

## WILMINGTON PLC

### AUDIT COMMITTEE-TERMS OF REFERENCE

#### **1. Membership**

1.1 Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least three members.

1.2 All members of the Committee shall be independent non-executive directors.

1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting.

1.4 The external auditors will be invited to attend meetings of the Committee on a regular basis.

1.5 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

#### **2. Quorum**

2.1 The quorum necessary for the transaction of business shall be two members who are present either in person, by video conference or by phone. 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.

#### **3. Frequency of Meetings**

3.1 The Committee shall meet at least two times a year at appropriate times in the reporting and audit cycle and otherwise as required.

#### **4. Notice of Meetings**

4.1 Meetings of the Committee shall be convened by the Committee Chairman at the request of any of its members.

4.2 Unless otherwise agreed, notice of each meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee before the meeting.

#### **5. Minutes of Meetings**

5.1 Minutes of the proceedings and resolutions of all meetings of the Committee shall be prepared and circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

5.2 The Committee Chairman shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.

#### **6. Annual General Meeting**

6.1 The Committee Chairman shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

## 7. Duties

The Committee should carry out the duties below for Wilmington.

### 7.1 Financial Reporting

7.1.1 The Committee shall review the integrity of the financial statements of the company, including its annual and interim reports, preliminary results' announcements and any other public disclosure relating to its financial performance before approval by the Board.

7.1.2 The Committee shall review and challenge where necessary:

7.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the group;

7.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

7.1.2.3 whether the company has followed appropriate accounting standards and made appropriate estimates and judgements;

7.1.2.4 the clarity of disclosure in the company's financial reports and the context in which statements are made; and

7.1.2.5 all material information presented with the financial statements, such as the operating and financial reviews and the corporate governance statement (in so far as it relates to the audit and risk management);

### 7.2 Internal Financial Controls

The Committee shall keep under review the effectiveness of the company's internal financial controls.

### 7.3 Whistleblowing

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.

### 7.4 Internal Audit

The Committee shall consider annually whether an internal audit function should be established.

### 7.5 External Audit

The Committee shall:

7.5.1 consider and make recommendations to the Board, for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

7.5.2 oversee the relationship with the external auditor including (but not limited to):

- 7.5.2.1 approving the remuneration to be paid for the audit and satisfying itself that the level of fees is appropriate to enable an adequate audit to be conducted;
  - 7.5.2.2 approving the terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 7.5.2.3 assessing annually the auditors independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - 7.5.2.4 satisfying 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);
  - 7.5.2.5 agreeing with the Board a policy on the employment of former employees of the company's auditor and monitoring the implementation of this policy;
  - 7.5.2.6 monitoring the auditor's compliance with the 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
  - 7.5.2.7 assessing annually the auditor's qualifications, expertise and resources and the effectiveness of the audit process.
- 7.5.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year without management being present to discuss the auditor's remit and any issues arising from the audit;
  - 7.5.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
  - 7.5.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
    - 7.5.5.1 a discussion of any major issues which arose during the audit;
    - 7.5.5.2 any accounting and audit judgements; and
    - 7.5.5.3 levels of errors identified in the audit;
  - 7.5.6 review the effectiveness of the audit;
  - 7.5.7 review any representation letters requested by the external auditor before they are signed by the management;
  - 7.5.8 review the management letter and management's response to the auditor's findings and recommendations; and
  - 7.5.9 develop and implement a policy on the supply of non-audit services by the external auditor taking into account any relevant ethical guidance on the matter.

## **7.6 Reporting Responsibilities**

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

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

7.6.3 The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

## **7.7 Other Matters**

The Committee shall:

7.7.1 have access to sufficient resources in order to carry out its duties;

7.7.2 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;

7.7.3 give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate; and

7.7.4 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.

## **8. Authority**

The Committee is authorised:

8.1 to seek any information it reasonably requires from any employee of the company in order to perform its duties; and

8.2 to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference.

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