

BLOOMSBURY PUBLISHING PLC

Audit Committee Terms of Reference

Approved by the Board on 28 October 2019

1. Constitution and authority

- 1.1 The audit committee (the "**Committee**") is constituted as a committee of the Board of Directors (the "**Board**") of Bloomsbury Publishing Plc (the "**Company**") in accordance with the Articles of Association of the Company.
- 1.2 The Committee has the delegated authority of the Board in respect of the functions, powers and responsibilities set out in these Terms of Reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority to one or more of its members or to the Company Secretary (or their nominee), including, without limitation, the establishment of sub-committees which are to report back to the Committee.

2. Membership

- 2.1 The Committee shall consist of a minimum of two members. The Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chair of the Audit Committee.
- 2.2 All members of the Committee shall be independent non-executive directors of the Company, at least one of whom 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 should not be a member.
- 2.3 Only members of the Committee have the right to attend Committee meetings. Other individuals and representatives of the external auditors may be invited to attend all or part of any meeting at the invitation of the Committee.
- 2.4 The Chair of the Committee shall be appointed by the Board from amongst the independent Non-Executive Directors. In the absence of the Chair of the Committee the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

- 3.1 The Company Secretary or his or her nominee shall act as secretary to the Committee.

4. Quorum

- 4.1 A quorum shall be any two members.

5. Frequency of meetings

- 5.1 The Committee shall meet at least three times a year, and where appropriate meetings should coincide with key dates in the Company's financial reporting cycle.

6. Notice of meetings

- 6.1 Meetings of the Committee shall be called by the Chair or the Secretary of the Committee at the request of any of its members. The Head of Internal Audit or external auditors may request a meeting of the Committee if they consider that one is necessary.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with the agenda of items to be discussed, shall be forwarded to each member of the Committee in advance of the meeting. The Company Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

7. Minutes of meetings

- 7.1 The Company Secretary shall minute the proceedings and decisions of all meetings of the Committee, including the names of those present and in attendance.
- 7.2 The Company Secretary shall circulate the minutes of meetings to the Committee, all members of the Board, the external auditors and such other attendees of the meetings as the Chair of the Committee shall direct.

8. Annual General Meeting

- 8.1 The Chair of the Committee is expected to attend the Annual General Meeting to answer shareholder questions on the Committee's activities and to seek engagement with shareholders on significant matters related to the Committee's responsibilities.

9. Duties

The duties of the Committee are:

Financial reporting

- 9.1 to monitor the integrity of the financial and narrative statements of the Company, including the annual and half-yearly reports and any formal announcements or regulatory returns relating to the Company's financial performance, reviewing significant financial reporting judgements contained therein;
- 9.2 to review, and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
- 9.2.1 significant accounting policies and practices, and any changes in them;
 - 9.2.2 the extent to which the financial statements are affected by any significant or unusual transactions in the year and how they are disclosed;
 - 9.2.3 decisions requiring a major element of judgement;
 - 9.2.4 the clarity of disclosures;
 - 9.2.5 reviewing the strategic report and corporate governance statements, addressing audit and risk management, prior to endorsement by the Board;
 - 9.2.6 significant adjustments resulting from the audit;
 - 9.2.7 going concern assumption and longer term viability statements;
 - 9.2.8 compliance with accounting standards; and
 - 9.2.9 compliance with stock exchange and other similar legal requirements.
- 9.3 to consider other topics, as defined by the Board.

Narrative reporting

- 9.4 to oversee the review of 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.
- Internal control and risk management systems*
- 9.5 to review, understand and evaluate the adequacy and effectiveness of the Company's internal financial controls, and other internal control and risk management systems;
- 9.6 to review management's and the internal auditor's reports on the effectiveness of systems for internal financial control, financial reporting and risk management; together with monitoring management's responsiveness to their findings; and
- 9.7 to review and approve the statements to be included in the annual report concerning internal controls and risk management.

Compliance

- 9.8 to review the adequacy and effectiveness of the company's policies and controls relating to bribery, money-laundering, data protection and competition.

Internal Audit

- 9.9 to monitor and review the effectiveness of the Company's internal audit function on an annual basis in the context of the overall risk management system;
- 9.10 to approve the appointment or dismissal of the Head of Internal Audit;
- 9.11 to ensure that the internal audit function is adequately resourced and has appropriate standing within each company;
- 9.12 to review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- 9.13 to consider management's response to any major internal audit recommendations;
- 9.14 to consider the findings of major internal investigations into control weaknesses, fraud or misconduct and management's response, (in the absence of management where necessary);
- 9.15 the Head of Internal Audit shall have direct access to the Chair of the Board and Chair of the Committee, and is accountable to the Committee; and
- 9.16 the Head of Internal Audit shall meet with the Committee without executive directors present at least annually. A separate part of each meeting will be set aside for discussions with the Head of Internal Audit as required.

