

**Informa PLC**

**TERMS OF REFERENCE – AUDIT COMMITTEE**

**Adopted by the Board on**

**9<sup>TH</sup> February 2015**

## CONTENTS

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Constitution and Purpose.....	3
1. Membership.....	3
2. Secretary.....	4
3. Quorum.....	4
4. Frequency of Meetings .....	4
5. Notice of Meetings .....	4
6. Minutes of Meetings.....	4
7. Annual General Meeting .....	5
8. Duties .....	5
9. reporting responsibilities (including report to shareholders) .....	10
10. Other Matters.....	11
11. Authority .....	12

*Reference to “the Committee” shall mean the Audit Committee.*

*Reference to “the Board” shall mean the Board of Directors.*

## **CONSTITUTION AND PURPOSE**

The Board of Informa PLC (“Informa”) has established a committee of the Board to be known as the Audit Committee.

The purpose of the Committee is to fulfil its duties set out below in relation to all companies and businesses within Informa.

The Committee makes reports and recommendations to the Board and has no authority of its own.

### **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. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
- 1.2 All members of the Committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Chairman of the Board shall not be a member of the Committee.
- 1.3 Other directors may attend Committee meetings at the invitation of the Committee. Other individuals such as the head of internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate. The Group Finance Director will be invited to attend meetings of the Committee on a regular basis.
- 1.4 The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 1.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for a maximum of two further periods of up to three years (following the initial period of appointment of up to three years), provided the director still meets the criteria for membership of the Committee.
- 1.6 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

- 1.7 The Chairman of the Committee or, as a minimum, another member of the Committee, shall attend the Board meeting at which the Annual Report and Accounts are approved.

## **2. SECRETARY**

The Company Secretary or their nominee shall act as the Secretary of the Committee. The Secretary shall ensure the Committee receives information and papers in a timely manner to enable proper consideration of the relevant issues.

## **3. QUORUM**

The quorum necessary for the transaction of business shall be two members. 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. FREQUENCY OF MEETINGS**

- 4.1 The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the company's governance, including the Board Chairman, the Group Chief Executive, the Group Finance Director, the external audit lead partner and the head of internal audit.

## **5. NOTICE OF MEETINGS**

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members 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, in reasonable time 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 OF MEETINGS**

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

## **7. ANNUAL GENERAL MEETING**

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

## **8. DUTIES**

The Committee should carry out the duties below for Informa and all its Group companies as appropriate.

### **8.1 Financial Reporting**

- (a) The Committee shall monitor the integrity of the financial statements of the company and the group, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain before submission to the Board.
- (b) The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- (c) In particular, the Committee shall review and challenge where necessary:
  - (i) the consistency, quality and appropriateness of, and any changes to, accounting policies both on a year on year basis and across the company/group;
  - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
  - (iii) whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - (iv) the extent to which areas involving complex arrangements or unusual transactions impact the financial statements and how such areas are disclosed;
  - (v) significant adjustments resulting from the external audit;
  - (vi) the basis for the going concern statement;

- (vii) the clarity of disclosure in the company and group financial reports and the context in which statements are made;
  - (viii) all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management); and
  - (ix) compliance with financial reporting, relevant governance, stock exchange and legal requirements.
- (d) The Committee shall review the disclosures in the annual financial statements concerning the Group's defined benefit pension funds where not reviewed by the Board as a whole.
  - (e) Should management continue to issue Interim Management Statements, the statements shall usually be considered by the Board as a whole.
  - (f) 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.

## 8.2 Narrative Reporting

Where requested by the Board, the Committee should review the content of the annual report 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.

## 8.3 Internal Controls and Risk Management Systems

The Committee shall:

- (a) monitor and at least annually carry out a review of the effectiveness of the company's internal financial controls, internal controls and risk management systems including:
  - oversee the work of the Risk Committee in identifying business risks and controlling their financial impact on the group, to ensure that a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, is completed;
  - ensuring each business line complies with the relevant regulatory and legal requirements and best practice;
  - operational effectiveness of the policies and procedures;
  - actual performance as reported by line management, internal and external audit; and
  - the timeliness and effectiveness of corrective action taken by management.

- (b) review the Company's insurance arrangements.
- (c) review the group strategy and plans for assessing and dealing with risks.
- (d) consider (in the absence of management at the discretion of the Committee) the major findings of any relevant internal investigations into control weaknesses, fraud or misconduct, and the relevant management response to this.
- (e) review, prior to the endorsement of the Board, the statements to be included in the Annual Report concerning internal controls and risk management and its compliance with the relevant provisions of the UK Corporate Governance Code.

#### 8.4 Compliance, Whistle Blowing and Fraud

The Committee shall:

- (a) 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;
- (b) review the company's procedures for preventing or detecting fraud;
- (c) review the company's systems and controls for ethical behaviour generally and the prevention of bribery in particular and receive reports on non-compliance.
- (d) if it identifies through its business indicative evidence of any fraud or illegal act, ensure that these matters are reported immediately to the Board Chairman, the Group Chief Executive and the Board.

