



warner | music | group

## **WARNER MUSIC GROUP CORP.**

### **AUDIT COMMITTEE CHARTER**

#### ***Purpose***

The Audit Committee (the “Committee”) of Warner Music Group Corp. (the “Company”) is established by the Board of Directors of the Company (the “Board”) primarily for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company and its subsidiaries.

The Committee is responsible for (i) assisting the Board’s oversight of (a) the accounting, financial and external reporting policies and practices of the Company; (b) the quality and integrity of the Company’s financial statements and related disclosure; (c) the independent auditor’s qualifications and independence; (d) the evaluation and management of the Company’s financial risks; (e) the performance of the Company’s internal audit function and independent auditor; and (f) the Company’s compliance with legal and regulatory requirements; and (ii) the preparation of the report of the Committee required to be included in the Company’s annual proxy statement under the rules of the Securities and Exchange Commission (“SEC”).

#### ***Composition***

1. **Members.** The Committee shall consist of at least three members of the Board, unless otherwise determined by the Board. The initial members of the Committee shall be appointed by the Board and thereafter the members of the Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board, which shall recommend for Committee membership such directors as it believes are qualified, in all cases subject to the terms of the Stockholder Agreement, dated May 29, 2020 (the “Stockholder Agreement”), by and among the Company and Access Industries, LLC. Members of the Committee shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

Each member of the Committee shall satisfy the independence requirements relating to directors and audit committee members (a) of The Nasdaq Stock Market (the “Exchange”) and (b) under Section 10A(m) of the Securities Exchange Act of 1934 (the “Exchange Act”) and any related rules and regulations promulgated thereunder by the SEC. Each member of the Committee shall be financially literate and able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement, as such qualification is interpreted by the Board in its business judgment. In addition, at least one member of the Committee shall qualify as an audit committee financial expert, as such qualification is interpreted by the Board in its business judgment. The membership of the Committee shall meet the foregoing



requirements within the phase-in periods provided in the Exchange rules relating to audit committees of public companies following an initial public offering.

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.

2. Chair. The Chair of the Committee shall be appointed by the Board.
3. Removal and Replacement. The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board, subject to the terms of the Stockholder Agreement.

### *Operations*

1. Meetings. The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least quarterly. The Committee shall meet separately, periodically, with management, the general counsel, the head of the internal audit department and the independent auditor. The Committee shall also meet separately with the independent auditor at least quarterly. In addition, the Committee shall meet with the independent auditor and management quarterly to review the Company's financial statements. A majority of the Committee shall constitute a quorum for the transaction of business, and any action taken by a majority of the members of the Committee present at a meeting at which there is a quorum shall constitute the act of the Committee. All meetings of the Committee may be held by any telephone, electronic or other communication device that permits all persons participating in the meeting to communicate with each other simultaneously and instantaneously. In addition, any action required or permitted to be taken by the Committee may be taken without a meeting if all members of the Committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto shall be filed with the minutes of the proceedings of the Committee. The Committee may invite to its meetings any director, management of the corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also *exclude* from its meetings any persons it deems appropriate in order to carry out its responsibilities.
2. Agenda. The Chair of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.



3. Report to Board. The Committee shall report regularly to the Board, including with respect to any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor or the performance of the internal audit function, and shall submit to the Board the minutes of its meetings.
4. Review of Committee Performance and Charter. The Committee shall undertake and review with the Board an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair of the Committee or any other member of the Committee designated by the Committee to make this report. In addition, the Committee shall review and re-assess annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.

### *Authority and Duties*

#### Independent Auditor's Qualifications and Independence

1. The Committee shall be directly responsible for the appointment, retention, compensation, and oversight of the work of the independent auditor employed by the Company (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The Committee shall also approve all audit engagement fees and terms and review proposed audit scope for adequacy of coverage. The independent auditor shall report directly to the Committee.
2. The Committee shall have the sole authority to pre-approve any significant audit or non-audit services to be provided to the Company by any such independent auditor, other than "prohibited non-auditing services." The Committee shall review with the lead audit partner whether any of the audit team members receive any discretionary compensation from the audit firm with respect to non-audit services performed by the independent auditor. The following shall be "prohibited non-auditing services": (a) bookkeeping or other services related to the accounting records or financial statements of the audit client; (b) financial information systems design and implementation; (c) appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions or human resources; (g) broker or dealer, investment advisor or investment banking services; (h) legal services and expert services unrelated to the audit; and (i) any other service that the Public Company Accounting Oversight Board prohibits through regulation. Notwithstanding the foregoing, pre-approval is not necessary for minor audit



services if: (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its auditor during the fiscal year in which the non-audit services were provided; (ii) such services were not recognized by the Company at the time of engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee. The Committee may delegate to one or more of its members the authority to approve in advance all significant audit or non-audit services to be provided by the independent auditors so long as it is presented to the full Committee at its next scheduled meeting.

