



## Terms of Reference of the Vodafone Audit and Risk Committee

### 1. Introduction

- 1.1 The objective of the Audit and Risk Committee (the "Committee") is the provision of oversight and effective governance over:
- the appropriateness of financial reporting of Vodafone Group Plc (the "Company"), and its corporate group (together, the "Group"), including the adequacy of related disclosures;
  - the Group's systems of internal control;
  - the Group's risk management system and monitoring of business risks;
  - the Group's compliance activities; and
  - the performance of both the internal audit function and the external auditor.

### 2. Membership

- 2.1 Members of the Committee shall be appointed by the Board of Directors of the Company (the "Board").
- 2.2 The Committee shall be composed of not less than three members, all of whom shall be independent Non-Executive Directors.
- 2.3 At least one member of the Committee shall have recent and relevant financial experience as determined under the legal and listing requirements appropriate to the Company. The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 2.4 The Board 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 Committee meeting who would qualify under these Terms of Reference to be appointed to that position by the Board.

### 3. Quorum

The quorum for Committee meetings shall be two Committee members, including at least one member who the Board believes has recent and relevant financial experience.

### 4. Meetings

- 4.1 The Committee shall meet at least four times a year, including one joint meeting of the Committee and the Environmental, Social and Governance Committee (the "ESG Committee"), and otherwise as required.
- 4.2 Only members of the Committee have the right to attend Committee meetings. By invitation of the Committee Chair, the following individuals shall

normally be invited to attend Committee meetings: the Group Chief Executive Officer; the Group Chief Financial Officer; the Group General Counsel and Company Secretary; the Group Audit Director; the Group Risk and Compliance Director; the Group Financial Controller; the Group Financial Controlling and Operations Director; representatives of the Group's external auditors; and the Secretary of the Committee.

- 4.3 The attendance of any other person at the meeting shall be by the invitation of the Committee Chair.
- 4.4 The Company Secretary shall be the Secretary to the Committee or, with the consent of the Committee Chair, such person as the Company Secretary shall nominate.

### 5. Annual General Meeting

The Committee Chair shall attend the Annual General Meeting and shall answer any questions on the Committee's activities and its responsibilities.

### 6. Financial reporting

The Committee shall:

- 6.1 Monitor and discuss with management and the external auditor the integrity of the financial statements, including its annual and half-yearly reports, reviewing and reporting to the Board on significant financial reporting judgements which they contain, focusing particularly on:
- the quality and appropriateness of both the accounting policies and practices and alternative accounting treatments related to material items that have been discussed with management (including considering the impact of the use of such alternative treatments and the treatment preferred by the external auditor);
  - financial reporting disclosures, including a review of material discussions between the Group and the external auditor;
  - areas involving significant judgement, estimation or uncertainty in the Group's financial results;
  - the extent to which the financial statements are affected by any unusual transactions or any off-balance sheet arrangements (including any disclosable guarantees, indemnification agreements or interests in unconsolidated special purpose entities) and how they are disclosed;
  - significant implemented adjustments resulting from the audit or review;
  - misstatements reported to the Committee by



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- the external auditor that have not been corrected and management's explanations as to why they have not been adjusted;
- g. possible impairments of the Group's assets;
- h. the basis for the going-concern assumption, identifying any material uncertainties to the Company's ability to continue to operate on that basis over a period of at least twelve months from the date of the approval of the annual financial statements; and
- i. compliance with relevant financial and corporate governance reporting standards and requirements;
- 6.2 Where requested by the Board, advise on whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy;
- 6.3 Monitor and approve other formal Company announcements relating to the Company's financial performance and reviewing any significant financial reporting judgements contained therein, and approve formal company announcements containing such judgements; and
- 6.4 Monitor compliance with all relevant statutory and stock exchange requirements for financial reporting.
- 7. Internal controls**  
The Committee shall:
- 7.1 Review the Group's internal financial controls and internal control systems and advise on the relevant statement included in the Annual Report and Form 20-F (the "Annual Reports");
- 7.2 Have oversight of compliance with Section 404 of the US Sarbanes-Oxley Act of 2002;
- 7.3 Consider management's response to any material external or internal audit recommendations; and
- 7.4 Review management's and the internal auditor's reports on the effectiveness of systems for internal control and financial reporting.
- 8. Risk management**  
The Committee shall:
- 8.1 Monitor the Group's risk management system and, at least annually, carry out a review of its effectiveness, and advise on the relevant statement included in the Annual Report;
- 8.2 Review the principal and emerging risks facing the Group in achieving its long-term strategic objectives, including the management and mitigation of those risks;
- 8.3 Advise the Board, based on the assessment of the Group's financial position and principal risks, on how the prospects of the Group may be impacted;
- 8.4 At least annually, advise the Board 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 period under review, drawing attention to any qualifications or assumptions; and
- 8.5 Advise the Board on the appropriateness of the Group's work and disclosure in relation to the Long Term Viability Statement in the Annual Report.
- 9. Compliance, Code of Conduct and whistleblowing/complaint procedures**  
The Committee shall:
- 9.1 Review the adequacy of the Group's arrangements for its employees and contractors to raise concerns ("Speak Up") 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;
- 9.2 Periodically review and approve changes to the Group's Code of Conduct and secure reasonable assurance as to the appropriate implementation and operation of the Code of Conduct;
- 9.3 Review regular reports from the Group Risk and Compliance Director and keep under review the adequacy and effectiveness of the Group's compliance team; and
- 9.4 Monitor and review the scope and effectiveness of the Group's compliance-related activities.
- 10. Internal audit**  
The Committee shall:
- 10.1 Monitor and review the scope and effectiveness of the activities of the Group Internal Audit Department, including approval of the Group Audit Director's appointment or dismissal;
- 10.2 Ensure that the Company's Internal Audit Department has adequate resources and appropriate access to information to perform its role effectively;
- 10.3 Assess the annual internal audit plan; and
- 10.4 Review reports addressed to it from the Group Audit Director covering, among other things, concerns