#### 8.5 Internal Audit

The Committee shall:

- (a) monitor and review, at least annually, the effectiveness of the company's internal audit function in the context of the company's overall risk management system;
- (b) approve the appointment and removal of the head of the internal audit function;
- (c) consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- (d) ensure the internal auditor has direct access to the Board Chairman and to the Committee Chairman, and is accountable to the Committee;
- (e) review and assess the annual internal audit work plan and scope of work;
- (f) review promptly all reports on the company from the internal audit function and receive such reports periodically;

- (g) review and monitor management's responsiveness to the findings and recommendations of the internal audit function; and
- (h) meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

## 8.6 External Audit

The Committee shall:

- (a) 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. 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;
- (b) 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;
- (c) ensure that the auditors of Informa have full and direct access to all the auditors of companies within the Group;
- (d) oversee the relationship with the external auditor including (but not limited to):
  - negotiating and agreeing to the scope of the audit and the statutory audit fee and any fees for non-audit services ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;
  - approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 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;
  - 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);
  - agreeing with the Board a policy on the employment of former employees of the company's auditor, then monitoring the implementation of this policy;
  - monitoring the auditor's compliance with 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 including being solely responsible for influencing (either as a Committee or acting through its Chairman and consulting with such persons as it deems appropriate) the appointment of the audit engagement partner;

- 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;
  - seeking to ensure co-ordination with the activities of the internal audit function; and
  - evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.
- (e) 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 their remit and any issues arising from the audit;
- (f) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- (g) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- (i) a discussion of any major issues which arose during the audit;
  - (ii) any accounting and audit judgements;
  - (iii) levels of errors identified during the audit; and
  - (iv) the effectiveness of the audit.

The Committee shall also:

- (h) review any representation letter(s) requested by the external auditor before they are signed by management;
- (i) review the management letter and management's response to the auditor's findings and recommendations; and
- (j) develop and implement a policy on the authorisation by the Committee (either as a Committee or acting through its Chairman and consulting with such persons as it deems appropriate) of the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

## **9. REPORTING RESPONSIBILITIES (INCLUDING REPORT TO SHAREHOLDERS)**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. In reporting to the Board on how it has discharged its responsibilities the Committee shall include:
- (a) the significant issues that the Committee considered in relation to the financial statements, and how these issues were addressed;
  - (b) the Committee's assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor;
  - (c) the outcome of the review carried out of the effectiveness of the framework that is used to monitor the internal controls and risk management systems of the Company and its subsidiaries;
  - (d) confirmation that the Committee has carried out a robust assessment of the principal risks facing the Company, a description of those risks and an explanation as to how they are being managed or mitigated;
  - (e) taking into account the Company's current position and principal risks, the Committee's assessment of the prospects of the Company, how it has carried out that assessment, over what period and why that period is considered to be appropriate. The Committee should also state whether or not it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment drawing the Board's attention to any qualifications or assumptions as necessary;
  - (f) any other issues on which the Board has requested the Committee's opinion; and
  - (g) its views where, following its review, the Committee is not satisfied with any aspect of the proposed financial reporting by the Company.
- 9.2 Where relevant, the Committee will report through the management to the boards of the regulated entities on areas of business risk or exposure highlighted by the Committee's work together with recommendations if appropriate of actions that should be taken.
- 9.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.4 The Committee shall compile a formal report to shareholders on its activities to be included in the Company's annual report. Such a report shall comply with the recommendations of the UK Corporate Governance Code (as applicable) and shall include:
- (a) an explanation of how, if the Auditors provide non-audit services to the Group, auditor objectivity and independence is safeguarded;
  - (b) the significant issues that the Committee considered in relation to the financial statements, and how these issues were addressed;

- (c) a statement of compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014; and
- (d) to the extent not covered by the statement of compliance referred to in the preceding paragraph, an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to its recommendation on the appointment or re-appointment of the Auditors including the steps taken in deciding whether or not to recommend that the audit be put out to competitive tender (including information on the length of tenure of the Auditors and when a competitive tender was last conducted), as well as a description of the work of Committee in discharging its responsibilities under these Terms of Reference.

9.5 The Committee shall make available to shareholders these Terms of Reference by placing them on the Company's website and/or providing a copy to shareholders on request.

## **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 UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules as appropriate;
- 10.4 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;
- 10.5 arrange for periodic reviews of its own performance, and at least annually, review its 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;
- 10.6 review the quality of management information and associated reporting systems;
- 10.7 review the principles and policies being applied to the management and regulatory requirements; and

10.8 consider other topics as defined by the Board.

## **11. AUTHORITY**

The Committee is authorised by the Board to:

- 11.1 investigate any matter which it regards as relevant to its duties as set out below
- 11.2 seek any information it requires from any employee of the company in order to perform its duties;
- 11.3 obtain, at the company's expense, outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise on any matter within its terms of reference;
- 11.4 call any employee of any Informa group companies to be questioned at a meeting of the Committee as and when required. All employees are directed to co-operate with any request made by the Committee; and
- 11.5 to 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.

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