

PageGroup plc (the “Company”)

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

1. CONSTITUTION

The Committee has been established by resolution of the Board and is to be known as the Audit Committee (the “Audit Committee”). These terms of reference may be amended from time to time by the Board and will be made available on the Company’s website, in accordance with the Corporate Governance Code.

2. PURPOSE

The Audit Committee is the guardian of the integrity of the Company’s financial statements and performance. The Audit Committee also has the responsibility for ensuring that the necessary internal controls and risk management systems are in place and effective.

3. MEMBERSHIP

3.1 The members of the Audit Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, from amongst the independent non-executive directors of the Company and shall consist of not less than three members. The Chair of the Company shall not be a member of the Audit Committee. The members shall be named in the Company’s annual reports and accounts.

3.2 The Board shall appoint the Chair of the Audit Committee from the independent non-executive members.

3.3 Appointments to the Audit Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.

3.4 At least one member of the Audit Committee must have significant, recent and relevant financial experience.

3.5 The Board shall have the power at any time to remove any members of the Audit Committee and to fill any vacancies so created.

3.6 The Board shall regularly review the membership of the Audit Committee to ensure that membership is refreshed.

4. SECRETARY AND MINUTES OF MEETINGS

4.1 The Company Secretary, or his or her nominee, shall act as secretary of the Audit Committee and will ensure that the Audit Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

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

4.3 Draft minutes of Audit Committee meetings shall be circulated promptly to all members of the Audit Committee. Once approved, minutes shall be circulated to all members of the Board unless it would be inappropriate to do so in the opinion of the Chair of the Audit Committee.

4.4 The Committee should approve non-audit services and the secretary shall keep a record of any non-audit services provided by the external auditor to enable the Committee to consider whether any non-audit services would impact the external auditor’s objectivity and independence

5. QUORUM

The quorum necessary for the transaction of business shall be two members, one of whom shall have recent and relevant financial experience.

6. ATTENDANCE

6.1 Only members of the Audit Committee shall have the right to attend Audit Committee meetings. However the Audit Committee shall normally invite the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and a representative of the external auditor to attend meetings to make proposals as appropriate and necessary.

6.2 The Audit Committee shall be entitled to invite other executives to attend and be heard at meetings of the Audit Committee.

6.3 Only members of the Audit Committee shall have a right to vote at Audit Committee meetings.

7. **FREQUENCY OF MEETINGS**

7.1 Meetings of the Audit Committee will be held as frequently as the Audit Committee considers appropriate but shall normally be held not less than three times a year and at appropriate intervals in the financial reporting and audit cycle.

7.2 Meetings of the Audit Committee shall be organised in such a way as to ensure that the Audit Committee's distinctive responsibilities with respect to audit matters and risk are appropriately discharged.

7.3 Outside the formal meeting programme, the Chair of the Audit Committee will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the Head of Internal Audit.

8. **NOTICE OF AND PROCEEDINGS AT MEETINGS**

8.1 Meetings of the Audit Committee shall be convened by the secretary of the Audit Committee at the request of any of its members, the Board or at the request of the external audit lead partner or Head of Internal Audit if they consider it necessary.

8.2 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 Audit Committee and any other person required to attend, no later than three days before the date of the meeting. Supporting papers shall be sent to Audit Committee members and to other attendees as appropriate at the same time.

8.3 Unless varied by these terms of reference, meetings and proceedings of the Audit Committee will be governed by the Company's Articles of Association regarding the meetings and proceedings of directors.

9. **ENGAGEMENT WITH SHAREHOLDERS**

The Chair of the Audit Committee shall be available at the Annual General Meeting to answer questions on the Audit Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

10. **AUTHORITY**

10.1 The Audit 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 of the Group, including without limitation the Chief Financial Officer and all executives and managers responsible for finance. All employees are directed to cooperate with any request made by the Audit Committee, including requests to attend meetings or parts of meetings.

10.2 The Audit Committee is authorised to require a representative of the external auditors to attend meetings or parts of meetings.

10.3 The Audit Committee shall at least once a year meet, without any executive member of the Board in attendance, and on separate occasions, with each of the Chief Financial Officer and the Head of Internal Audit.

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

11. **DUTIES**

The responsibilities of the Audit Committee encompass the two related areas of audit matters and risk matters. The Audit Committee shall carry out the duties below for the Company, its major subsidiary undertakings and the Group as a whole.

