

# Audit Committee Report



**Mary Waldner** | Chair of the Audit Committee

“In 2023, during my first year as Chair, I was pleased to note the Group further strengthened its risk management processes”

## Dear Shareholder,

I am pleased to present my first Audit Committee Report to you since taking over as Chair of the Audit Committee on 21 April 2023, upon Giles Kerr’s retirement from the Board. Giles was a member of the Board and chaired the Audit Committee for nearly ten years and I would like to express the appreciation of the Board for Giles’s significant contribution. I joined the Company in December 2021; this was planned to ensure there was appropriate time for the handover process of the Audit Committee Chair to run smoothly. Giles brought much knowledge and experience to the role and I am continuing his approach to maintaining the integrity of the Company’s financial reporting and risk management and internal control procedures; my biography can be found on page 86.

The Audit Committee has been established by the Board and consists entirely of independent non-executive Directors. The primary role of the Audit Committee is to maintain the integrity of the financial reporting of the Group and to ensure appropriate risk management and internal control procedures. To enable the Audit Committee to fulfil this role, its main responsibilities include:

- conducting the process for selecting the External Auditor and making recommendations to the Board, and ultimately shareholders for approval, of the appointment of the External Auditor, the audit fee, initiating tender processes in accordance with regulatory requirements, and the resignation or dismissal of the External Auditor;
- if an External Auditor resigns, investigating the issues leading to this and deciding whether or not any action is required;
- monitoring and assessing annually the independence and objectivity of the External Auditor, its compliance with regulatory requirements, the effectiveness of the external audit process and authorising the provision, if any, of non-audit services and the impact this may have on independence;
- monitoring the integrity of the Company’s financial reporting, including its annual and the half-yearly reports, preliminary announcements and related formal statements. Reviewing and reporting to the Board on significant financial reporting issues and judgments which those statements contain, having regard to matters communicated to it by the Auditor. Reviewing any other statements requiring

Board approval which contain financial information where practicable and consistent with any prompt reporting requirements. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board;

- reviewing the Company’s statement on the Annual Report & Accounts prior to endorsement by the Board, that taken as a whole the Annual Report & Accounts is fair, balanced and understandable and provides the information necessary to assess the Group’s position and performance, Business Model and strategy;
- discussing with the External Auditor issues and reservations, if any, arising from the year-end audit and the half-year review, and any other matters the External Auditor may raise;
- reviewing and approving the terms of the External Auditor’s engagement, including the management representation letter addressed to the External Auditor at the start of each audit;
- reviewing the longer-term viability and the going concern basis of accounting in preparation of the Financial Statements of the Group;
- approving the appointment or termination of appointment of the Director of Risk and Assurance;
- reviewing the effectiveness of the internal audit function (currently headed by the Director of Risk and Assurance); considering the major findings of internal audit activities and management’s response; ensuring co-ordination between the internal audit function and the External Auditor; reviewing and approving the role and mandate of the internal audit function. Annually approving the Internal Audit Charter, ensuring it is appropriate for the Group’s current needs, that the function is adequately resourced and has appropriate standing within the Group;
- ensuring the internal audit function has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensuring 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 ensuring that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- ensuring the internal Auditor has direct

access to the Board Chair and to the Audit Committee Chair, providing independence from the Executive and accountability to the Audit Committee;

- carrying out an annual assessment of the effectiveness of the internal audit function;
- reviewing the effectiveness of the Group's internal control systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems;
- developing and recommending to the Board the Group's Policy for the Provision of Non-Audit Services by the External Auditor, including specifying permitted non-audit services and their approval requirements;
- ensuring the External Auditor's remuneration fee level is appropriate to enable an effective and high quality audit;
- monitoring the External Auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the Ethical Standard;
- agreeing with the Board a Policy on the Employment of Former Employees of the Group's External Auditor, taking into account the Ethical Standard and legal requirements, and monitoring the application of this Policy;
- understanding the strategy at both Group and operational levels to ensure that business risks and other relevant issues are effectively identified and communicated to the Board;
- assessing the Audit Committee's capabilities in relation to diversity, risk experience and the financial expertise of its members;
- understanding the implications of changes to accounting standards;
- ensuring the Company's corporate ethics, anti-bribery and compliance procedures are up to date in terms of addressing the potential risks of fraud and misconduct;
- reviewing the Group's Whistle-blowing Policy, to ensure that appropriate procedures are in place for employees, contractors and external parties to raise, in confidence, any concerns that they may have relating to suspected malpractice, illegal acts, omissions or other unethical corporate conduct, regarding financial or other matters; and ensuring that arrangements are in place for investigation of such matters and follow-up action;
- giving due consideration to all relevant laws and regulations, the provisions of the Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules;
- after each Audit Committee meeting, the Audit Committee Chair formally reports to the Board on its proceedings and how the Committee has discharged its duties;
- working and liaising with all other Board Committees, ensuring interaction between the Committees and the Board is reviewed regularly; and
- considering any other topics specifically delegated to the Audit Committee by the Board from time to time.

