board on the recommendation of the Nomination Committee, in consultation with the Committee Chair (as defined below). The chairman of the Board shall not be a member of the Committee. Each prospective Committee member shall carefully evaluate existing time demands before accepting Committee membership. No director may serve as a Committee member if such director serves on the audit committee of more than two (2) other public companies, unless the Board expressly determines that such service would



not impair that director's ability to serve on the Committee. The Committee members may be removed, with or without cause, by a majority vote of the Board.

- 3.3 The Company Secretary or his or her nominee shall act as the secretary of the Committee (the "Committee Secretary").
- 3.4 Only members of the Committee and those entitled to attend as an observer have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Chief Financial Officer, the group financial controller, representatives of the internal and external auditors, other executive and independent directors may be invited to attend all or any part of any meeting, as and when appropriate.
- 3.5 The Committee shall include a committee chair (the "Committee Chair"). The Committee Chair shall be appointed by the Board. The Committee Chair shall be entitled to chair all regular sessions of the Committee and add topics to the agenda. In the event of a tied vote, if less than the entire Committee has voted on such matter, then such matter shall be voted on by the entire Committee. If a tie persists after the entire Committee has voted on the matter, then such matter shall be voted on by the independent members of the Board of Directors, with independence being determined in accordance with the UK Corporate Governance Code. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.
- 3.6 Appointments to the Committee shall be for a period of three (3) years, which may be extendable by no more than two (2) additional three (3) year periods, provided that the director still meets the criteria for membership of the Committee.
- 3.7 If any member of the Committee is unable to act for any reason, the Committee Chair may appoint any other independent non-executive director of the Company to act as his or her alternate.
- 3.8 The Committee Chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

#### **4. Meetings**

- 4.1 The Committee shall meet, in person, at least three (3) times a year, or more frequently as circumstances dictate, and all Committee members shall strive to be present at all Committee meetings. The Committee meetings shall follow a set agenda established by the Committee.
- 4.2 Two (2) Committee members, acting in person, linked by telephone or video conference facilities or by proxy, shall constitute a quorum. 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.
- 4.3 To the extent practicable, a sufficient interval should be allowed between Committee meetings and meetings of the Board to allow any work arising from the Committee meeting to be carried out and reported to the Board, as appropriate.

- 4.4 The external or internal auditors may request a meeting if they consider that one is necessary.
- 4.5 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the head of internal audit.
- 4.6 The Committee should meet separately, at least once a year, with the external auditors without executive Board members present, to discuss any matter that the Committee or any of these groups believes may warrant Committee attention.

## **5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be summoned by the Committee Secretary at the request of the Committee Chair or at the request of external or internal auditors if they consider it necessary.
- 5.2 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 three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to the attendees as appropriate, at the same time.

## **6. Reporting Procedures**

- 6.1 The Committee Secretary shall prepare and circulate the minutes of the meetings of the Committee to all members of the Committee and maintain a minute book containing minutes of meetings signed by the chair of the meeting.
- 6.2 The Committee shall report its actions and recommendations to the Board after each Committee meeting and, once agreed upon by the Committee, shall provide to the Board a copy of the minutes, unless in the opinion of the Committee Chair it would be inappropriate to do so. This report shall include:
  - (a) the significant issues that it considered in relation to the financial statements and how these were addressed;
  - (b) its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
  - (c) any other issues on which the Board has requested the Committee's opinion.
- 6.3 To consider the major findings of internal investigations and management's response:
  - (a) the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and

- (b) the Committee shall compile a report on its activities to be included in the Company's annual report. The report should include:
    - (i) detail of the membership of the Committee, number of meetings held and attendance over the course of the year; and
    - (ii) an explanation of how the Committee has addressed the effectiveness of the external audit process, the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed having regard to matters communicated to it by the auditor and all other information requirements set out in the UK Corporate Governance Code.
- 6.4 In compiling the reports referred to in 6.2 and 6.3(b), the Committee must exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but must include at least those matters that have informed the Board's assessment of whether the Company is a going concern.
- 6.5 The Committee Chair shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.
- 6.6 The terms of reference of the Committee will be made available to shareholders by placing them on the Company's website.

## **7. Annual Performance Evaluation**

- 7.1 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.
- 7.2 To ensure that the Committee remains up to date with developments, the Committee shall be provided with appropriate and timely training from suitably qualified external advisers, for new members and on an on-going basis.
- 7.3 The Committee will give due consideration to laws and regulations including the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules and any other applicable rules, as appropriate.

## **8. Authority**

- 8.1 The Committee is authorised by the Board to (i) seek any information it requires from any employee, contractor, consultant or other provider of services (including legal and tax advisors) of the Group in order to perform its duties and (ii) call any employee, contractor, consultant or other provider of services (including legal or tax advisors) to be questioned at a meeting of the Committee as and when required.
- 8.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal, consultant or other professional advice and to invite such persons to attend committee meetings.

**9. Other Matters**

The Committee shall:

- 9.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 9.2 consider other matters as referred to the Committee by the Board;
- 9.3 oversee any investigation of activities which are within its terms of reference; and
- 9.4 work and liaise as necessary with all other Board committees.

As approved by the Board on 30 September 2016.