



ASTON MARTIN LAGONDA GLOBAL HOLDINGS PLC

AUDIT & RISK COMMITTEE

TERMS OF REFERENCE

(as revised with effect from 11 December 2023)

The purpose of the Audit and Risk Committee (the **"Committee"**) is to assist the board of Aston Martin Lagonda Global Holdings plc (the **"Company"**) in providing formal and transparent arrangements for reviewing and monitoring:

- the integrity of the Company's financial information and any other formal announcements relating to its financial performance provided to shareholders;
- the Company's system of internal controls, corporate reporting and risk management;
- the internal and external audit process and auditors; and
- the processes for compliance with laws, regulations and ethical codes of practice.

1. CONSTITUTION

- 1.1 The Committee was constituted as a sub-committee of the board of directors of the Company (the **"Board"**), subject to the Company's shares being admitted to the premium listing segment of the Official List of the FCA and to trading on the LSE's main market for listed securities, at a meeting held on 19 September 2018.
- 1.2 The Committee's powers are subject to the terms of (a) the agreement among the Company and Yew Tree Overseas Limited and others dated 27 February 2020 (as amended on 13 March 2020) (the **"Yew Tree Relationship Agreement"**); (b) the agreement among the Company and Mercedes-Benz AG dated 27 October 2020 (the **"MBAG Relationship Agreement"**); (c) the agreement among the Company and the Public Investment Fund dated 29 July 2022 (the **"PIF Relationship Agreement"**); and (d) the agreement among the Company and Geely International (Hong Kong) Limited dated 18 May 2023 (the **"Geely Relationship Agreement"**) in each case until that relationship agreement has been terminated.
- 1.3 In accordance with Article 106 of the Articles of Association, the Committee has the delegated authority of the Board in respect of the functions and powers set out in these Terms of Reference.

2. GOVERNANCE

- 2.1 The chair of the Committee is appointed by the Board (**"Chair"**).
- 2.2 The Committee will comprise at least three independent non-executive directors, provided that in addition a Representative Director may be appointed as an observer to the Committee under each of (a) the Yew Tree Relationship Agreement;

(b) the MBAG Relationship Agreement; (c) the PIF Relationship Agreement; and (d) the Geely Relationship Agreement in each case until that relationship agreement has been terminated. Where possible, the Committee will include a member of the Remuneration Committee. The members of the Committee are appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chair.

- 2.3 The Company Secretary or his/her nominee will act as the secretary of the Committee (the "**Secretary**"), who will provide all necessary support to the Committee, including circulating notices of meetings, minutes, information and papers to Committee members in a timely manner to enable full and proper consideration to be given to the issues. The Secretary must minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 2.4 Appointments to the Committee will be for a period of up to three years (subject to the relevant director remaining a member of the Board), which may be extended by the Board for up to two further periods of up to three years, provided that the director still meets the criteria for membership of the Committee.
- 2.5 All members of the Committee, including the Chair, shall be independent non-executive directors at least one of whom shall have been determined by the Board to have recent and relevant financial experience and a professional qualification from one of the accountancy bodies with competence in accounting and/or auditing and 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.
- 2.6 The Committee meets at least three times per year at appropriate intervals in the financial reporting and audit cycle and otherwise as required, at such times and places determined by the Chair. Outside of the formal meeting programme, the Chair, and to a lesser extent the other Committee members, shall maintain a dialogue with key individuals involved in the Company's governance, including the chair of the Board, the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**"), the external audit lead partner and the Director of Internal Audit and Risk. The Committee will maintain effective working relationships with these individuals and the other Board committees. The Committee may take decisions without a meeting by unanimous written consent, when the Chair considers this to be necessary or desirable.
- 2.7 Draft minutes of Committee meetings shall be promptly circulated to the Chair for review and comment before the final minutes are circulated to the Committee for approval at the next properly convened Committee meeting with the Committee papers for that meeting. Upon request, minutes shall be circulated to all other members of the Board, unless the Chair thinks it would be inappropriate to do so.
- 2.8 Any member of the Committee (including the Secretary), as well as the external audit lead partner and the Director of Internal Audit and Risk, has the power to call a meeting.
- 2.9 Unless otherwise agreed by all the Committee members, notice of each meeting confirming the venue, or the electronic facility to be used for the meeting, any

information members need to access the meeting, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee (and to other attendees where appropriate) no later than five working days before the date of the meeting. The Chair has sole discretion to reduce the above notice period to whatever the Chair considers appropriate in the circumstances.