External Audit

- 9.17 to consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the external auditor, and confirming that its recommendation is free from influence by a third party;
- 9.18 to ensure that the external audit contract is put out to tender at least once every ten years and to conduct the selection process in accordance with all relevant UK professional and regulatory requirements. Where the external Auditor has been appointed for more than five consecutive years, to ensure that future retendering plans are communicated to shareholders;
- 9.19 to investigate any issues arising from the external auditor's resignation or dismissal;
- 9.20 to oversee the relationship with the external auditor including (but not limited to):
- 9.20.1 approval of their remuneration, whether fees for audit or non-audit services, ensuring that the level of fees is appropriate;
 - 9.20.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 9.20.3 to monitor and review the effectiveness of the external audit process and assess annually the external auditor's independence, objectivity and effectiveness, taking into consideration relevant UK professional and regulatory requirements, and any findings or conclusions by the Financial Reporting Council;
 - 9.20.4 to agree a policy on the employment of former employees of the external auditor and monitor the application of this policy; and
 - 9.20.5 monitoring, as part of the annual review of the external auditor, the auditor's compliance with the relevant ethical and professional guidance on the rotation of audit partner.
- 9.21 to discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- 9.22 to review the proposed audit programme for each operating company with the external and internal auditors and to ensure co-ordination, where more than one external audit firm is involved;

- 9.23 to review, as part of the annual review of the external auditor, the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- 9.24 to review any representation letter(s) requested by the external auditor before they are signed by management;
- 9.25 to review the external auditor's management letter and management's response;
- 9.26 to approve the company's formal policy on the provision of non-audit services by the 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. The Committee will keep under review the non-audit fees paid to the external auditors in relation to their significance to the auditors to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity and remains within policy limit;
- 9.27 to review the findings of the audit with the external auditor and review any significant findings and monitor management's response and action taken; and
- 9.28 the external auditors shall meet with the Committee without executive directors present at least annually. A separate part of each meeting will be set aside for discussions with the external auditors as required.

10. Reporting responsibilities

- 10.1 The Committee shall report to the Board on the following matters for which the Board has delegated responsibility:
 - 10.1.1 the monitoring and review of the application of policy relating to the audit of all companies within the Group;
 - 10.1.2 the monitoring and review of the consistency of compliance with and application of the accounting principles, policies and standards to be used by the Group in maintaining and producing their statutory accounts and financial reports;
 - 10.1.3 the appointment of the internal and external auditors, the external audit fee, and any questions of their resignation or dismissal;
 - 10.1.4 the review of the effectiveness of the risk management and internal control systems to give assurance to the Board that effective control is being maintained;
 - 10.1.5 the review of the Company's business and corporate governance statements (audit and risk functions); and
 - 10.1.6 the outcome of the statutory audit, explaining its contribution to the integrity of the financial statements.
- 10.2 A report on the Committee's duties and activities during the year shall be included in the annual financial statements, including:
 - 10.2.1 the significant issues that the Committee considered relating to the financial statements and how these issues were addressed;
 - 10.2.2 An explanation of how it has assessed the independence and effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the external auditor, when the last tender was conducted and advance notice of any tendering plans;
 - 10.2.3 In the case of the Board not accepting the Committee's recommendation on the external auditor's appointment, reappointment or removal, a statement from the Committee explaining its recommendation and the reasons why the Board has taken a different position; and
 - 10.2.4 An explanation of how auditor independence is safeguarded where the external auditor supplies non-audit services.

11. The Committee shall:

- 11.1 investigate any activity within its terms of reference.
- 11.2 conduct an annual review of their work and these terms of reference and make recommendations to the Board.
- 11.3 be provided with appropriate and timely training.

12. Authority

The Committee is authorised by the Board to:

- 12.1 obtain, at the Company's expense, independent legal, accounting or other professional advice and such advisors may attend meetings as necessary
- 12.2 seek any information that it requires from any employee of the Company and all employees are directed to cooperate with any request made by the Committee;
- 12.3 direct either the external or internal auditors to undertake investigations on its behalf and to follow up on any suspicions of fraud; and
- 12.4 commission reports from any subsidiary audit committees.