3. The Committee shall obtain and review with the lead audit partner and a more senior representative of the independent auditor, annually or more frequently as the Committee considers appropriate, a report by the independent auditor describing: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry, review or investigation by governmental, professional or other regulatory authorities, within the preceding five years, respecting independent audits carried out by the independent auditor, and any steps taken to deal with these issues; and to assess the independent auditor's independence, all relationships between the independent auditor and the Company. The Committee shall, in addition to assuring the regular rotation of the lead (or coordinating) audit partner and the audit partner responsible for reviewing the audit at least every five years, consider whether there should be regular rotation of the audit firm. The Committee shall confirm with any independent auditor retained to provide audit services for any fiscal year that the lead (or coordinating) audit partner, or the audit partner responsible for reviewing the audit, has not performed audit services for the Company in each of the five previous fiscal years. In performing such functions, the Committee shall take into account the opinions of management and the personnel responsible for the Company's internal audit function.
4. The Committee shall review, at least annually, the experience, qualifications, performance and independence of the independent auditor and the senior members of the independent auditor team, including the lead audit partner, and present its conclusions with respect to the independent auditor to the full Board.
5. The Committee shall set clear hiring policies for any employee or former employee of the independent auditor who was a member of the Company's audit team. At a minimum, these policies should provide that any registered public accounting firm may not provide audit services to the Company if the CEO, controller, CFO or chief accounting officer or any other person serving in an equivalent capacity for the



Company was employed by the registered public accounting firm and participated in the audit of the Company within one year of the initiation of the current audit.

6. The Committee shall discuss with the independent auditor, out of the presence of management if deemed appropriate, the matters required to be communicated to audit committees in accordance with the auditing standards of the PCAOB, as they may be modified or supplemented, relating to the conduct of the audit, including under Auditing Standard No. 1301 (as the same may be amended or superseded).

#### Financial Statements and Related Disclosure

7. The Committee shall review the annual audited financial statements with management and the independent auditor, including disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” prior to the filing of the Company’s or any subsidiary’s Form 10-K (if any) and recommend to the Board of Directors whether the audited financial statements should be included in the Company’s or such subsidiary’s Form 10-K and determine whether such information should be distributed to the shareholders, bondholders or lenders.
8. The Committee shall review the quarterly financial statements with management and the independent auditor, including the Company’s or any subsidiary’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” prior to the filing of the Company’s or such subsidiary’s Form 10-Q (if any), including the results of the independent auditors’ review of the quarterly financial statements and determine whether such information should be distributed to the shareholders, bondholders or lenders.
9. The Committee shall review and discuss with management and the independent auditors earnings press releases (paying particular attention to the use of any “pro forma” or “adjusted” non-GAAP information) before they are issued. The Committee shall review generally with management the nature of the financial information and earnings guidance provided to analysts and rating agencies.
10. The Committee shall review with management and the independent auditor: (a) all critical accounting policies and practices to be used by the Company in preparing its financial statements; (b) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor; (c) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles; (d) major issues as to the adequacy of the Company’s internal controls



- and any specific audit steps adopted in light of significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting; and (e) other material communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
11. The Committee shall review and discuss with management and the independent auditor any significant changes to the Company's existing policies and practices, including those suggested by the independent auditor, internal audit personnel or management, as they apply to accounting, financial reporting, external reporting and/or asset safeguarding.
  12. The Committee shall review with management, and any outside professionals as the Committee considers appropriate, the effectiveness of the Company's disclosure controls and procedures.
  13. The Committee shall review with management, and any outside professionals as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements.
  14. The Committee shall review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
  15. The Committee shall review with the independent auditor: (a) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management; and (b) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditor (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise); (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to the Company.
  16. The Committee shall prepare the report required by the Securities and Exchange Commission (the "SEC") to be included in the Company's annual report on Form 10-K.
  17. Review and discuss with the CEO and CFO the procedures undertaken in connection with the CEO and CFO certifications in periodic reports, including their evaluation of the Company's disclosure controls and procedures and internal control over financial reporting. Review the Sarbanes-Oxley Section 302 and 906 certifications provided by management in the Company's SEC periodic reports.





18. The Committee shall obtain from the independent auditor assurance that Section 10A(b) of the Securities Exchange Act of 1934, as amended, has not been implicated.
19. The Committee shall review and discuss with management and the independent auditor management's internal control report prepared in accordance with rules promulgated by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act.

