



UNIVERSAL MUSIC GROUP

AUDIT COMMITTEE REGULATIONS

UNIVERSAL MUSIC GROUP N.V.

1 Introduction

- 1.1 These regulations are the regulations (**Audit Committee Regulations**) of the audit committee (**Audit Committee**) of the board of directors (**Board**) of Universal Music Group N.V. (**Company**).
- 1.2 Capitalized terms used but not otherwise defined in these Audit Committee Regulations have the meaning set forth in the list of definitions included in the regulations of the Board (**Regulations**).
- 1.3 These Audit Committee Regulations were adopted by the Board on 20 September 2021 with effect per the first admission and trading of all of the ordinary shares in the capital of the Company on Euronext Amsterdam, and remain in full force and effect until amended or terminated (in whole or in part).

2 General role and responsibilities

- 2.1 Without prejudice to the Regulations, the Audit Committee advises the Board in relation to its responsibilities, undertakes preparatory work for the Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems and shall prepare resolutions of the Board in relation thereto.
- 2.2 The Audit Committee shall in any event have the following duties and responsibilities:
 - (a) supervising and monitoring, and discussing with and advising the Board on, the effectiveness of the design and operation of the internal risk management and control systems, including supervising the enforcement of the relevant legislation and regulations, and supervising the effect of codes of conduct;
 - (b) supervising the preparation and submission of financial information by the Company (including choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items, forecasts, work of internal auditor and the External Auditor(s));
 - (c) supervising the compliance with recommendations and observations of the Company's internal auditor and the External Auditor(s);
 - (d) supervising the functioning of the internal audit department (if present); in particular co-determining the plan of action for the internal audit department, taking note of the findings and considerations of the internal audit department and giving an opinion on



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the way in which the internal audit function fulfils its responsibility to the Board;

- (e) supervising the policy of the Company on tax planning;
- (f) supervising the financing of the Company;
- (g) supervising the applications of information and communication technology, including risks relating to cybersecurity;
- (h) maintaining frequent contact and supervising the relationship with the External Auditor(s);
- (i) implementing the procedure for the selection of (a) statutory auditor(s) and submitting a recommendation to the Non-Executive Directors for the (re)appointment or dismissal of (a) statutory auditor(s) by the General Meeting, giving due consideration to the Executive Directors' observations of the work of the External Auditor(s);
- (j) informing the Board of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of financial reporting and what the role of the Audit Committee was in that process;
- (k) monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity;
- (l) determining whether and, if so, how the External Auditor(s) shall be involved in the content and publication of financial reports other than the Annual Accounts;
- (m) issuing a recommendation on the appointment and dismissal of the senior internal auditor (if present);
- (n) if there is no separate department for the internal audit function, issuing a recommendation to the Board whether adequate alternative measures have been taken;
- (o) submitting a proposal to the Board for the engagement of the External Auditor(s) to audit the Annual Accounts;
- (p) considering and where appropriate, approving the Annual Accounts, the annual budget and major capital expenditures of the Company.

2.3 The Audit Committee shall, together with the Executive Directors and the External Auditor(s), be involved in the drawing up of the audit plan by the internal audit function (if present).

2.4 The Audit Committee and the External Auditor(s) shall discuss the audit plan and the findings of the External Auditor(s) based on the work the External Auditor(s) has undertaken. The Audit Committee shall discuss with the External Auditor(s):

- (a) the scope and materiality of the audit plan and the principal risks of the annual reporting