- 2.10 The quorum for the Committee is two independent non-executive directors (and, where possible, at least one of the members present in any quorum shall have significant recent and relevant financial experience), provided that any Representative Director appointed as an observer to the Committee is sent timely notice of the meeting (together with any supporting papers). In the absence of the Chair, and/or an appointed deputy, the other members present shall choose one of them to chair the meeting.
- 2.11 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.
- 2.12 Each Committee member shall have one vote, which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 2.13 The members of the Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly. If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 2.14 Decisions of the Committee will be made by majority vote. In the event of an equality of votes, except where he/she has a personal interest, the Chair shall have a casting vote. Any member of the Committee who remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.
- 2.15 Subject to paragraph 1.2, only members of the Committee have the right to attend Committee meetings. However, other individuals such as the CEO, finance director, HR director and any relevant senior management, external auditors and/ or external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Chair. The CFO, the external audit lead partner and the Director of Internal Audit and Risk should be invited to attend meetings of the Committee on a regular basis.

3. DUTIES

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.

3.1 FINANCIAL STATEMENTS

The Committee will:

- (a) monitor the integrity of the financial statements of the Company and its group (including annual and half-yearly reports and interim management statements), and any preliminary or formal announcements relating to the Company's financial performance;
- (b) monitor, review and report to the Board on significant financial reporting issues and judgements made in connection with the preparation of the financial statements, interim statements and preliminary and any other formal announcements relating to its financial performance, having regard to matters communicated to it by the auditor;
- (c) monitor compliance with financial reporting standards, taking into account requirements of any applicable recognised investment exchange and other financial and governance reporting requirements, including reviewing minutes of meetings of the Disclosure Committee;
- (d) consider any issues raised by the executive management and the external auditors relating to the interim review and year-end audits, and any matters the external auditors may wish to discuss (in the absence of the executive directors or other management, where necessary);
- (e) assess the effectiveness of the group's financial reporting procedures;
- (f) review related information presented with the financial statements, including the strategic report and corporate governance statements relating to the audit and to risk management;
- (g) review and challenge where necessary:
 - (i) the consistency of, and any changes to, significant accounting policies on a year on year basis and across the Company and its group;
 - (ii) whether the Company has followed appropriate accounting standards and made appropriate accounting estimates and judgements, taking into account the external auditor's views on the financial statements;
 - (iii) review the appropriateness of the material judgements and estimates made in the course of preparation of the accounts, taking into account the views of the external auditor;
 - (iv) the accuracy, clarity and completeness of financial reporting disclosures and the context in which statements are made;
 - (v) the methods used to account for significant or unusual transactions;
 - (vi) all material information presented with the financial statements, such as the strategic report and the corporate governance statements relating to audit and risk management and statements related to internal control, risk management, viability and going concern;
 - (vii) where practicable, all other statements containing financial information that require Board approval; and
 - (viii) significant adjustments resulting from the external audit;
- (h) where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, report its views to the Board;
- (i) review the annual financial statements of any pension scheme relating to the Company; and

- (j) oversee the development and reporting of the Company's tax strategy and make recommendations to the Board.

3.2 **NARRATIVE REPORTING**

Where requested by the Board, the Committee will 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.

3.3 **RISK MANAGEMENT SYSTEMS AND INTERNAL CONTROLS**

The Committee will:

- (a) review and monitor the adequacy and effectiveness of the Company's internal financial reporting and internal control systems that identify, assess, manage, monitor and report financial risks, and other internal control and risk management systems and carry out regular reviews of their effectiveness at least once a year;
- (b) promote and review sound risk management and internal control systems, including operational and compliance controls;
- (c) monitor and keep under review the policies and overall process for identifying and assessing business risks and managing their impact on the Company;
- (d) ensure that a robust assessment of the principal risks and emerging risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the management and mitigation of those risks;
- (e) receive and review regular assurance reports from management, internal audit, external audit and others on matters related to risk and control, in particular as to the effectiveness and testing of risk management and internal control systems (including financial controls);
- (f) advise the Board on the Company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives;
- (g) oversee and advise the Board on the Company's and its group's current risk exposure and future risk strategy;
- (h) review and approve the statements to be included in the annual report concerning principal risks and risk management and internal controls.
- (i) review the Company's capability to identify and manage new risk types;
- (j) before a decision to proceed is taken by the Board, advise on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Company, and taking independent external advice where appropriate and available;
- (k) review reports on any material breaches of risk limits and the adequacy of proposed action;

- (l) keep under review the effectiveness of the Company's internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management;
- (m) as requested, provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;
- (n) consider and approve the remit of the risk management 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. The Committee shall also ensure the function has adequate independence and is free from management and other restrictions; and
- (o) work and liaise as necessary with all other Board committees.

