



TERMS OF REFERENCE

Audit Committee

Approved by the Board of Computacenter Plc on 17 December 2019

Terms of Reference

Audit Committee

Membership

- Three independent Non-Executive Directors (at least one of whom shall have recent and relevant financial experience), to be appointed by the Board, on the recommendation of the Nomination Committee, and in consultation with the Chairman of the Audit Committee. The Chairman of the Board shall not be a member of the Committee. Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, if the relevant member continues to be deemed independent by the Board of Directors [the "Board"]. The Committee as a whole shall have competence relevant to the sector in which the Company operates in accordance with provision 24 of the 2018 UK Corporate Governance Code [the "Code"].
- Only members of the Committee have the right to attend Committee meetings. In accordance with the 2016 FRC Guidance on Audit Committees, it is expected that the Finance Director, Head of Internal Audit and Risk and External Audit Lead Partner will be invited regularly to meetings. The Committee may invite others including the Chairman and the Chief Executive Officer, to attend all or part of any meeting. The Company Secretary, or their nominee, shall act as Secretary of the Committee, and the Committee shall have access to the services of the Company Secretary on all Committee matters.
- The Company Secretary, the External Audit Lead Partner, the Finance Director, the Head of Internal Audit and Risk and other key people involved with the Company's governance shall have access to the Chairman of the Committee or any other member as required, in relation to any matter falling within the remit of the Committee.

Quorum and Meetings

- Meetings of the Committee will normally be held at least four times a year and at such other times as the Committee deems appropriate.
- The quorum necessary for decisions of the Committee shall be any two members of the Committee.
- The Chairman (or, in his absence, an alternative member of the Committee) shall attend the Annual General Meeting to answer questions concerning matters falling within the ambit of the Audit Committee and maintain contact as required with the Company's principal shareholders about matters falling within the ambit of the Audit Committee in the same way as for other matters.
- The Committee shall meet, as required and at least on an annual basis, with the External Auditor and also with the Head of Internal Audit and Risk without any executive member of the Board or other Company representatives in attendance at either meeting.

Duties and Responsibilities of the Committee

The Committee will:

External Audit

- be primarily responsible for the appointment of the External Auditor, including negotiating and agreeing the fee and scope of the audit, initiating a tender process, influencing the appointment of an engagement partner and making formal recommendations to the Board, to put to shareholders for approval in a general meeting, in relation to the appointment, re-appointment and removal of the External Auditor;
- oversee the selection process for a new External Auditor and if the External Auditor resigns, investigate the issues leading to this and determine whether any action is required;
- ensure that an External Auditor tender process is carried out in accordance with the requirements set out within The Statutory Audit Services for Large Companies Market (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and Articles 16 and 17 of EU Regulation No 537/2014, having specific regard to the frequency and manner in which such a process must be carried out;
- if the External Auditor resigns, consider the issues leading to this and decide whether any action is required;
- evaluate the risks to the quality and effectiveness of the financial reporting process on an ongoing basis, including with regards to the External Auditor;
- oversee the overall relationship between the Company and its External Auditor including, but not limited to:
 - approving the remuneration to be paid to the External Auditor in respect of audit services provided, whilst ensuring that an effective, high quality audit can be conducted for such a fee;
 - ensuring that no fee payable to the External Auditor is calculated on a predetermined basis relating to the outcome or result of work performed for that fee;
 - developing and recommending to the Board a policy for the engagement of the audit firm for any non-audit services, specifically taking account of provisions 4.34 to 4.36 of the FRC's 2016 Ethical Standard and keeping the policy under ongoing review;
 - setting and applying a formal policy specifying the types of non-audit service for which use of the External Auditor is pre-approved, ensuring that such services are limited to those which are, in its view, clearly trivial;
 - setting a policy for how it will assess whether non-audit services have a direct or material effect on the audited financial statements and how it will assess and explain the estimation of the effect on the financial statements;
 - agreeing with the Board, the Company's policy for the employment of former employees of the External Auditor, and monitoring the application of that policy, paying particular attention to the part of the policy regarding former employees of the External Auditor who were part of the audit team and moved directly to the Company;
 - the approval of the External Auditor's terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - assessing on an annual basis, monitoring on an ongoing basis and reporting to the Board on the qualifications, expertise, resources, independence (with specific regard to FRC's 2016 Ethical Standard and other professional requirements), objectivity and effectiveness of the External Auditor, which shall include a report from the External Auditor on their own internal quality control procedures and consideration of the audit firms' annual transparency reports;

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- reviewing any report on the audit of the financial statements of the Company by the FRC's Audit Quality Review team with the External Auditor;
- monitoring the External Auditor's compliance with the FRC's 2016 Ethical Standard on the rotation of the 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 regulatory requirements;
- discussing with the External Auditor, before the audit commences, the nature and scope of the audit to ensure that appropriate plans are in place, and ensuring co-ordination where more than one audit firm is involved;
- discussing with the External Auditor problems and reservations arising from the audit, including major issues which arose during the audit, key accounting and audit judgements, levels of errors identified during the audit, the effectiveness of the audit process taking into consideration relevant UK professional and regulatory requirements, and any other matters the External Auditor wishes to discuss;
- reviewing any representation letter requested by the External Auditor before it is signed by management, giving particular consideration to matters where representation has been requested which relates to non-standard items;
- satisfy itself that there are no relationships between the External Auditor and the Company (other than in the ordinary course of business) which could adversely affect the External Auditor's independence and objectivity.
- reviewing the management letter and management's response to the External Auditor's findings and recommendations.

