Audit Committee – Terms of Reference

(adopted by the Board on 18 December 2003
and last updated on 3 August 2026)

Directors' duties
It is the duty of the Company's Directors to promote the success of the Company for the benefit of members as a whole. Directors must have regard to sections 171 to 177 of the Companies Act 2006 which set out Directors' Duties in more detail. In doing so Directors must have regard, amongst other things, to the following:

a. the likely consequences of any decision in the long term;
b. the interests of the Company's employees;
c. the need to foster business relationships;
d. the impact of the Company's operations on community and environment;
e. the desirability of the Company maintaining reputation for high standards of business and conduct; and
f. the need to act fairly as between members.

1. Membership

1.1. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least three members.

1.2. All members of the Committee shall be independent Non-Executive Directors at least one of whom the Board considers shall have recent and relevant financial experience and with competence in accounting and/or auditing and the Committee shall have competence relevant to the sector in which the Company operates. For the avoidance of doubt, the Chairman of the Board is not a member of the Committee. Independence shall be determined by the Board. At least one member of the Committee shall be a member of the Remuneration Committee.

1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Group Chief Executive, Group Chief Financial Officer, other Directors and representatives from other functions in the Company may be invited to attend all or part of any meeting as and when appropriate.

1.4. The external auditor will be invited to attend meetings of the Committee on a regular basis.

1.5. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent. In exceptional circumstances an appointment may be extended beyond this provided that the Board considers that the individual committee member remains independent.

1.6. 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 meeting.

2. Secretary

2.1. The Company Secretary shall act as the Secretary of the Committee.

3. Quorum

3.1. The quorum necessary for the transaction of business 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.

4. Frequency of Meetings

4.1. The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.

4.2. Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman, the Group Chief Executive, the Group Chief Financial Officer, the external audit partner and the Group Risk Assurance Manager.

5. Notice of Meetings

5.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of the external or internal auditor if they consider it necessary.

5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed with supporting papers, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting.

6. Minutes of Meetings

6.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, if requested, to all members of the Board, unless a conflict of interest exists or it be inappropriate to do so.

7. Annual General Meeting and engagement with shareholders

7.1. The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. Duties

The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, should carry out the duties below in respect of the parent company, major subsidiary undertakings and the Group as a whole.

8.1. Financial Reporting

8.1.1. The Committee shall monitor the integrity and fairness of the financial statements of the Company, including its annual and interim reports, trading statements, results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review any summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature. The Committee shall review and report to the Board on significant financial reporting issues

and judgements which these statements contain, having regard to matters communicated to it by the external auditor.

8.1.2. The Committee shall review and challenge where necessary:

8.1.2.1 the consistency and application of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the Company has adopted appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made; and

8.1.2.5 all material information presented with the financial statements, such as the Strategic Report and the corporate governance statement (insofar as it relates to the audit and risk management).

8.1.3. The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.

8.1.4. The Committee shall review the annual financial statements of the pension funds where not reviewed by the Board as a whole.

8.1.5. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, it shall report its views to the Board.

8.2. **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 and whether it informs the Board's statement in the Annual Report on these matters that is required under the Code.

8.3. **Internal Controls and Risk Management Systems**

The Committee shall:

8.3.1. keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems (material controls framework); and

8.3.2. review and approve the statements to be included in the Annual Report concerning internal control, risk management, including the assessment of principal risks and emerging risks and the viability statement.

8.4. **Whistleblowing and Fraud**

The Committee shall:

8.3.1 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.

8.3.2 The Committee Chair shall be informed of all reported whistleblowing incidents and at his discretion the detail of which shall be shared with the full Board of Directors.

8.3.3 review the Company's procedures for detecting fraud.

8.3.4 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

8.5. **Internal Audit**

The Committee shall:

8.5.1. monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;

8.5.2. approve the appointment and removal of the head of the internal audit function;

8.5.3. consider and approve the remit of the internal audit 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;

8.5.4. review and assess the annual internal audit plan to ensure it is aligned to the key risks of the business and receive regular reports on work carried out;

8.5.5. ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;

8.5.6. ensure the internal auditor has direct access to the Board Chairman and to the Committee Chair, providing independence from the executive and accountability to the Committee;

8.5.7. carry out an annual assessment of the effectiveness of the internal audit function, and as part of this assessment:

8.5.7.1. meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;

8.5.7.2. review and assess the internal audit work plan;

8.5.7.3. receive a report on the results of the internal auditor's work;

8.5.7.4. determine whether it is satisfied that the quality, experience, and expertise of internal audit is appropriate for the business; and

8.5.7.5. review actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;

8.5.8. monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of compliance, finance and the external auditor;

8.5.9. consider whether an independent, third party review of processes is appropriate; and

8.5.10. 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.