11.1 *Financial Reporting*

11.1.1 The Audit Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the Company's external auditor;

11.1.2 In particular, the Audit Committee shall review and challenge where necessary:

- (a) the application of significant accounting policies and any changes to them;
- (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 auditor's views on the financial statements;
- (d) the clarity and completeness of disclosure in the Company's financial statements and the context in which statements are made; and
- (e) all material information presented with the financial statements, including but not limited to the strategic report, the directors' report and the corporate governance statements relating to the audit and to risk management.

11.1.3 The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook. Where the Audit Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

11.2 *Narrative Reporting*

11.2.1 The Audit Committee should review the content of the 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 performance, business model and strategy.

11.2.2 If appropriate, recommend to the Board the Company's annual and interim financial statements.

11.2.3 The Chair of the Committee or, as a minimum, another member of the Audit Committee, shall attend the Board Meeting at which the financial statements are approved.

11.3 *Internal controls and risk management systems*

The Audit Committee shall:

11.3.1 keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems, although the Committee is not responsible for the design, implementation and effectiveness of such systems which are the responsibility of management;

11.3.2 review and approve the statements to be included in the annual report concerning internal controls and risk management;

11.3.3 carry out a robust assessment of the Company's emerging and principal risks, and the viability statement;

11.3.4 review the Company's overall risk tolerance and monitor the Company's risk profile against this tolerance, but the Board will determine the risk tolerance limits for the Company and the Group;

11.3.5 review the current and threatened litigation affecting the Company or any of its subsidiaries;

11.3.6 ensure that the Company and its subsidiaries have in place adequate insurance arrangements and review the terms and levels of insurance from time to time; and

11.3.7 agree authority levels of operational management.

11.4 *Compliance and fraud*

The Audit Committee shall:

11.4.1 review the Company's procedures for detecting fraud;

- 11.4.2 consider special investigation reports relating to fraud or major breakdowns in internal controls including remedial action by management;
- 11.4.3 review the Company's system and controls for the prevention of bribery and receive reports on non-compliance;
- 11.4.4 review the Company's procedures, systems and controls for identifying money laundering; and
- 11.4.5 ensure compliance with applicable legal and regulatory requirements.

11.5 *Internal Audit*

The Audit Committee shall:

- 11.5.1 approve the appointment or termination of the Head of Internal Audit;
- 11.5.2 review and approve the remit of the internal audit function and ensure the function:
 - (a) has the necessary resources and access to information to enable it to fulfil its mandate;
 - (b) is equipped to perform in accordance with appropriate professional standards for internal auditors; and
 - (c) has adequate standing and is free from management or other restrictions;
- 11.5.3 ensure the internal auditor has direct access to the Chair of the Board and to the Chair of the Audit Committee, and is accountable to the Audit Committee;
- 11.5.4 carry out an annual assessment of the effectiveness of the internal audit function and as part of this assessment
 - a) meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;
 - b) review and assess the annual internal audit work plan;
 - c) receive a report on the results of the internal auditor's work;
 - d) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
 - e) review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.;
- 11.5.6 review and monitor management's responsiveness to the internal audit's findings and recommendations;
- 11.5.7 monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system; and
- 11.5.8 approve the terms of reference or engagement relating to the provision of internal audit services by a third party.

11.6 *External Audit*

The Audit Committee shall:

- 11.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the Company's external auditor;
- 11.6.2 ensure that at least once every ten years the audit services contract is put out to tender to enable the Audit Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms, with a view to ensuring that the Company receives the most appropriate and highest quality audit services;
- 11.6.3 direct such tender and ensure that all tendering firms have such access as is necessary to information and individuals for the duration of the tendering process;
- 11.6.4 if the auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 11.6.5 oversee the relationship with the external auditor, including but not limited to:-
 - (a) recommendations on their remuneration, including fees for both audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be concluded;
 - (b) approval of the terms of their engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (c) assessing annually their 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;