Financial Reporting

- review the integrity of and challenge where necessary, the annual and interim financial statements, the accompanying reports to shareholders, the preliminary announcement of results and any other announcement regarding the Company's results or other financial information to be made public, before submission to the Board, focusing particularly on:
 - the quality and appropriateness of accounting policies and practices;
 - any significant estimates and judgements;
 - any significant or unusual transactions, especially where differing accounting treatments may be used;
 - compliance with accounting standards and other guidance on accounting and disclosure requirements issued by regulators;
 - clarity and completeness of disclosure in the financial reporting and the context in which statements are made;
 - compliance with statutory and stock exchange requirements (for any exchange on which the Company's securities are quoted).

The Committee will also:

- where requested by the Board provide advice on whether the annual report, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, including whether other information presented in the Company's Annual Report is consistent with the financial statements;
- assist the Board in making its assessment as to whether it is appropriate to adopt the going concern basis of accounting in preparing the annual and half-yearly financial statements, and identifying any material uncertainties to the Company's ability to do so over a period of at least twelve months from the date of approval of those financial statements; and
- if requested, and taking account of the Company's current position and principal risks, provide advice to the Board in making a statement (the "Viability Statement") which assesses the prospects of the Company over a defined period (the "Assessment Period") and states whether the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the Assessment Period, drawing attention to any necessary qualifications or assumptions as may be necessary; and
- evaluate the risks to the quality and effectiveness of the financial reporting process on an ongoing basis, including consideration of the findings of the external audit.

Internal Controls and Risk Management Systems

- advise the Board on the statements to be included in the annual report on internal control and risk management;
- keep under review the Company's internal financial controls;
- keep under review the effectiveness of the internal control and risk management systems, and make appropriate recommendations to the Board for their approval;
- review the adequacy and security of the Company's arrangement for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, ensure that arrangements are in place for the proportionate and independent investigation of such matters and be responsible for determining that such matters have been adequately resolved;
- review the Company's procedures for preventing and detecting fraud and bribery;
- if requested, provide advice to the Board concerning its confirmation in the annual report that it has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;

Internal Audit

- review and monitor the effectiveness of the internal audit function in the overall context of the Company's risk management system, including ensuring that it has adequate resources and appropriate access to information to fulfil its duties effectively and is equipped to do so in accordance with appropriate professional standards for internal auditors;
- approve the appointment and any proposed dismissal of the Head of Internal Audit and Risk and review and approve annually the audit universe, internal audit plan (ensuring that this is aligned to the key risks of the business) and internal audit charter;

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- consider, from time to time, whether an independent, third party review of internal audit effectiveness and processes is appropriate;
- review reports addressed to the Committee from the internal auditor;
- review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- the Group Head of Internal Audit and Risk shall report to the Group Audit Committee Chairman in respect of all matters related to the development and execution of the internal audit plan, and the Group Audit Committee Chairman shall approve his/her remuneration arrangements, including the quantum of any annual bonus payment. In respect of other day-to-day matters, he/she will report to the Group Finance Director.

Other Matters

- annually review the Company's Treasury policies;
- annually review the Company's Tax policies;
- annually review its own performance, constitution and Terms of Reference to ensure that it is operating effectively and recommend any changes it considers necessary to the Board; and
- consider other relevant matters as defined by the Board and make recommendations on these matters.

Reporting Responsibilities

- The Chairman of the Committee shall report formally to the Board (i) on its proceedings after each meeting on all matters within its duties and responsibilities and (ii) on how it has discharged its duties and responsibilities. Including (a) the significant issues that it considered in relation to the financial statements and how these were addressed, (b) its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the External Auditor and (c) any other issues on which the Board has requested the Committee's opinion.
- The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall produce a report (the "Report") on its activities to be included in the Company's annual report.
- The Report shall include, amongst other things, the following:
 - the significant issues that the Committee considered including (i) issues in relation to the financial statements, and how these issues were addressed, having regard to matters communicated to it by the External Auditor, (ii) the nature and extent of interaction (if any) with the Financial Reporting Council's ("FRC") Corporate Reporting Review team and (iii) where the Company's audit has been reviewed by the FRC Audit Quality Review Team, make disclosures concerning any significant findings and the actions that the Committee and the External Auditor intend to take as a result of such findings;
 - an explanation of how the Committee has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the External Auditor, information on the length of tenure of the current audit firm, the current audit partner name and for how long the partner has held the role, when a tender was last conducted and advance notice of any retendering plans;
 - if the External Auditor provides non-audit services: (i) an explanation of how auditor objectivity and independence are safeguarded, (ii) the Committee's policy for the approval of non-audit services, (iii) fees paid to the External Auditor for audit related and non-audit services, including the ratio of audit to non-audit work and, for each significant engagement, or category of engagements, an explanation of what the services are and why the Committee concluded that it was in the best interests of the Company to purchase them from the External auditor; and
 - how the Committee composition requirements required under the Code have been addressed, and the names and qualifications of all members of the Committee during the relevant reporting period, if not provided elsewhere.

Authority

- Unless more stringent requirements are made by these Terms of Reference, the meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of Directors.
- The Committee is entitled to employ, at Computacenter's expense, the services of such independent advisers as it deems necessary to fulfil its responsibilities.
- The Committee is authorised to seek any information from any employee of the Company or a subsidiary in order to perform its duties, including requiring them to be questioned at a Committee meeting.
- The Committee is entitled to have published, in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

Audit Committee Terms of Reference approved by the Board on 17 December 2019

Computacenter is a leading independent technology partner, trusted by large corporate and public sector organisations. We help our customers to source, transform and manage their IT infrastructure to deliver digital transformation, enabling users and their business. Computacenter is a public company quoted on the London FTSE 250 (CCC.L) and employs over 17,000 people worldwide.



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