

# **GOCOMPARE.COM GROUP PLC**

## **AUDIT AND RISK COMMITTEE**

### **TERMS OF REFERENCE**

**Adopted by the Board on 28 September 2016**

The following are the Terms of Reference of the Audit and Risk Committee (the 'Committee') of Gocompare.com Group plc (the "Company") and its subsidiaries (the "Group").

#### **1. Membership**

- 1.1 The Committee shall comprise at least three members. Members of the Committee shall be appointed by the board of directors of the Company (the 'Board') on the recommendation of the Nomination Committee of the Group in consultation with the chair of the Committee (the "Committee Chair").
- 1.2 At least three members of the Committee shall be independent non-executive directors at least one of whom shall have competence in accounting and/or auditing, ideally with a professional qualification from one of the professional accountancy bodies. The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 1.3 At least one member of the Committee should have significant, recent and relevant financial experience.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the directors continue to meet the criteria for membership to the Committee.
- 1.5 The Committee Chair shall be one of the non-executive director members of the Committee. In the absence of the Committee Chair or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

- 1.6 Only members of the Committee have the right to attend Committee meetings. There is an open invitation for the Company chairman and non-executive directors to attend any Committee meeting. By invitation of the Committee, the Chief Executive Officer and the Chief Financial Officer, any officer or employee of the Group, representatives of the internal auditors and representatives from the finance function may also be invited to attend all or part of any meeting as and when appropriate or necessary.
- 1.7 The external auditors will be invited to attend meetings of the Committee on a regular basis.

## **2. Secretary**

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

## **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members of the Committee.
- 3.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise any or all of the authorities, power and discretions vested in or exercisable by the Committee.

## **4. Frequency of Meetings**

- 4.1 The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 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, and the external audit lead partner and the internal audit lead partner.

## **5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be convened by the Secretary at the request of any of its members or at the request of the external audit lead partner or the internal audit lead partner 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 of the Company (the 'Non-Executive Directors'), no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **6. Minutes**

- 6.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair.

## **7. Annual General Meeting ('AGM')**

The Committee Chair should attend the AGM to answer shareholder questions on the Committee's activities and responsibilities.

## **8. Duties**

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

### **8.1 Financial Reporting**

8.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, if applicable, and any other formal announcement relating to its 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 auditor.

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

- (a) compliance with legal, regulatory and statutory requirements, giving due consideration to the provisions of the UK Governance Code (the 'Code') and the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate;
- (b) compliance with the requirements of any body by which the activities of the Group or its subsidiaries are regulated;
- (c) the appropriateness and consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Group;
- (d) the methods used to account for significant or unusual transactions where different approaches are possible;
- (e) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements on significant accounting matters, taking into account the views of the external auditor;
- (f) the clarity and completeness of disclosure; and
- (g) all material information presented with the financial statements, such as the strategic report and the corporate governance statements relating to audit and to internal controls.

8.1.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

8.1.4 The Committee shall consider and review the annual regulatory returns to be filed by the Company or its subsidiaries, and in the case of subsidiaries recommend those returns for review and approval by their boards.

8.1.5 Where requested by the Board, the 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 Group's performance, business model and strategy.

8.1.6 The Committee shall review the Report and Accounts of the Company's major subsidiary undertakings.

## 8.2 Internal controls

The Committee shall:

8.2.1 monitor the adequacy and effectiveness of the Company's internal controls including financial and operational controls throughout the year; and

8.2.2 review and approve the statements to be included in the annual report concerning internal controls.

## 8.3 Whistleblowing

The Committee shall review the adequacy and security of the Company's arrangements for its employees and contractors 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.

## 8.4 External Audit

The Committee shall:

8.4.1 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor.

8.4.2 ensure that 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;.

8.4.3 if an auditor resigns, investigate the issues leading to this and decide whether any action is required.

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

(a) recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of audit fees is appropriate to enable an effective and high quality audit to be conducted;

(b) approval of their terms of 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 UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

(d) 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;

(e) assessing annually the qualifications, expertise and resources 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

(f) seeking to ensure co-ordination with the activities of the internal audit function;

8.4.5 meet regularly with the external auditor, and at least once a year, without management being present;

- 8.4.6 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
- 8.4.7 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) significant accounting and audit judgements;
  - (c) levels of errors identified during the audit; and
  - (d) the effectiveness of the audit process.

The Committee shall also:

- 8.4.8 review any representation letter(s) requested by the external auditor;
- 8.4.9 review any management letter and management's response to the auditor's findings and recommendations; and
- 8.4.10 develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

## 8.5 Internal Audit

The Committee shall:

- 8.5.1 approve the appointment or termination of appointment of the internal audit lead partner;
- 8.5.2 ensure the internal audit function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;

- 8.5.3 ensure the internal auditor has direct access to the Chairman of the Board and to the Committee Chair, and is accountable to the Committee;
- 8.5.4 review and assess the annual internal audit work plan;
- 8.5.5 receive reports on the results of the internal auditor's work on a periodic basis;
- 8.5.6 review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- 8.5.7 meet with the head of internal audit at least once a year without the presence of management; and
- 8.5.8 monitor and review the effectiveness of the Company's internal audit function, in the context of the Company's overall risk management system.

## 8.6 Risk management

The Committee shall:

- 8.6.1 advise the Board on the Company's overall risk appetite, tolerance and strategy, taking into account the current and prospective macroeconomic and financial environment;
- 8.6.2 oversee and advise the Board on the current risk exposures of the Company and future risk strategy;
- 8.6.3 The Committee's other responsibilities are to:
  - (a) evaluate its own collective performance at least annually;
  - (b) assess at least annually the nature, quality and timeliness of management information provided to the Committee;
  - (c) ensure these Terms of Reference maintain the continued effectiveness and efficiency of the Committee, and review annually these Terms of Reference and either recommend

changes to the Board or confirm to the Board that no changes are required; and

- (d) oversee any investigation of activities which are within its Terms of Reference and consider other topics that may be referred to it by the Board.

## **9. Reporting Responsibilities**

9.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

9.1.1 the significant issues that it considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;

9.1.2 its assessment of the effectiveness of the external audit process (required under paragraph 8.4.7(d)) and its recommendation on the appointment or reappointment of the external auditor; and

9.1.3 any other issues on which the Board has requested the Committee's opinion.

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

9.3 The Committee shall compile a report on its activities to be included in the Company's annual report and accounts. The report shall include 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 Code.

9.4 In compiling the reports referred to in 9.1 and 9.3, the Committee should 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.

- 9.5 The Committee should also exercise judgement in assessing the Group's prospects and viability over a longer period than 12 months, taking into account the Group's current position and the potential impact of the principal risks. This should include a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

## **10. Other Matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the FCA's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 10.4 work and liaise as necessary with all other Board committees; and
- 10.5 arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11. Authority**

The Committee is authorised to:

- 11.1 undertake any activity within its Terms of Reference;
- 11.2 request the internal audit lead partner or the chief risk officer to carry out such independent reviews as it deems necessary and report back to the Committee;

- 11.3 require the provision of any information from any director or employee of any Group company in order to perform its duties;
- 11.4 obtain, at the Company's expenses, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 11.5 call any employee to be questioned at a meeting of the Committee as and when required; and
- 11.6 have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

## **12. Approval**

These Terms of Reference were approved by the Board on 28 September 2016 and last reviewed on 29 November 2018.