3.4 **COMPLIANCE, WHISTLEBLOWING AND FRAUD**

The Committee will:

- (a) review the adequacy and security of the Company's arrangements for its employees, external parties and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee will ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- (b) review the Company's policies and procedures for preventing and detecting fraud;
- (c) review the Company's systems and controls for the prevention of bribery and/or money laundering and its policies for ensuring that the Company complies with relevant regulatory and legal requirements and receive reports on non-compliance and consider appropriate action;
- (d) review and monitor significant findings from major investigations, including the whistleblowing procedure, as appropriate;
- (e) review any breach by the Company (or any employee or agent acting on behalf of the Company) of any legal, regulatory and statutory requirements that has or is likely to have a material effect on the Company; and
- (f) seek effective engagement through the Chair with shareholders on significant matters related to the areas of the Committee's responsibilities.

3.5 **INTERNAL AUDIT**

The Committee will:

- (a) approve the appointment (or termination of appointment) of the Director of the internal audit function;
- (b) review and approve the role and remit of the internal audit function and monitor and review the effectiveness of its work and ensure it has unrestricted scope, the necessary resources, appropriate access to information and is

- equipped to perform its function effectively and in accordance with appropriate professional standards for internal auditors;
- (c) ensure the internal audit function has direct access to the Committee and the chair of the Board where necessary and a reporting line which enables it to be independent from the executive and so be able to exercise independent judgement;
 - (d) review and assess the annual internal audit plan and be advised of the reasons for any change or delay in the plan and ensure co-ordination between the internal and external auditors;
 - (e) review and annually approve the internal audit charter ensuring that it is appropriate to the current needs of the Company;
 - (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 auditors' findings and recommendations and whether actions taken by management properly support the effective working of the internal audit function;
 - (h) ensure there is open communication between the different functions and that the internal audit function evaluates the effectiveness of risk, compliance and finance functions as part of its internal audit plan;
 - (i) pay particular attention to the areas in which the work of the risk, compliance, finance, internal audit and external audit functions may be aligned or overlapping and overseeing these relationships to ensure they are co-ordinated and operating effectively to avoid duplication;
 - (j) review reports to the Committee from the internal auditor and ensure that the Committee meets with the Director of Internal Audit and Risk, without the executive directors or other management present, at least once per year to discuss the effectiveness of the internal audit function, its remit and any issues resulting from audits;
 - (k) monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system and confirm that the quality, experience and expertise of the function is appropriate for the business of the Company; and
 - (l) consider whether an independent, third-party review of processes is appropriate.

3.6 EXTERNAL AUDIT

The Committee will:

- (a) consider and make formal recommendations to the Board in relation to the selection appointment, reappointment and/ or removal of the Company's external auditor (whilst retaining primary responsibility for such appointments);
- (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 competitive tender initiate, conduct and oversee

- the selection process and ensure all tendering firms have such access as is necessary to information and individuals during the tendering process;
- (c) agree with the Board a policy on the employment of former employees of the Company's external auditor, taking into account the relevant ethical standards and legal requirements, and monitor the application of this policy, including the Committee's own safeguards relating to independence, and considering whether there has been any impairment or appearance of impairment of the external auditor's independence and objectivity;
 - (d) if an external auditor resigns, investigate the issues leading to such resignation and decide whether any action is required;
 - (e) oversee the relationship with the external auditor (including without limitation):
 - (i) negotiating and approving the terms of engagement of and remuneration to be paid to the external auditor in respect of audit services, ensuring that the fees are appropriate to enable an effective and high quality audit to be conducted;
 - (ii) monitoring external auditor's compliance with ethical standards, the level of fees paid by the Company to the external auditor compared to the overall fee income of the external audit firm (or relevant part of it), office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the ethical standards;
 - (iii) approving their terms of engagement, including any engagement letter issued by the external auditor at the start of each audit and the scope of the external audit arranging additional work as appropriate;
 - (iv) influencing the appointment of the individual identified by the external auditor as being primarily responsible for the conduct of the audit;
 - (v) specifying a policy on the engagement of the external auditor to supply non-audit services (including setting materiality thresholds based on the value of the proposed non-audit service engagements), as well as approving any non-audit services provided by the external auditor;
 - (vi) assessing annually and monitoring the external auditor's independence and objectivity, and the effectiveness of the audit process, objectively taking into account relevant UK legal, ethical, professional and regulatory requirements and the relationship with the external auditor and its network firms as a whole, including the provision of any non-audit services and discuss with the external auditor any threats to the auditor's independence and the safeguards applied to mitigate those threats;
 - (vii) reviewing, monitoring and assessing annually external auditor information about its policies and procedures for maintaining independence and monitoring compliance with relevant ethical and professional requirements, including guidance on the rotation of audit partners and staff;
 - (viii) assessing annually and monitoring the qualifications, expertise and resources, and independence of the external auditor and the

- effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- (ix) ensuring co-ordination between the external auditor and the internal audit function (if relevant); and
 - (x) evaluating the risks to the quality and effectiveness of the financial reporting process, especially in the light of the external auditor's communications with the Committee, and considering the need to include the risk of the withdrawal of the external auditor from the market in that evaluation;
- (f) review and approve the annual audit plan at the start of the audit cycle and ensure 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;
 - (g) 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 the executive directors or other management being present, to discuss the auditor's remit and the findings of the audit including (without limitation):
 - (i) any major resolved or unresolved issues that arose during the audit;
 - (ii) the auditor's explanation of how risks to audit quality were addressed;
 - (iii) key accounting and audit judgements;
 - (iv) the auditor's view of their interactions with management and other members of the finance team; and
 - (v) levels of errors identified during the audit
 - (h) assess the effectiveness of the external audit process and the quality of the external audit, taking into consideration relevant UK professional and regulatory requirements, including but not limited to:
 - (i) understanding how risks to audit quality are identified and addressed;
 - (ii) reviewing the external auditor's compliance with the audit plan;
 - (iii) taking the views of key officers and employees on the conduct of the audit, including the reliance the external auditor placed on the internal audit; and
 - (iv) reviewing and monitoring the external auditor's management letter and its other communications with the Committee;
 - (i) review 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; and
 - (j) review the management letter and review and monitor management's response to the external auditor's findings and recommendations.

4. REPORTING RESPONSIBILITIES

- 4.1 The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- (i) the significant issues that it considered in relation to the financial statements and how they were addressed;
- (ii) its assessment of the effectiveness of the external audit process, 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;
- (iii) information on any improvement or action that is required in relation to the approval of the supply of non-audit services by the external auditor; and
- (iv) any other issues on which the Board has requested the Committee's opinion identifying any matters in respect of which it considers that improvement is needed, whether the subject of a specific request by the Board or not, and make recommendations as to the steps to be taken.

4.2 Upon request, the Committee shall share its papers with all members of the Board.

4.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be made available for Board discussion where necessary.

4.4 The Committee shall compile a report on its activities to be included in the Company's annual report. The report shall include:

- (i) the principal risks facing the Company (including those that would threaten its business model, future performance, solvency or liquidity) and how these risks are being managed and mitigated;
- (ii) review 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;
- (iii) 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, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
- (iv) if the Board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the Committee explaining its recommendation and the reasons why the Board has taken a different position;
- (v) where there is no internal audit function, an explanation for the absence, how internal assurance is achieved, and how this affects the work of external audit;
- (vi) an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services;
- (vii) any statement of compliance required by law or regulations; and
- (viii) all other information requirements set out in the UK Corporate Governance Code.

4.5 In compiling the reports referred to above, the Committee shall exercise judgement in deciding which of the issues it considers 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 and the inputs to the Board's viability statement. The report to shareholders need not repeat information

disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

- 4.6 The Chair shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Committee's activities and responsibilities, and to make a statement on the activities and achievements of the Committee over the year, as directed by the chair of the annual general meeting.

5. OTHER MATTERS

The Committee will:

- 5.1 work and liaise as necessary with all other Board committees, taking particular account of any delegation of the impact of risk management and internal controls to different committees and ensuring the interaction amongst committees and with the Board is reviewed regularly;
- 5.2 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 5.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 5.4 give due consideration to applicable laws and regulations and (if applicable) the UK Corporate Governance Code and the requirements of the UK Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 5.5 be responsible for co-ordination of the internal and external auditors;
- 5.6 oversee any investigation of activities which are within its Terms of Reference; and
- 5.7 arrange for periodic reviews at least once a year of its own performance, its constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

6. AUTHORITY

The Board authorises the Committee to carry out the duties set out in these Terms of Reference, and the Committee is authorised to:

- 6.1 have unrestricted access to the Company's documents and information;
- 6.2 seek any information it requires from any employee of or contractor, consultant or other provider of services to the Company and its group, that the Committee requires to perform its duties, and call any such person to attend a Committee meeting, as and when required;
- 6.3 obtain, at the Company's expense, outside legal or other professional advice on any matter within these Terms of Reference and invite persons giving such advice to attend Committee meetings as and when required;
- 6.4 direct any employee to cooperate with any request made by the Committee;
- 6.5 delegate any of its powers to a sub-committee as it deems appropriate; and
- 6.6 publish in the Company's annual report details of any issues that have not been resolved between the Committee and the Board.