8.6. **External Audit**

The Committee shall:

8.6.1. consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor;

8.6.2. develop and oversee the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;

8.6.3. if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;

8.6.4. oversee the relationship with the external auditor including (but not limited to):

8.6.4.1. approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;

8.6.4.2. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

8.6.4.3. reviewing and monitoring annually their independence and objectivity taking into account relevant UK law, regulation, the Ethical Standard and other professional requirements and the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;

8.6.4.4. 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;

8.6.4.5. agreeing with the Board a policy on the employment of former employees of the Company's auditor, taking into account the Ethical Standard and legal requirements, then monitoring the implementation of this policy;

8.6.4.6. monitoring the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partners and staff;

8.6.4.7. monitoring the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;

8.6.4.8. assessing annually their qualifications, expertise and resources, and independence of the auditor and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements, which shall include a report from the external auditor on their own internal quality procedures;

8.6.4.9. seeking to ensure co-ordination with the activities of the Company's internal audit function;

8.6.4.10. evaluating the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;

8.6.4.11. developing, recommending to the Board and implementing the Company's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters;

8.6.4.11.1. threats to the independence and objectivity of the external auditor and any safeguards in place;

8.6.4.11.2. the nature of the non-audit services;

8.6.4.11.3. whether the external audit firm is the most suitable supplier of the non-audit service;

8.6.4.11.4. the fees for the non-audit services, both individually and in aggregate, relative to the audit fee;

8.6.4.11.5. the criteria governing compensation; and

8.6.4.11.6. the relevant regulations and ethical guidance on non-audit services.

8.6.4.12. in accordance with the requirements under the 2024 UK Corporate Governance Code and FRC's Guidance on Audit Committees consider putting the external audit contract out to tender at least every 10 years to enable the quality and effectiveness of the services provided to be assessed.;

8.6.4.13. Evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of withdrawal of the auditor from the market in that evaluation.

8.6.5. meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;

8.6.6. discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

8.6.7. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

8.6.7.1. a discussion of any major issues which arose during the audit;

8.6.7.2. the auditor's explanation of how the risks to audit quality were addressed;

8.6.7.3. key accounting and audit judgements;

8.6.7.4. the auditor's view of their interactions with senior management; and

8.6.7.5. levels of errors identified during the audit.

8.6.8. review the effectiveness of the audit and review any representation letter(s) requested by the external auditor before they are signed by management;

8.6.9. review the management letter and management's response to the auditor's findings and recommendations;

8.6.10. review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

8.6.11. develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter, including;

8.6.11.1. considering whether the performance of non-audit work has an effect on the effectiveness of the Company's overall arrangements for internal control, taking into account investor perceptions of the non-audit work;

8.6.11.2. considering the rationale of the non-audit work performed and its impact on their independence and objectivity; and

8.6.12. explain to shareholders in its Annual Report how the Committee has assessed the effectiveness of the external audit process, and the process and approach taken to the appointment/reappointment of the external auditor to enable shareholders to make an informed decision around their re-appointment.

9. Reporting Responsibilities

9.1. The Committee 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. The report shall include:

9.1.1. the significant issues that it considered in respect of the financial statements and how these were addressed;

9.1.2. its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length and tenure of the audit firm, when a tender was last conducted and advance notice of any re-tendering plans; and

9.1.3. any other issues on which the Board has requested the Committee's opinion.

9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3. The Chair of the Committee shall produce a report to shareholders on the Committee's activities to be included in the company's Annual Report, which should, amongst other items required by the 2024 UK Corporate Governance Code, explain significant issues considered in relation to the financial statements and how they have been addressed, having regard to matters communicated to it by the auditor, the independence and effectiveness of the external audit process and approach taken to the appointment/reappointment process, how independence has been maintained where the external auditor provides non-audit services, and all other information requirements set out in the Code.

9.4. In compiling its reports, the Committee should exercise judgment 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, but could provide cross-references to that information.

9.5. If the Board does not accept 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 (this should also be supplied in any papers recommending appointment or reappointment).

10. Other Matters

The Committee shall:

10.1. have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;

10.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members, and which should include an understanding of the principles of and developments in corporate reporting and regulation;

10.3. give due consideration to laws and regulations, the provisions of the 2024 UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus, and Disclosure Guidance and Transparency Rules and any other applicable Rules as appropriate;

10.4. be responsible for co-ordination of the internal and external auditors;

10.5. oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort;

10.6. work and liaise with all other Board committees; and

10.7. at least once a year, review its own performance by reference to its objectives for that year, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

10.8. Review the Company's Code of Conduct at least annually and make recommendations to the Board for any changes.

10.9. Review legal and compliance developments at least once a year.

11. Authority

The Committee is authorised to:

11.1. seek any information it requires from any employee of the Company in order to perform its duties;

11.2. obtain, at the Company's expense, outside legal or other professional advice on any matter it believes it necessary to do so;

11.3. call any employee to be questioned at a meeting of the Committee as and when required; and

11.4. have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board.

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