

# **London Stock Exchange Group plc ("the Company")**

## **Audit Committee Terms of Reference**

**Approved by the Board of the Company on 3 December 2025.**

### **1. Purpose**

- 1.1 The Audit Committee is constituted by the Board of Directors with the purpose of assisting the Board in meeting its responsibilities for the integrity of the Group<sup>1</sup>'s financial reporting including the effectiveness of the risk management and internal control framework and for monitoring the effectiveness and objectivity of internal and external auditors.
- 1.2 The remit of the Committee concerns the whole of the Group's businesses and it has oversight responsibility for financial reporting, internal control and audit processes across the Group.
- 1.3 Where there is a perceived overlap of responsibilities between the Group Audit Committee and the Group Risk Committee, the respective Committee Chairs will have the discretion to agree the most appropriate committee to fulfil any obligation.

### **2. Membership and Attendance**

- 2.1 Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chair of the Audit Committee (the "Committee Chair"). The Committee shall be made up of at least three members. The Committee shall include the Chair of the Risk Committee.
- 2.2 All members of the Committee shall be independent non-executive directors 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 shall not be a member of the Committee.
- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair of the Board, Chief Executive and other directors may be invited to attend all or part of any meeting as and when appropriate.
- 2.4 The external auditors, Chief Internal Auditor, Group Chief Risk Officer, Group Chief Financial Officer and Group Financial Controller will be invited to attend meetings of the Committee on a regular basis.
- 2.5 The Board, on the recommendation of the Nomination Committee, shall appoint the Committee Chair who shall be an independent non-executive director. 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.

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<sup>1</sup> For the purposes of this document, the Group comprises the Company and its direct and indirect subsidiaries.

### **3. Secretary**

- 3.1 The Company Secretary or their nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to ensure full and proper consideration to be given to matters.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be two members (including the Committee Chair or their delegate). The Committee may co-opt additional directors to join the Committee in the absence of a quorum from amongst its members. 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.

### **5. Frequency of meetings**

- 5.1 The Committee Chair shall ensure that the Committee meets with sufficient frequency. The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.
- 5.2 The Committee may hold meetings by telephone or using any method of electronic communication and may take decisions without a meeting by unanimous written consent, when the Committee Chair considers this to be necessary or desirable.
- 5.3 Outside of the formal meeting programme, the Committee Chair and to a lesser extent the other Committee members, will maintain a dialogue with the key individuals involved in the Company's governance, including the Board Chair, Group Chief Executive Officer, Chief Internal Auditor, Group Chief Risk Officer, Group Chief Financial Officer, Group Financial Controller and the external auditors.

### **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 external or internal auditors if they consider it necessary.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meetings, together with an agenda of items to be discussed shall be forwarded to each member of the Committee and any other person required to attend before the date of the meeting. The agenda shall be circulated together with relevant supporting papers to Committee members and other attendees as appropriate.

### **7. Minutes of meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

## **8. Responsibilities of the Committee Chair**

### **8.1 The Chair's responsibilities include:**

- 8.1.1 fostering an open, inclusive and where appropriate, challenging discussion;
- 8.1.2 ensuring the Committee receives accurate, high quality, timely and clear information necessary to perform its task and devotes sufficient attention to the matters within its remit;
- 8.1.3 facilitating the running of the Committee so that it provides independent oversight of executive decision-making;
- 8.1.4 safeguarding the independence and overseeing the performance of the Internal Audit function;
- 8.1.5 reporting to the Board on the Committee's activities including : (i) the significant issues that it considered in relation to the financial statements and how these were addressed, (ii) its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor and (iii) any other issue on which the Board has asked for the Committee's opinion, identifying any matters in respect of which it considers that improvement is needed, whether the subject of a specific request or not, and make recommendations as to the steps to be taken; and
- 8.1.6 engaging with shareholders as appropriate on significant matters related to the areas of the Committee's responsibilities.

## **9. Annual General Meeting**

- 9.1 The Committee Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities.

## **10. Duties**

The Committee shall carry out the duties below for the Company, and its major subsidiary undertakings where appropriate and the Group as a whole. It should ensure coordination of its activities and decisions with the audit committees (or equivalent) of the Company's subsidiaries where they exist to ensure the consistency of decision making and governance at all levels of the Group.

### **10.1 Financial reporting**

- 10.1.1 The Committee shall monitor the financial reporting process and integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary results' announcements and any other formal announcement relating to its financial performance (although the standard quarterly Trading Updates will normally be reviewed just by the

Board), reviewing significant financial reporting issues and judgements which they contain and submitting recommendations or proposals to ensure the integrity of the financial process having regard to matters communicated to it by the auditor.

