

GVC HOLDINGS PLC
(the *Company*)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE
(the *Committee*)

MEMBERSHIP

1. The Committee shall be appointed by the board of directors of the Company (the ***Board***) on the recommendation of the Nominations Committee and in consultation with the Chairman of the Committee, and at all material times shall consist of not less than three members.
2. A quorum shall be two 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.
3. The Committee shall consist exclusively of independent non-executive directors of the Company. Any member who is deemed no longer to be independent shall resign from the Committee. At least one member of the Committee shall have recent and relevant financial experience, ideally with a professional qualification from one of the professional accounting bodies. The members of the Committee shall be provided with an induction programme and appropriate and timely training relevant to their membership of the Committee.
4. The Chairman of the Committee shall be appointed by the Board and the Chairman of the Board shall not be a member of the Committee. In the absence of the Chairman of the Committee at any particular meeting of the Committee, the remaining members present shall elect one of their number to chair the meeting.
5. The Company Secretary shall be the Secretary of the Committee.
6. The Board shall determine all terms of appointment of members of the Committee.
7. Appointments to the Committee shall be for a period of up to three years, which may be extended by the Board for two further three-year periods, provided that the members of the Committee remain independent.
8. The members of the Committee shall be identified in the Company's annual financial statements.

MEETINGS

9. Only members of the Committee shall have the right to attend Committee meetings. Other directors, relevant members of management, advisers or other appropriately experienced outsiders may attend on the invitation of the Committee.
10. The external auditors and the officers responsible for internal audit (if any) will be invited to attend meetings on a regular basis and, at least once a year, the Committee shall meet with the external auditors and the officers responsible for internal audit (if any), without executive directors present.
11. Meetings shall be held not less than twice a year and where appropriate should coincide with key dates in the Company's financial reporting cycle and in any event, meetings may be

summoned by the Secretary of the Committee at the request of any of its members. In addition, the external auditors and/or officers responsible for internal audit (if any) may request a meeting if they consider that one is necessary.

12. Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting together with an agenda of items to be discussed and supporting documentation shall be forwarded to each member of the Committee, any other person invited to attend and all other non-executive directors prior to the date of the meeting in a timely manner.

13. The Chairman of the Committee shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities and responsibilities.

AUTHORITY

14. The Committee shall investigate any activity within its terms of reference. It may seek any information it requires from any employee of the Company or any subsidiary company. All directors and other employees shall co-operate with any request made by the Committee.

15. The Committee may, at the Company's expense, obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

16. The head of the internal audit function (if any) shall have the right to report directly to the Chairman of the Committee.

17. The Committee has the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

DUTIES

18. Having regard to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure & Transparency Rules the duties of the Committee shall be:

18.1 Financial Reporting

- (a) The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half yearly reports, quarterly management statements, and any other announcement relating to its financial performance, reviewing and reporting to the Board on significant financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor.
- (b) In particular the Committee shall review and challenge where necessary:
 - (i) the consistency of, and any changes to significant accounting policies both on a year on year basis across the Company and wider group;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

- (iv) review the Directors' assessment and statement (before a review by the Board) as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the chosen viability assessment period and if it is appropriate to adopt the going concern basis for accounting in preparing the accounts and the identification of material uncertainties;
 - (v) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
 - (vi) all material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit ad to risk management.
- (c) 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.

18.2 Narrative Reporting

Where requested by the Board, the Committee should 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.

18.3 Internal Controls and Risk Management Systems

The Committee shall:

- (a) establish procedures to meet the UK Corporate Governance Code recommendation that the Committee monitor internal controls and risk management systems on an ongoing basis to ensure the adequacy and effectiveness of these systems;
- (b) review and approve the statements to be included in the annual report concerning internal controls and risk management; and
- (c) provide assurance to the Board that a robust assessment of risk has been carried out.

18.4 Compliance, Whistleblowing and Fraud

The Committee shall

- (a) review the adequacy and security of the Company's arrangements for its employees 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;
- (b) review the Company's procedures for detecting fraud;
- (c) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- (d) review regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and

- (e) review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function.

18.5 Internal Audit & Risk Management

The Committee shall:

- (a) approve the appointment or termination of appointment of the Head of Internal Audit and, if risk management is assigned to a different individual, the Head of Risk Management;
- (b) where the Company does not have an internal audit function, the Committee shall consider annually whether there should be one and make a recommendation to the Board accordingly;
- (c) review and approve the charter of the internal audit function and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;
- (d) ensure the internal auditor has direct access to the Board Chairman and to the Committee Chairman, and is accountable to the Committee;
- (e) review and assess the annual internal audit work plan;
- (f) receive a report on the results of the internal auditor's work on a periodic basis;
- (g) review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- (h) regularly review the group's risk register and the mitigating action taken by management to address the identified risks and make recommendations to the Board accordingly;
- (i) meet with the Head of Internal Audit at least once a year without the presence of management; and
- (j) monitor and review the effectiveness of the Company's internal audit function, in the context of the Company's overall risk management system.

18.6 External Audit

The Committee shall:

- (a) 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, re-appointment and removal of the company's external auditor
- (b) 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 oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;

- (c) if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (d) oversee the relationship with the external auditor including (but not limited to):
 - (i) recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of each audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of non-audit services;
 - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
 - (v) agreeing with the Board a policy on the employment of former employees of the Company's auditor, and monitoring the implementation of this policy;
 - (vi) monitoring the auditor's compliance with relevant ethical and professional guidance 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 requirements;
 - (vii) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
 - (viii) seeking to ensure co-ordination with the activities of the internal audit function; and
 - (ix) evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.
- e) meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- f) review and approve the annual audit plan and ensure that it includes but is not limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) key accounting and audit judgements; and
 - (iii) the effectiveness of the audit process.
- g) The Committee shall also:

- (i) Review any representation letter(s) requested by the external auditor before they are signed by management;
- (ii) Review the management letter and management's response to the auditor's findings and recommendations; and
- (iii) Develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

REPORTING PROCEDURES

19. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and, once agreed, to all other members of the Board unless a conflict of interest exists.

20. The Chairman of the Committee shall report formally to the Board on the proceedings of the Committee after each meeting of the Committee on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. The report shall include:

- (a) the significant issues that it considered in relation to the financial statements (required under paragraph 18.1 (a) above);
- (b) its assessment of the effectiveness of the external audit process (required under paragraph 18.6 (d) (vii) above); and
- (c) any other issues on which the Board has requested the Committee's opinion.

21. The Committee shall make whatever recommendations to the Board it deems appropriate on any area falling with section 18 of these terms of reference where action or improvement is needed.

22. The Committee members shall conduct an annual review of their work, constitution and these terms of reference to ensure it is operating effectively and at its maximum efficiency and make recommendations to the Board for any changes it considers necessary.

23. The Committee shall compile a report on its activities to be included in the Company's annual report. The report shall 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 UK Corporate Governance Code. The report need not repeat information disclosed elsewhere in the annual report and accounts, but should provide cross-references to that information.

24. In compiling the reports referred to paragraph 20 and 23 above, the Committee should exercise judgement in deciding which of the issues it considered 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.

25. The Committee shall make these terms of reference available to shareholders of the Company.

Adopted on 15 April 2016