



# AUDIT COMMITTEE

## Dimension Data Holdings plc Audit Committee Terms of Reference

Reference to "The Committee" shall mean The Audit Committee.

Reference to "The Board" shall mean The Board of Directors.

### Current members of the Committee:

- **Rory Scott (Chairman)**
- **Rupert Barclay**
- **Gordon Waddell**
- **Derek Irish**

### 1. Membership and attendance

- 1.1 The Committee shall be appointed by The Board, on the recommendation of the Nomination Committee, and shall comprise of a Chairman and at least 2 other members.
- 1.2 All members of The Committee shall be non-executive directors who are considered by the board to be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment. The Chairman of the Board shall not be a member of The Committee. At least one member of The Committee should have recent relevant financial experience.
- 1.3 If a regular member is unable to act due to absence, illness or any other cause, the Chairman of The Committee may appoint another director of the company to serve as an alternate member having due regard to maintaining membership of independent non-executive members.
- 1.4 The Committee may co-opt additional members as they think fit to provide specialist independent advice, provided that any member so co-opted must also be fully independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment.
- 1.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.
- 1.6 The Board, on the recommendation of the Nomination Committee, shall appoint The Committee Chairman who shall be an independent non-executive director.
- 1.7 The Committee may ask the Executive Chairman, Finance Director and any relevant senior management to attend meetings either regularly or by invitation, but the invitees have no right of attendance.
- 1.8 The Committee shall ask a representative of the external auditors and the head of internal audit to attend all meetings. The Committee should have at least one meeting per annum with the external and



internal auditors without management being present.

## **2. Secretary**

2.1 The Company Secretary or their nominee shall act as the Secretary of The Committee.

## **3. Quorum**

3.1 The quorum necessary for the transaction of business shall be 2. 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.

3.2 Meetings may be held by telephone or video conference.

## **4. Frequency of Meetings**

4.1 The Committee shall meet not less than three times per year at such times as the Chairman of The Committee shall require.

4.2 Meetings will be arranged to tie in with the publication of the company's financial statements, allowing at least 2 working days prior to a Board Meeting where accounts or financial statements are to be approved.

4.3 Meetings can be requested by the external or internal auditors if they consider one is necessary.

## **5. Notice of Meetings**

5.1 Meetings of The Committee shall be summoned by the Secretary of The Committee at the request of any member thereof.

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 no fewer than 5 working days prior to the date of the meeting.

## **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 should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3 Minutes of Committee meetings shall be circulated promptly to all members of The Committee and to the Chairman and all members of The Board.



## **7. Annual General Meeting**

7.1 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**

### **8.1 Internal Control and Risk Assessment**

8.1.1 The Committee shall keep under review the effectiveness of the company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks, and shall provide an annual report to the Board on their activities in this regard.

### **8.2 Internal Audit**

8.2.1 The Committee shall consider applications for the post of and approve the external appointment of the head of the internal audit function; any dismissal of the post holder should be considered by The Committee.

8.2.2 The Committee shall consider and approve the terms of reference of the internal audit function, and shall be advised of the planned programme of audits and the reason for any change or delay in the programme.

8.2.3 The committee shall ensure that the internal audit function has the necessary resources and access to information to enable it to fulfill its programme and to perform its duties in accordance with the appropriate professional standards for internal auditors.

8.2.4 The Committee shall review the management of financial matters and focus upon the freedom allowed to the internal auditors.

8.2.5 The Committee shall review promptly all reports on the company from the internal auditors.

8.2.6 The Head of Internal Audit shall be given the right of direct access to the Chairman of The Committee and the Chairman of the Board.

### **8.3 External Audit**

8.3.1 The Committee shall consider and make recommendations to The Board as regards the appointment and re-appointment of the company's external auditors.

8.3.2 The Committee shall ensure that key partners within the appointed firm are rotated from time to time in accordance with current requirements and shall assess annually the qualification, expertise resources and independence of the external auditors and the effectiveness of the audit process. The assessment will cover all aspects of the audit service provided and include obtaining a report on the auditor firms own quality control procedures.



8.3.3 The Committee shall set and apply a formal policy specifying (and articulating the rationale for) types of non audit work (i) from which the external auditors are excluded and (ii) where the use of external auditors is deemed appropriate and particularly advantageous, in the context of the need to maintain independence, given the expertise offered, and on the basis of real cost effectiveness.

8.3.4 The Committee shall meet with the external auditors at least twice each year, once at the planning stage, where the scope of the audit will be considered, and once post audit at the reporting stage, and shall ensure that any auditor's management letters and management's responses are reviewed.

8.3.5 The Committee shall keep under review the relationship with external auditors including (but not limited to):

8.3.5.1 the independence and objectivity of the external auditors;

8.3.5.2 the company's policy with regard to the employment of former employees of the external auditor;

8.3.5.3 the consideration of audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities, and the implementation of the policy on non-audit activities; and

8.3.5.4 discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the company's internal auditing standards.

#### 8.4 Financial Statements

8.4.1 The Committee shall keep under review the consistency of accounting policies both on a year to year basis and across the company/group.

8.4.2 The Committee shall review and challenge where necessary the company's financial statements taking into account:

8.4.2.1 decisions requiring a major element of judgement;

8.4.2.2 the extent to which the financial statements are affected by any unusual transactions;

8.4.2.3 the clarity of disclosures;

8.4.2.4 significant adjustments resulting from the audit;

8.4.2.5 the going concern assumption;

8.4.2.6 compliance with accounting standards;

8.4.2.7 compliance with stock exchange and other legal requirements; and



8.4.2.8 reviewing the company's statement on internal control systems prior to endorsement by The Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the company.

8.4.3 The Committee shall review the annual financial statements of the pension funds where not reviewed by The Board as a whole.

#### 8.5 Reporting Responsibilities

8.5.1 The Committee or its Chairman shall meet formally with the Board of Directors at least once a year to discuss such matters as the Annual Report and the relationship with the external auditors.

8.5.2 In the light of its other duties, the Committee shall make whatever recommendations to The Board it deems appropriate and shall compile a report to shareholders to be included in the company's Annual Report and Accounts.

8.5.3 If the auditor has provided non audit services, the committee shall include prepare a statement for inclusion in the Annual Report and Accounts explaining how auditor objectivity and independence is safeguarded.

8.5.4 If the board does not accept the audit committees recommendation in relation to the appointment or reappointment of the auditors, the audit committee shall prepare a statement explaining its recommendation for inclusion in the annual report and any papers recommending the appointment or reappointment of the auditors.

#### 8.6 Other Matters

8.6.1 The Committee shall give due consideration to the requirements of the UK Listing Authority's Listing Rules.

8.6.2 The Committee shall be review and approve the co-ordination of the internal and external auditors.

8.6.3 The Committee will review the company's procedures for handling allegations from whistleblowers, to ensure that arrangements are in place for appropriate and independent investigation of such matters and that appropriate follow up action is taken.

8.6.4 The Committee shall oversee any investigation of activities, which are within its terms of reference and act as a court of the last resort.

8.6.5 The Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

### 9. Authority

The Committee is authorised:



- 9.1 to seek any information it requires from any employee of the company in order to perform its duties;
- 9.2 to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- 9.3 to call any member of staff to be questioned at a meeting of The Committee as and when required.