- 10.1.2 The Committee shall review and challenge where necessary:
  - 10.1.2.1 the application, appropriateness and consistency of, and any changes to, significant accounting policies both on a year-on-year basis and across the Company/Group;
  - 10.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
  - 10.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - 10.1.2.4 the use of alternative performance measures;
  - 10.1.2.5 significant adjustments resulting from the external audit;
  - 10.1.2.6 the clarity and completeness of disclosure in the Company and Group's financial reports and the context in which statements are made;
  - 10.1.2.7 the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer-term viability statement (including an assessment of the prospects of the Group looking forward over an appropriate and justified period);
  - 10.1.2.8 all material information presented with the financial statements, such as the strategic report and the corporate governance statement (insofar as it relates to the Audit Committee's areas of responsibility); and
  - 10.1.2.9 the statutory audit of the annual and half yearly reports, in particular monitoring its performance, taking into account any findings and conclusions by the Financial Reporting Council.
- 10.1.3 The Committee shall monitor compliance with financial reporting standards and other financial reporting requirements.
- 10.1.4 The Committee shall keep under review relevant accounting and tax matters.

## 10.2 Non-financial and Narrative Reporting.

- 10.2.1 The Committee is responsible for ensuring that sustainability metrics included within the Annual Report and Accounts have been subject to the appropriate level of assurance.
- 10.2.2 The Committee should review the content of the Annual Report and Accounts (including any relevant non-financial disclosures, including those relating to ESG metrics and other ESG matters) 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 position, performance, business model and strategy.

## 10.3 Risk management and internal control framework

The Committee shall (in collaboration with the Risk Committee as necessary):

- 10.3.1 keep under review the adequacy and effectiveness of the Company's risk management and internal control framework (covering all material controls, including financial, operational, reporting and compliance controls and where applicable, its internal audit regarding the financial reporting of the Company, without breaching its independence);
- 10.3.2 receive and review regular assurance reports from management, internal audit, external auditors and any other external reviewers on their monitoring of the risk management and internal control framework;
- 10.3.3 make recommendations to the Board regarding the effectiveness of the Group's risk management and internal control framework;
- 10.3.4 provide advice on how, taking into account the Company's position and principal risks, the Company's prospects 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 Company 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;
- 10.3.5 review and recommend to the Board the statements to be included in the annual report concerning risk management and internal controls, going concern and the viability statement; and
- 10.3.7 review the Group's tax risk profile, risk appetite and annually approve the Tax Governance Policy.

## 10.4 Whistleblowing and fraud

The Committee shall:

- 10.4.1 routinely review the adequacy and security of the Group's arrangements for its workforce and contractors 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 investigation of such matters and appropriate follow up action;
- 10.4.2 review and recommend to the Board the Group's procedures for preventing and detecting fraud, and its systems and controls for preventing bribery; and
- 10.4.3 consider findings of internal investigations and review and monitor management's responsiveness to the findings.

## 10.5 Internal Audit

The Committee shall:

- 10.5.1 monitor and review the effectiveness of the Company's Internal Audit function in the context of the Company's overall financial control and risk management system and the current needs of the organisation;
- 10.5.2 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.
- 10.5.3 ensure that the Internal Audit function has adequate standing and is free from interference when determining its scope, performing Internal Audit engagements, and communicating results.
- 10.5.4 consider and approve:
  - 10.5.4.1 Internal Audit's budget; and
  - 10.5.4.2 the annual Internal Audit plan and Internal Audit Charter and Mandate to ensure it is aligned with the key risks of the Group, takes into account any changes in the type, severity, and interdependencies of risks to the Group, reflects any significant acquisitions, reorganisations, laws or regulations affecting the nature and or scope of Internal Audit services or other changes affecting the Group; the Committee may also request changes in the plan and request additional reviews by internal audit as it sees fit and receive regular reports of work carried out;
- 10.5.5 review promptly all reports on the Company from the internal auditors which are presented to the Committee;
- 10.5.6 provide the Chief Internal Auditor with opportunities to discuss significant and sensitive matters, and meet the Chief Internal Auditor without management being present at least once a year. In addition, ensure that

the Chief Internal Auditor shall be given the right of direct access to the Chairs of the Board and the Committee, and is accountable to the Committee;

- 10.5.7 approve the appointment or removal of the Chief Internal Auditor;
- 10.5.8 determine whether it is satisfied that the quality, experience and expertise of Internal Audit is appropriate for the business;
- 10.5.9 consider whether an independent, third-party review of internal audit effectiveness and processes is required;
- 10.5.10 carry out an annual assessment of the effectiveness of the Internal Audit function;
- 10.5.11 review coordination between the Internal Audit Function and the external auditor; and
- 10.5.12 ensure that material issues arising from the work of the Internal Audit function relating to matters that fall within the scope of other committees are communicated to those committees.

## 10.6 External Audit

The Committee shall:

- 10.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor taking account of, amongst other matters, the risk of the withdrawal of the auditor from the market. The Committee shall 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.
- 10.6.2 ensure that at least once every ten years the audit services contract is put out to tender 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, conduct such tender process and develop and oversee the selection process in accordance with applicable regulatory requirements and the UK Corporate Governance Code ensuring that:
  - 10.6.2.1 all tendering firms have access to all necessary information and individuals during the tendering process;
  - 10.6.2.2 all tenders, including non-Big Four firms, are given fair and objective consideration; and
  - 10.6.2.3 the timing of a tender is considered to allow firms to exit relationships which may cause a conflict of interest and avoid situations

where there is an insufficient number of potential auditors that can be independent.