- (d) 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) which could adversely affect the auditor's independence and objectivity;
 - (e) agreeing with the Board a policy on the employment of former employees of the Company's auditor and monitoring the implementation of this policy;
 - (f) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
 - (g) assessing annually and reporting to the Board on the qualifications, expertise, resources and independence of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures and a recommendation on whether to propose to shareholders that the auditor be reappointed;
 - (h) seeking to ensure co-ordination with the activities of the internal audit function;
 - (i) evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of withdrawal of their auditor from the market in that evaluation; and
 - (j) considering, where appropriate, whether there might be any benefit in using more than one audit firm;
- 11.6.6 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, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- 11.6.7 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and
- 11.6.8 review the findings of the audit with the external auditor. This shall include but not be limited to the following:-
- (a) a discussion of any major issues which arose during the audit;
 - (b) key accounting and audit judgements;
 - (c) levels of error identified during the audit;
 - (d) the effectiveness of the audit process; and
 - (e) discuss with the external auditor their proposed statements on important audit risks, materiality and scope that they intend to include in their audit report.
- 11.7 The Audit Committee shall also:
- 11.7.1 review any representation letter requested by the external auditor before it is signed by the management;
- 11.7.2 review any management letter and management response to the auditor's findings and recommendations to establish whether the recommendations have been acted upon and, if not, the reasons why not; and
- 11.7.3 develop a formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the Committee and specifying the types of non-audit service to be preapproved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
- a) threats to the independence and objectivity of the external auditor and any safeguards in place;
 - b) the nature of the non-audit services;
 - c) whether the external audit firm is the most suitable supplier of the non-audit service;
 - d) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - e) the criteria governing compensation.
- 11.8 *Financial Policies*
- The Audit Committee shall review and consider the:-
- 11.8.1 Group's tax strategy; and
- 11.8.2 treasury policy, including the level of bank facilities.

12. REPORTING RESPONSIBILITIES

- 12.1 The Audit Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report to the Board on how it has discharged those responsibilities. The report shall include:-
- 12.1.1 the significant issues that it considered in relation to the financial statements and how these were addressed;
- 12.1.2 its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
- 12.1.3 any other issues on which the Board has requested the opinion of the Audit Committee.
- 12.2 The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.3 The Audit Committee shall compile a report of its activities to be included in the Company's annual report. The report should include:
- 12.3.1 a summary of the role of the Audit Committee;
- 12.3.2 the names and qualifications of all members of the Audit Committee during the period;
- 12.3.3 the number of Audit Committee meetings held;
- 12.3.4 an explanation of how the Audit Committee has addressed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of the current firm tenure, when a tender was last conducted and any contractual obligations that restrict the Audit Committee's choice of external auditor;
- 12.3.5 if the Board does not accept the Audit Committee's recommendation on the appointment, reappointment or removal of the external auditor, a statement in both the annual report and any papers recommending appointment or reappointment, explaining its recommendation and setting out the reasons why the Board took a different position;
- 12.3.6 the significant issues that the Audit Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor;
- 12.3.7 if the external auditor provides non-audit services, how auditor objectivity and independence is safeguarded; and
- 12.3.8 all other information requirements set out in the Code.
- 12.4 In the compiling of reports referred to in paragraphs 12.1 and 12.3 above, the Audit Committee shall exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

13. OTHER MATTERS

- The Audit Committee shall:
- 13.1 have access to sufficient resources in order to carry out its duties;
- 13.2 receive written reports relating to particular matters, from time to time, from the Chief Financial Officer and Head of Internal Audit, together with Internal Audit reports;
- 13.3 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;
- 13.4 give due consideration to laws and regulation, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate including those relating to the duties of directors under Chapter 2 Part 10 of the Companies Act 2006;
- 13.5 work and liaise as necessary with all other Board committees. In particular the Chair of the Audit Committee shall report to the Chair of the Remuneration Committee any matters drawn to the attention of the Audit Committee which might need to be taken into account in respect of accounting policies, financial reporting and the control of risks when setting remuneration, and report back to the Audit Committee any remuneration proposals or circumstances which could materially increase the exposure to risk faced by the Group;
- 13.6 arrange for the annual review of its own performance, and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and

- undue reliance is not placed on particular individuals, and recommend to the Board any changes it considers necessary;
- 13.7 review its annual agenda and activities to ensure that it is fulfilling its responsibilities and complying with its terms of reference;
- 13.8 undertake its tasks in the context of its judgement as to the materiality and significance to the Group of the matters within its terms of reference; and
- 13.9 unless varied by these terms of reference, meetings and proceedings of the Audit Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.