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over controls and the monitoring of any fraudulent activity in the Group.

### 11. External audit

The Committee shall oversee the Group's relationship with the external auditor (which shall report directly to the Committee) and shall:

- 11.1 Make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor including initiating and supervising any related tender process;
- 11.2 Discuss and agree with the external auditor the nature and scope of the external audit (including any significant ventures, investments or operations which are not subject to audit) and ensure co-ordination if more than one external audit firm is involved;
- 11.3 Approve the external auditor's terms of engagement and any amendments thereto, and recommend the external audit fee to the Board, following the Committee Chair's negotiation;
- 11.4 Annually review the activities, findings, conclusions and recommendations of the external auditor (including reviewing the management letter);
- 11.5 Review and monitor the external auditor's independence and objectivity and the effectiveness of the external audit process in light of relevant professional and regulatory requirements. This will include reviewing and monitoring the external auditor's quality control procedures, how it complies with regulatory and other requirements, and the seniority, experience and qualifications of the external audit team (including rotational procedures);
- 11.6 Approve of the appointment of the lead external audit engagement partner;
- 11.7 Ensure the resolution of any disagreement between management and the external auditor regarding financial reporting;
- 11.8 Review communications between the external auditor and the Group on audit planning and findings and on significant deficiencies and

material weaknesses in accounting, risk management and internal control systems that the external auditor has identified; and

### 11.9 Pre-approve the scope of:

- all audit services provided to the Group (by the external auditor or any third party);
- permissible non-audit services provided to the Group by the external auditor (to the extent permitted by law, regulation and ethical guidance),

and make recommendations as to any actions or improvements needed. The Committee may delegate to the Committee Chairman (and in his or her absence another member) the authority to pre-approve any audit or permitted non-audit service to be provided by the external auditor provided such approvals are presented to the Committee at its next scheduled meeting.

### 12. Reporting

The Committee shall:

- 12.1 Report, through the Committee Chair, on its activities and on how it has discharged its responsibilities to the Board after each Committee meeting; and
- 12.2 Oversee and approve a report on its activities to be included in the Annual Reports:
  - an explanation of how the Committee has assessed the independence and effectiveness of the external audit process;
  - the approach taken for the appointment or re-appointment of the external auditor and information on the length of tenure of the current audit firm including when a tender was last considered;
  - the significant issues that it considered in relation to the financial statements and how such issues were addressed, having regard to matters communicated to it by the external auditor; and
  - in relation to non-audit services, an explanation of how auditor objectivity and independence are safeguarded.
- 12.3 Jointly with the ESG Committee review the appropriateness and adequacy of disclosures provided within the ARA ESG section and the ESG Addendum, including the approval of its content.



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### **13. Authority and legal advice**

The Committee is authorised to:

- 13.1 Undertake any other duties as requested by the Board from time to time and to investigate any activity that it deems necessary to carry out its duties and to seek information from any employee; and
- 13.2 Obtain external legal or other independent professional advice as it sees fit at the cost of the Company.

### **14. Private sessions with the external auditor, the internal audit function and management**

The Committee shall hold separate and private discussions, as often as the Committee deems necessary but at least twice a year, with each of the external auditor, the Group Audit Director and management (without the others being present).

### **15. Terms of reference**

The Committee shall review these Terms of Reference periodically and consider whether to recommend any changes to the Board.

These Terms of Reference were approved by the Board of Vodafone Group Plc on 8 November 2022.