10.6.3 oversee the relationship with the external auditor including (but not limited to):

- 10.6.3.1 approval of their remuneration (except for individual engagements below £100k, which may be approved by the Group Financial Controller (up to £50k) or the CFO (between £50k and £100k) and subsequently reported to the Committee), whether fees are for audit or non-audit services and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
- 10.6.3.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 10.6.3.3 influencing the appointment of the individual identified by the external auditor as being primarily responsible for the conduct of the audit;
- 10.6.3.4 reviewing annually and monitoring their independence and objectivity taking into account relevant UK legal, ethical, professional and regulatory requirements, the auditor's own assessment of their independence and the relationship with the auditor with the Group as a whole, including the provision of any non-audit services to the Group;
- 10.6.3.5 monitoring the auditor's compliance with relevant ethical and professional guidance including on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, and other related regulatory requirements;
- 10.6.3.6 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include feedback from management, consideration of the level of challenge from the external auditor and a report from the external auditor on their own internal quality procedures and indicators;
- 10.6.3.7 seeking to ensure co-ordination with the activities of the internal audit function;
- 10.6.3.8 evaluating the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the Committee;
- 10.6.3.9 discussing with the auditor the key audit firm and network level controls the auditor relied on to address any identified risks to



audit quality and enquiring about findings from internal and external inspections of their audit and their audit firm; and

- 10.6.3.10 ensuring that the external auditor has full access to Company staff and records.
- 10.6.4 meet regularly with the external auditor. 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.
- 10.6.5 review and approve the annual audit plan, and how the auditor performed against it, and ensure that it is consistent with the scope of the audit engagement having regard to materiality, resources and the seniority, expertise and experience of the audit team.
- 10.6.6 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 10.6.6.1 a discussion of any major issues which arose during the audit;
  - 10.6.6.2 the external auditor's explanation of how risks to audit quality were addressed;
  - 10.6.6.3 key accounting and audit judgements;
  - 10.6.6.4 the external auditor's view of their interactions with senior management,
  - 10.6.6.5 levels of errors identified during the audit;
  - 10.6.6.6 obtaining evidence on the effectiveness of the external audit and auditor from those impacted by the audit/auditor (which may include (among other things) evidence of occasions when the auditor has challenged management and the outcome of those challenges, how the auditor has responded to previous assessments of audit quality, the auditor's quality assurance systems, any agreed audit quality indicators against which the auditor reports, any FRC review of the Company's audit and the auditor's response and action plans, sample surveys and feedback from external sources including investors);
  - 10.6.6.7 reviewing the FRC's annual report on the external auditor, and discussing the report with the auditor to understand how any identified issues are being addressed; and
  - 10.6.6.8 the effectiveness of the audit process.

The Committee shall also review the effectiveness of the audit process and the quality of the external audit including but not limited to:

- 10.6.7 reviewing any representation letter(s) requested by the external auditor before they are signed by management, considering in particular any representation on a non-standard matter;
- 10.6.8 reviewing the management letter and management's response to the auditor's findings and recommendations;
- 10.6.9 developing and implementing a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity, ensuring there is prior approval of the supply of non-audit services, that consideration is always given to the impact on independence and that any relevant regulations and ethical guidance on the matter are also taken into account;
- 10.6.10 agreeing with the Board, a policy on the employment of former employees of the Company's auditor, taking into account FRC Guidance and legal requirements, and monitoring the application of this policy; and
- 10.6.11 ensure that the Company manages its non-audit relationships with audit firms to ensure that it has a fair choice of suitable auditors at the next external audit tender and in light of the need for greater market diversity and any market opening measures that may be introduced.

#### 10.7 Reporting responsibilities

- 10.7.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.7.2 The Committee shall inform the Board of any significant financial reporting issues and the outcome of the external audit and explain how the external audit contributed to the integrity of financial reporting and what the role of the Committee was in that process.
- 10.7.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.7.4 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report taking account of any relevant guidance. In compiling the report, the Committee should exercise judgement in deciding which of the issues it considers to be significant in relation to the Company's financial statements (and how these issues were addressed) including 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. The report should also include:
  - 10.7.4.1 an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor and provide advance notice of any

retendering plans as well as an explanation of how auditor independence and objectivity are safeguarded;

- 10.7.4.2 if a tender process has taken place within the year, an explanation of the criteria used to make the selection and the process followed.

## 10.8 Other Matters

The Committee shall:

- 10.8.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 10.8.2 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure, Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 10.8.3 oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort;
- 10.8.4 work and liaise as necessary with other Board Committees; and
- 10.8.5 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.

## 11. **Authority**

The Committee is authorised:

- 11.1 to undertake any activity within its terms of reference;
- 11.2 to seek any information it requires from any employee, contractor, consultant or provider of services to the Company that the Committee requires in order to perform its duties and to call any employee to be questioned at a meeting of the Committee as and when required;
- 11.3 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference and invite persons giving such advice to attend Committee meetings; and
- 11.4 delegate any of its powers to one or more of its members or the Secretary of the Committee.