#### Performance of the Internal Audit Function and Independent Auditors

20. The Committee shall review with management, the internal auditor and the independent auditor the scope, planning and staffing of the proposed audit for the current year. The Committee shall also review and discuss with the independent auditor the internal audit function's organization, responsibilities, plans, results, budget and staffing. In addition, management shall consult with the Committee on the appointment, replacement, reassignment or dismissal of the principal internal auditor.
21. The Committee shall review with management, the internal auditor and the independent auditor the quality, adequacy and effectiveness of the Company's internal controls and any significant deficiencies or material weaknesses in internal controls.
22. The Committee shall review the Company's policies with respect to risk assessment and risk management. The Committee should discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
23. The internal auditor shall report directly to the Committee with administrative oversight from the Company's chief financial officer.

#### Compliance with Legal and Regulatory Requirements

24. The Committee shall review with management, and any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies.
25. The Committee shall review with the general counsel the adequacy and effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities. The Committee shall also review the legal and compliance function's organization, responsibilities, plans, results, budget and staffing.



26. Conduct any investigation that the Committee deems appropriate, with full access to all of the Company's records, facilities, personnel and outside advisors.
27. The Committee shall establish procedures for: (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or potential violations of law; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters or potential violations of law.
28. The Committee shall obtain reports from management, the internal auditor and the independent auditor regarding compliance with all applicable legal and regulatory requirements, including the Foreign Corrupt Practices Act and inquire of the independent auditor whether any officer or director of the Company, or any person acting under their direction, has sought to fraudulently influence, coerce, manipulate or mislead the independent auditor for purposes of rendering the Company's financial statements materially misleading.
29. Unless otherwise approved or ratified pursuant to the Board's "Related Person Transaction Policy", the Committee shall review and approve or ratify all transactions between the corporation and any Related Person that are required to be disclosed pursuant to Item 404(a) of Securities and Exchange Commission Regulation S-K ("Item 404(a)"). "Related Person" shall have the meaning given to such term in Item 404(a), as amended from time to time.
30. The Committee shall review with management, the chief compliance officer and any outside professionals as the Committee considers appropriate the scope, planning and staffing of the compliance and ethics program. The Committee shall also review and discuss with the chief compliance officer the compliance and ethics program's function organization, responsibilities, plans, results, budget and staffing.

#### Finance Related Matters

31. The Committee shall review and recommend to the Board financial policies and performance objectives as developed by management pertaining to: earnings growth and return on equity; debt ratio, coverage, cash flow and credit rating; dividend policy; investment criteria, including capital investment hurdle rates; and financial risk management strategies, including the use of derivatives.
32. The Committee shall review changes to the capital structure of the Company, including: timing and maturities of debt, terms of interest rates; and considerations on common stock sales, repurchases or splits as appropriate and any changes in dividends.
33. The Committee shall review, as appropriate, banking relationships and lines of credit.





34. The Committee shall review, as appropriate, the adequacy of insurance coverage on the Company's assets.
35. The Committee shall review, as appropriate, tax strategies and the impact on WMG from potential tax law changes.
36. The Committee shall review, as appropriate, the financial impact to the Company of any changes to employee benefit plans such as pension plans, ESOPs, 401Ks and Employee Stock Purchase plans.
37. The Committee shall review, as appropriate, the business plan from the perspective of funds flow, capital spending and financing requirements.
38. The Committee shall review and evaluate consummated acquisitions, joint ventures, partnerships, strategic investments, significant capital spending projects or similar initiatives, in each case, of the Company or any of its subsidiaries.
39. The Committee shall have the responsibility and authority to review and approve or review and make a recommendation to the Board in respect of, in advance thereof, any capital spending project of the Company or any of its subsidiaries that, pursuant to the Company's Delegation of Authority Policy, requires the approval of the Board of Directors.
40. The Committee shall have the responsibility and authority to review and approve or review and make a recommendation to the Board in respect of, in advance thereof, any commitment in respect of any acquisition, joint venture, partnership, strategic investment, disposition or similar initiative by the Company or any of its subsidiaries that, pursuant to the Company's Delegation of Authority Policy, requires the approval of the Board of Directors.

#### Delegation of Authority Policy

41. When appropriate, as permitted under applicable law, the Committee may amend or supplement the Company's Delegation of Authority Policy without the prior approval of the Board.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight function. The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate in accordance with applicable laws and regulations. The Committee shall be given the resources and assistance necessary to discharge its oversight role, including appropriate funding, as determined by the Committee, and full access to all of the Company's books, records, facilities and personnel. The Committee may retain counsel, auditors or other advisors, in its sole discretion.



warner | music | group

### ***Clarification of Audit Committee's Role***

The Committee's responsibility is one of oversight. It is the responsibility of the Company's management to prepare consolidated financial statements in accordance with applicable law and regulations and of the Company's independent auditor to audit those financial statements. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Committee by such persons or organizations.