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- identified by the External Auditor(s) in the audit plan; and
- (b) based also on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the Annual Accounts and the management letter.
- 2.5 The Audit Committee shall report to the Board on its deliberations and findings. This report must, at least, include the following information:
- (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;
- (b) the methods used to assess the effectiveness of the internal and external audit processes;
- (c) material considerations regarding financial reporting;
- (d) the way material risks and uncertainties have been analysed and discussed, along with a description of the most important findings of the Audit Committee.
- 2.6 The Audit Committee shall report annually to the Board on the functioning of, and the developments in, the relationship with the External Auditor(s), in particular his/her/their independence. The report shall address, inter alia, the desirability of rotation of partners within the audit firm(s) that is/are responsible for the Company's audit, and the desirability of any non-auditing work for the Company by the External Auditor(s). The selection and recommendation of the External Auditor(s) will also take into account the outcome of this report.
- 2.7 Unless it concerns the renewal of the audit engagement of the External Auditor(s), the recommendation as referred to in Article 2.2 under (i) shall be well-motivated and shall contain at least two choices for the audit engagement. The Audit Committee shall express a duly justified preference for one (or both, if applicable) of the candidates. In its recommendation, the Audit Committee shall state that its recommendation is free from influence by a third party and that no contractual clauses restrict the choice by the General Meeting to certain categories or lists of statutory auditors or audit firms.
- 2.8 An audit engagement may be renewed but may not exceed a maximum duration of ten years. The duration of an engagement shall be calculated as from the Company's first financial year covered in the audit engagement letter. After any ten-year engagement period, a cool-off period of four years applies.
- 2.9 Unless it concerns the renewal of the audit engagement of the External Auditor(s), the recommendation as referred to in Article 2.2 under (i) shall be prepared following a selection procedure organised by the Company – under the responsibility of the Audit Committee – respecting the following criteria:
- (a) the Company shall be free to invite any statutory auditors or audit firms (which are



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licensed to audit public-interest entities) to submit proposals for the provision of the statutory audit service provided that (i) any mandatory cool-off period shall be observed and (ii) the organisation of the tender process does not in any way preclude the participation in the selection procedure of firms which received less than 15% of the total audit fees from public-interest entities in the Netherlands in the previous calendar year;

- (b) the Company shall prepare tender documents for the attention of the invited statutory auditors or audit firms. Those tender documents shall allow them to understand the business of the Company and the type of statutory audit that is to be carried out. The tender documents shall contain transparent and non-discriminatory selection criteria that shall be used by the Company to evaluate the proposals made by statutory auditors or audit firms;
 - (c) the Company shall be free to determine the selection procedure and may conduct direct negotiations with interested tenderers in the course of the procedure;
 - (d) where the AFM requires statutory auditors and audit firms to comply with certain quality standards, those standards shall be included in the tender documents;
 - (e) the Company shall evaluate the proposals made by the statutory auditors or the audit firms in accordance with the selection criteria predefined in the tender documents. The Company shall prepare a report on the conclusions of the selection procedure, which shall be validated by the Audit Committee. The Company and the Audit Committee shall take into consideration any findings or conclusions of any inspection report published by the AFM regarding the quality and transparency of the applicant statutory auditor(s) or audit firm(s);
 - (f) the Company shall be able to demonstrate, upon request, to the AFM that the selection procedure was conducted in a fair manner.
- 2.10 The External Auditor(s) shall receive the financial information underlying the adoption of the quarterly or half yearly accounts and other interim financial reports and shall be given the opportunity to respond to all information.
- 2.11 The External Auditor(s) shall inform the chairperson of the Audit Committee without delay if, during the performance of his/her/their duties, he/she/they discover(s) or suspect(s) an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of a Board member, the External Auditor(s) shall report this directly to the Chairman of the Board.
- 2.12 Every Non-Executive Director shall have unrestricted access to all records of the Audit



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Committee.

