



ASOS Plc

Terms of Reference – Audit Committee (the “Committee”)

(Approved by the Committee on [6 October 2022])

1. Membership

- 1.1 The Committee shall comprise of a Chair and at least three other members, each of whom shall be appointed by the Board of the Company (the “Board”). All members of the Committee shall be independent Non-Executive Directors of the Company. At least one member of the Committee shall have up to date, recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the company operates.
- 1.2 Appointments to the Committee shall be for a period of three years, extendable by no more than two additional three-year periods, so long as the member of the Committee continues to be considered independent by the Company.
- 1.3 The Chair of the Board will not be a member of the Committee but may be invited to attend meetings. Only members of the Committee have the right to attend Committee meetings. The Chief Executive Officer, Chief Financial Officer, Director of Group Finance and Director of Internal Audit & Risk will be invited to attend meetings on a regular basis, although they will withdraw for confidential sessions. Other Directors, other members of the Finance and Business Assurance & Resilience function may be invited to attend all or part of meetings, as necessary or deemed appropriate. The external audit partner and supporting managers will be invited to attend meetings of the Committee on a regular basis, as necessary or deemed appropriate.
- 1.4 The Committee shall have the power to set up sub-committees to review and report on any specific matters which it shall, from time to time, deem necessary. These Terms of Reference shall apply to any such sub-committee, unless the sub-committee has its own terms of reference.
- 1.5 In the absence of the Committee Chair, the remaining members present shall elect one of their number to chair the meeting (provided that a quorum is still present).

2. Meetings

- 2.1 The Committee shall meet formally at least three times a year and its meetings shall be held to coincide as far as reasonably practicable with the key dates within the financial and audit reporting cycle.
- 2.2 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Group’s governance, including the Chair of the Board, the Chief Executive Officer, Chief Financial Officer, the external audit partner and the Director of Internal Audit & Risk.
- 2.3 A meeting of the Committee may be called by any member of the Committee or by the Secretary, or at the request of the external audit partner or Director of Internal Audit & Risk.



- 2.4 Notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items for discussion, shall be forwarded to each member of the Committee and any other person required to attend at least one working day prior to the meeting by the Company Secretary or their nominee.
- 2.5 The Committee should meet with the external auditors at least once a year in a private session without the Chief Executive Officer, Chief Financial Officer and Director of Group Finance, or any other Executive Director present.
- 2.6 Any member may participate in a meeting of the Committee by means of a conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other. Resolutions and decisions of the kind normally made or taken at a physical meeting of the Committee in accordance with these terms of reference can accordingly be made or taken even if no persons participating are physically present with each other. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chair of the meeting is located.

3. Secretary

- 3.1 The Company Secretary or other nominated person shall be the Secretary of the Committee and shall be invited to attend meetings.
- 3.2 The Secretary will ensure the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Quorum

The quorum for meetings of the Committee shall be two. A duly convened meeting of the Committee at which a quorum is present shall be fully competent to exercise all powers, authorities or discretions exercisable by the Committee.

5. Minutes of meetings

- 5.1 The Secretary shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.
- 5.2 Copies of the minutes of each Committee meeting shall be circulated to all members of the Committee and to the Chair of the Board as soon as reasonably practicable following the meeting.
- 5.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

6. Engagement with stakeholders

The Committee Chair shall attend the Annual General Meeting to answer any shareholder questions to the Committee and its activities. In addition, where necessary, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's area of responsibility.



7. Duties

The Committee shall carry out the duties below for the Company, as well as each and all of its subsidiary undertakings and the group as a whole (together the Group), as appropriate.

7.1 Financial Reporting

The Committee shall:

- 7.1.1 monitor the integrity of the Group's financial statements and form of announcements relating to the Group's financial performance, reviewing significant financial judgments outlined in them.
- 7.1.2 The Committee shall review and challenge where necessary:
 - 7.1.2.1 the consistency of and any changes to accounting policies on a year on year basis across the Group;
 - 7.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 7.1.2.3 whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 7.1.2.4 the clarity of disclosure in the Group's financial reports and the context in which statements are made; and
 - 7.1.2.5 all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to audit and risk management
- 7.1.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, it shall report its views to the Board.

7.2 Narrative Reporting

The Committee should review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is a fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's performance, business model and strategy and whether it informs the Board's statement in the Annual Report and Accounts on these matters that is required under the Code.

7.3 Internal Controls and Risk Management System

The Committee shall:

- 7.3.1 keep under review the effectiveness of the Group's internal controls and risk management systems; and
- 7.3.2 review and approve the statements to be included in the Annual Report concerning internal controls and risk management, including the viability statement.
- 7.3.3 Review and have oversight over the principal risks of the Group and ensure the Committee are comfortable with the level of control and risk appetite..
- 7.3.4 consider, taking into account the Group's position and principal risks, the Group's prospects and how they have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary.
- 7.3.5 Review the approach to the identification and assessment of the emerging and principal risks facing the Group, including the management and mitigation of those risks.



