

# Audit Committee

## Terms of Reference

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## 1 Constitution

The Board of RWS Holdings plc (the 'Board') has reviewed and confirmed the establishment of a Committee of the Board to be known as the Audit Committee (the 'Committee').

## 2 Membership

- 2.1. The Committee shall comprise at least three members, all of whom shall be independent Non-Executive Directors. At least one member shall have recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates. The Chair of the Board shall not be a member of the Committee. Members of the Committee shall be appointed by the Board in consultation with the Chair of the Committee.
- 2.2. Only members of the Committee shall have the right to attend Committee meetings. However, other individuals including, but not limited to, the Chief Financial Officer, the Group Financial Controller, the Company Secretary and the external auditors may be invited to attend all or any part of any meeting as and when deemed appropriate and necessary. In addition, other members of the Board may attend with the Chair's consent.
- 2.3. 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 members continue to be independent.
- 2.4. The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

## 3 Secretary

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

## 4 Quorum

The quorum for the transaction of business shall be two.

## 5 Frequency of meetings

- 5.1. The Committee shall meet at least four times a year and otherwise as required.
- 5.2. Outside of the formal meeting programme, the Committee Chair, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the Company Chair, the Chief Executive Officer, the Chief Financial Officer and the external audit lead partner.

## 6 Notice of meetings

- 6.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of the external audit lead partner if they consider it necessary.
- 6.2. 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 independent Non-Executive Directors, no later than two working days before the date of the meeting. Supporting papers shall be sent to Committee members, other attendees and other members of the Board, as appropriate, at the same time.

## 7 Minutes of meetings

- 7.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2. 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 in the opinion of the Committee Chair, it would be inappropriate to do so.
- 7.3. Signed copies of the minutes of meetings shall be maintained for the Company's records in hard and soft copy.

## 8 Annual General Meeting

The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

## 9 Duties

The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the Group as a whole. The Committee shall:

- 9.1 Financial reporting
  - 9.1.1 Monitor the integrity of the financial statements of the Company including but not limited to its annual and half-yearly reports, preliminary announcement of, and any other formal announcements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.
  - 9.1.2 In particular, the Committee shall review and challenge where necessary:
    - 9.1.2.1 The application of significant accounting policies and any changes to them;
    - 9.1.2.2 The methods used to account for significant or unusual transactions, where different accounting treatments are possible;

- 9.1.2.3. Whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements; and
- 9.1.2.4. All material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.
- 9.1.2.5. 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.

## 9.2 Narrative reporting

The Committee shall 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.

## 9.3 Internal controls and risk management systems

The Committee shall:

- 9.3.1. Keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and its other internal control and risk management systems;
- 9.3.2. Review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement; and
- 9.3.3. Review the Company's procedures for handling reports under its Speak-up Policy and consider reports concerning possible wrongdoing to ensure that the arrangements and proposed responses allow proportionate and independent investigation of such matters and for appropriate follow-up action.

## 9.4 Fraud

The Committee shall review the Company's procedures for detecting and preventing fraud.

## 9.5 External audit

The Committee shall:

- 9.5.1. 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 external auditor and to approve the remuneration to be paid to the external auditors in respect of audit services.
- 9.5.2. Develop and oversee the selection procedure for the appointment of the external auditor, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process.
- 9.5.3. If the external auditor resigns, to investigate the issues leading to this and take any necessary action.
- 9.5.4. Oversee the relationship with the external auditor, including:
  - 9.5.4.1. Approve their remuneration, including both fees for audit and non - audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - 9.5.4.2. Approve their terms of engagement including any engagement letter issued at the start of each audit and the scope of their audit;

9.5.4.3. Agreeing with the external auditor, before the work commences, the nature of any non-audit services; and

9.5.4.3. Reviewing the audit findings with the external auditor including:

- Any major issues that arose during the audit;
- Any significant accounting or audit judgements;
- The levels of any errors identified; and
- The effectiveness of the audit process.

- 9.5.5. Assess annually the external auditor's independence and to ensure, in particular, that the auditor's independence, including in relation to the provision of non-audit services, is not jeopardised.
- 9.5.6. Satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) that could adversely affect the external auditor's independence or objectivity.
- 9.5.7. To agree with the Board a policy on the employment of former employees of the Company's auditor, taking into account the legal requirements, and monitor the application of this policy.
- 9.5.8. To develop and recommend to the Board the Company's formal policy on the supply of non-audit services by the external auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements.
- 9.5.9. Review the level of fees paid by the Company to the external auditor.
- 9.5.10 Assess annually the qualifications, expertise and resources and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures.

## 10 Reporting responsibilities

- 10.1. The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities including in particular:
- 10.1.1. The significant issues that it considered in relation to the financial statements (required under paragraph 9.1.1) and how these were addressed;
- 10.1.2. Its assessment of the effectiveness of the external audit process (required under paragraph 9.5.10), the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
- 10.1.3. Any other issues on which the Board has requested the Committee's opinion.
- 10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 10.3. The Committee shall compile a report on its activities to be included in the Company's Annual Report and Accounts. The report should 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 Quoted Companies Alliance Corporate Governance Code (the QCA code).
- 10.4. In compiling the reports referred to in 10.1 and 10.3, 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 and the inputs to the Board's viability statement and the Company's internal financial controls. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

## 11 Other matters

The Committee shall:

- 11.1. Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- 11.2. 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.
- 11.3. Give due consideration to laws and regulations, the provisions of the QCA code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Regulation Rules and Disclosure, Guidance and Transparency Rules and any other applicable rules, as appropriate.
- 11.4. Oversee any investigation of activities which are within its Terms of Reference.
- 11.5. 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.

## 12. Authority

- 12.1. The Committee is authorised by the Board to Investigate any activity within its Terms of Reference.
- 12.2. Seek any information it requires from any employee of the Company, or any supplier or adviser, in order to perform its duties.
- 12.3. Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so.
- 12.4. Call any employee to be questioned at a meeting of the Committee as and when required

- 12.5. 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.

Approved by the Board of RWS Holdings plc

26 May 2023

#### About RWS

RWS Holdings plc is a unique, world-leading provider of technology-enabled language, content and intellectual property services. Through content transformation and multilingual data analysis, our unique combination of technology and cultural expertise helps our clients to grow by ensuring they are understood anywhere, in any language.

Our purpose is unlocking global understanding. By combining cultural understanding, client understanding and technical understanding, our services and technology assist our clients to acquire and retain customers, deliver engaging user experiences, maintain compliance and gain actionable insights into their data and content.

We work with over 80% of the world's top 100 brands, more than three-quarters of Fortune's 20 'Most Admired Companies' and almost all of the top pharmaceutical companies, investment banks, law firms and patent filers. Our client base spans Europe, Asia Pacific and North and South America. Our 65+ global locations across five continents service clients in the automotive, chemical, financial, legal, medical, pharmaceutical, technology and telecommunications sectors.

Founded in 1958, RWS is headquartered in the UK and publicly listed on AIM, the London Stock Exchange regulated market (RWS.L).

For further information, please visit: [www.rws.com](http://www.rws.com).

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