3 Composition and size Audit Committee

- 3.1 The Audit Committee shall consist of at least three members. More than half of the members of the Audit Committee, including the chairperson of the Audit Committee, shall be independent within the meaning of Article 5.7 of the Regulations.
- 3.2 All members of the Audit Committee must be Non-Executive Directors.
- 3.3 The Board shall appoint the members of the Audit Committee.
- 3.4 The Board may substitute the members of the Audit Committee at any time.
- 3.5 At least one member of the Audit Committee has competence in accounting and/or auditing. The members as a whole shall have competence relevant to the sector in which the Company is operating.
- 3.6 The Audit Committee may not be chaired by the Chairman of the Board or by a former Executive Director. The chairperson of the Audit Committee shall be designated by the Board.
- 3.7 Generally the term of office of a member of the Audit Committee will not be set in advance. It will, *inter alia*, depend on the composition of the Board as a whole and the other Committees from time to time.
- 3.8 The composition of the Audit Committee shall be mentioned in the Non-Executive Directors Report.
- 3.9 The Company Secretary shall act as the secretary to the Audit Committee.
- 3.10 No member of the Audit Committee may receive, directly or indirectly, any compensation from the Company other than remuneration paid to Non-Executive Directors for service on the Board or a Committee thereof.
- 3.11 The chairperson of the Audit Committee or one of the other Audit Committee members shall use its best efforts to be available to answer questions about the Audit Committee's activities at the annual General Meeting.

4 Meetings of the Audit Committee

- 4.1 The Audit Committee shall hold at least four meetings per year and whenever one or more of its members have requested a meeting. The meetings shall generally be held at the office of the Company, but may also take place elsewhere or by means of a conference call, video-conference, or similar communications equipment provided that all members of the Audit Committee participating in the meeting can hear each other and none of them has objected to this way of decision-making. Participation in a meeting held in any of the foregoing ways shall



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constitute presence at such meeting. The quorum of any meeting shall be a majority of the members of the Audit Committee.

- 4.2 The Audit Committee shall meet with the External Auditor(s) as often as it considers necessary, but at least once a year, outside the presence of the Executive Directors.
- 4.3 The chief financial officer of the Company, the Director in charge of the Company's financial affairs, the internal auditor (if present) and the External Auditor(s) shall attend the Audit Committee meetings, unless the Audit Committee determines otherwise. The Audit Committee shall decide whether and, if so, when the Chairman of the Board shall attend its meetings.
- 4.4 The convocation notices of an Audit Committee meeting shall be given in writing, at such time that all the members of the Audit Committee are given opportunity to participate in and prepare themselves for the meeting ultimately eight days in advance. In urgent cases, the chairperson of the Audit Committee may determine that the meeting shall be convened upon shorter notice, but in any case no later than two business days before the meeting. Any notice of the Audit Committee meeting shall contain the agenda for the meeting. The agenda stating the matters for decision, shall be drawn up by the chairperson of the Audit Committee. The other information and decision material for the meeting shall be circulated as soon as possible, but in any case no later than two business days before the meeting.
- 4.5 The Company Secretary shall take minutes of the meeting. If the Company Secretary is not present at the meeting, the meeting may designate another secretary. The minutes shall be adopted in the same meeting or in a next meeting of the Audit Committee, and shall be signed by the chairperson of the Audit Committee, the Company Secretary and/or the secretary of that meeting. A copy of the minutes will be sent to the Board.
- 4.6 If and when required, the chairperson of the Audit Committee shall provide further information to the Board during its meetings on the results of the Audit Committee's discussions.
- 4.7 The number of meetings of the Audit Committee and the main items discussed shall be mentioned in the Non-Executive Directors Report.

5 Outside advisors

The Audit Committee shall have the power, without Board approval and at the Company's expense (which shall be funded appropriately by the Company), to engage independent legal counsel and other advisors as it deems necessary or appropriate. The Audit Committee shall have the sole authority to approve such firms' fees and other retention terms. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of: (i) compensation to the independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisors employed by the Audit Committee; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in



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carrying out its duties.

6 Review

The Audit Committee shall from time to time review and assess the adequacy of these Audit Committee Regulations and recommend any proposed changes to the Board. In addition, the Audit Committee shall annually review its own performance.

7 Amendment and deviations

The Board may amend these Audit Committee Regulations and/or revoke any powers granted by it to the Audit Committee. The Board may allow temporary deviations from these Audit Committee Regulations.

8 Regulations *mutatis mutandis* applicable

The relevant Articles of the Regulations shall apply *mutatis mutandis* to these Audit Committee Regulations.

9 Website

These Audit Committee Regulations, and any amendments thereto, shall be posted on the Company's website.