7.4 Compliance, whistleblowing, IT security and fraud

- 7.4.1 The Board has delegated authority to the Committee to have oversight of the Group's whistleblowing procedures. The Committee shall report to the Board with any escalations where necessary.
- 7.4.2 The Committee shall:
 - 7.4.2.1 review the adequacy and security of the Group's arrangements for its employees, contractors and external parties 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 investigations of such matters and appropriate follow up action;
 - 7.4.2.2 review the Group's systems, processes and controls for ensuring compliance with applicable laws and standards, as well as the prevention of bribery, and receive reports on any instances of non-compliance;
 - 7.4.2.3 Review the Group's procedures for detecting fraud and monitoring IT security.

7.5 Internal Audit

The Committee shall:

- 7.5.1 monitor and review the effectiveness of the Group's internal audit function;
- 7.5.2 review and approve the charter of the internal audit function;
- 7.5.3 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;
- 7.5.4 ensure the internal audit function has unrestricted scope and there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan
- 7.5.5 ensure the Director of Internal Audit & Risk has direct access to the Chair of the Board and to the Committee Chair, providing independence from the executive and accountability to the Committee;
- 7.5.6 review reports addressed to the Committee from the Director of Internal Audit & Risk
- 7.5.7 review and assess the annual internal audit plan;
- 7.5.8 review and monitor management's responsiveness to the findings and recommendations of the internal audit function;
- 7.5.9 meet the Director of Internal Audit & Risk at least once a year without the presence of management;
- 7.5.10 be responsible for co-ordination of the internal and external auditors; and
- 7.5.11 monitor and assess the role and effectiveness of the internal audit function in the overall context of the Group's risk management system and the work of compliance, finance and the external auditor.

7.6 External Audit

The Committee shall:

- 7.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Company's Annual General Meeting, in relation to the appointment, reappointment and removal of the Group's external auditor;



- 7.6.2 put the external audit services contract out to tender, when the Committee deems it necessary, 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 access to information and individuals as is required during the duration of the tendering process;
- 7.6.3 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;
- 7.6.4 oversee the relationship with the external auditor including (but not limited to):
 - 7.6.4.1 approval of their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 7.6.4.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 7.6.4.3 reviewing and assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole (including the provision of any non-audit services) and making recommendations to the Board;
 - 7.6.4.4 developing and implementing a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter;
 - 7.6.4.5 approval of the engagement of the external auditor on the supply of non-audit services;
 - 7.6.4.6 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Group (other than in the ordinary course of business);
 - 7.6.4.7 agreeing with the Board a policy on the employment of former employees of the Group's auditors, then monitoring the implementation of this policy;
 - 7.6.4.8 seeking to ensure co-ordination with the activities of the internal audit function;
 - 7.6.4.9 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements; and
 - 7.6.4.10 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- 7.6.5 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;
- 7.6.6 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 7.6.7 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 7.6.7.1 a discussion of any major issues which arose during the audit;
 - 7.6.7.2 any accounting and audit judgments;
 - 7.6.7.3 levels of errors identified during the audit;



- 7.6.8 review the effectiveness of the audit;
- 7.6.9 review any representation letter(s) requested by the external auditor before they are signed by management;
- 7.6.10 review the management letter and management's response to the auditor's findings and recommendations;
- 7.6.11 seek to ensure co-ordination with the activities of the internal audit function;

8. Reporting Responsibilities

- 8.1 The Committee Chair shall report to the Board on its proceedings at the first Board meeting after the Committee meeting. This report shall include:
 - 8.1.1 the significant issues that the Committee considered in relation to the financial statements and how they were addressed;
 - 8.1.2 its assessment of the effectiveness of both the external and internal audit processes, 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
 - 8.1.3 any other issues on which the Board has requested the Committee's opinion.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall compile a report on its activities to be included in the Annual Report. The report should include:
 - 8.3.1 Information on how the Committee composition requirements have been addressed;
 - 8.3.2 an explanation of how the Committee has monitored the objectivity of and effectiveness of the external audit process;
 - 8.3.3 the approach taken to the appointment or reappointment of the external auditor, including information regarding past and future tender plans;
 - 8.3.4 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;
 - 8.3.5 such other matters as may be required by the UK Corporate Governance Code, other Financial Reporting Council guidance and relevant laws and regulation.

9. Other matters

The Committee shall:

- 9.1 oversee any investigation of activities which are within its Terms of Reference and act as a court of the last resort;
- 9.2 have the right to seek any information necessary to fulfil the above;
- 9.3 have the right to access sufficient resources and the Company Secretary for assistance as required and to obtain outside legal help and any professional advice, at the Group's expense, which might be necessary for the fulfilment of its duties;



- 9.4 have the power to call any employee to be questioned at a meeting of the Committee as and when required;
- 9.5 give due consideration to laws and regulations and any other applicable rules, as appropriate;
- 9.6 be responsible for co-ordination of the internal and external auditors;
- 9.7 work and liaise as necessary with all other Board committees;
- 9.8 be entitled to make recommendations to the Board as it deems appropriate;
- 9.9 have the right to publish in the Group's Annual Report, details of any issues that cannot be resolved between the Committee and the Board.
- 9.10 Arrange for a periodic review of its own performance, and at least annually, review its constitution and terms of reference and recommend any changes it considers necessary to the Board.