Member	Appointment date	Retirement date
Mary Waldner (Committee Chair)	1 December 2021	–
Susan Brennan	1 January 2016	–
Barbara Jeremiah	1 January 2022	–
Rajiv Sharma	1 January 2019	–
Joe Vorih*	1 January 2024	–
Giles Kerr	2 September 2013	21 April 2023
Celia Baxter	2 September 2013	21 April 2023

\*Joe Vorih was appointed to the Board on 1 January 2024 and became a member of the Audit Committee on that date.

The Audit Committee is required to report its findings to the Board, identifying any matters where it considers that action or improvement is needed, and to make recommendations as to the steps taken.

### Composition of the Audit Committee

The Terms of Reference for the Audit Committee state that the Audit Committee shall be appointed by the Board from amongst the independent non-executive Directors of the Company, excluding the Company Chair, at least one of whom shall have recent and relevant financial experience. The Audit Committee shall consist of not less than three members, of which all shall be independent of any business connection with the Group. Appointments to the Audit Committee shall be for a period of up to three years, which may be extended by a maximum of two additional three-year periods, subject to the members remaining independent.

One member of the Audit Committee, Barbara Jeremiah, Senior Independent Non-Executive Director and Chair of the Remuneration Committee was appointed a non-executive director of Johnson Matthey Plc with effect from 1 July 2023. Johnson Matthey Plc, a related party of the Group, has been renting excess car parking space from one of the Group's operating businesses on a rolling monthly basis. The lease contract was in place prior to the acquisition of Thermal Engineering in 2013 by the Group and Barbara has had no involvement in the contract; further details can be found on page 191.

The Audit Committee is composed entirely of independent non-executive Directors, as shown in the table above.

Two members constitute a quorum for the Audit Committee. The Group Company Secretary acts as Secretary to the Audit Committee.

There was full attendance at every Audit Committee Meeting held during 2023.

Collectively, the members of the Audit Committee have significant commercial and financial experience at a senior management level. I have the recent and relevant financial experience required by the UK Corporate Governance Code to chair the Audit Committee. I succeeded Giles Kerr as Chair of the Audit Committee on 21 April 2023, when he retired from the Board as planned.

For details of the qualifications of members of the Audit Committee, please refer to the Board of Directors' biographies shown on pages 84 to 86.

No member of the Audit Committee has any connection with the company's External Auditor, KPMG LLP.

### Audit Committee's Terms of Reference

Periodically, the Audit Committee's Terms of Reference are reviewed to take into account current views on good practice and recent updates to the UK Corporate Governance Code. The UK Corporate Governance Code 2018 was adopted by the Audit Committee from the accounting period beginning on 1 January 2019. The Audit Committee's Terms of Reference were updated in December 2023, reflecting adoption of the FRC's Audit Committees and External Audit: Minimum Standard.

The Board expects the Audit Committee to have an understanding of:

- the principles, contents and developments in financial reporting, including the applicable accounting standards and statements of recommended practice;
- the key aspects of the Group's operations, including corporate policies, its products and services, Group financing, and systems of internal control;
- the matters that could influence or distort the presentation of accounts and key figures;
- the principles of, and developments in, company law, sector-specific laws and other relevant corporate legislation;
- the roles of internal and external auditing and risk management; and
- the regulatory framework for the Group's operating businesses.

The full Terms of Reference of the Audit Committee may be found on the Company's website.

**Activities of the Audit Committee**

The Audit Committee met on 21 February 2023 to consider the 2022 year-end report and during the subsequent 12 months conducted the following business on the four standard scheduled meeting dates, as indicated below:

**24 May 2023**

- Discussed and approved the external audit plan and strategy proposed by KPMG LLP for the 2023 audit, including materiality, scope, significant risks and other areas of audit focus, the audit cycle and auditor reporting.
- Reviewed KPMG LLP's 2023 Audit Fee Estimate.
- Reviewed and approved the terms of the proposed letter of engagement addressed to the External Auditor.
- Reviewed KPMG LLP's confirmation of its objectivity and independence, including identification of a permissible non-audit service that was carried out in 2022 from two residual components which was not communicated to the Group Auditors prior to commencement of the service. The Audit Committee was satisfied with the conclusions and actions taken by the Auditor.

**25 July 2023**

- Received and considered reports presented by the Director of Risk and Assurance including internal audit and risk management activities and an update on Audit and Corporate Governance Reform.
- Received an update from the Group's Internal Audit Manager.
- Received and reviewed KPMG LLP's assessment on its objectivity and independence.
- Reviewed the accounting presentation and judgmental issues, and the funding and liquidity reports for the half-year ended 30 June 2023.
- Reviewed, challenged and agreed the basis for going concern to be adopted for the 2023 Interim Results.
- Reviewed the Tax Memorandum for the half-year ended 30 June 2023.
- Reviewed and accepted KPMG LLP's Report to the Audit Committee on the half-year review for the six months ended 30 June 2023.
- Reviewed and approved the terms of the management representation letter addressed to the External Auditor.
- Discussed the Group's draft Announcement of the 2023 Interim Results together with the draft slides for the analysts' presentation.
- Approved KPMG LLP's proposed fees for the 2023 Audit.
- Noted the FRC's Audit Quality Review of KPMG LLP's audit work in 2022/23.

**27 September 2023**

- Reviewed the effectiveness of the external audit process.
- Assessed the significant risks that are considered by the Audit Committee, agreeing they would be broadly unchanged from 2022, apart from the removal of acquisition accounting as a significant risk, subject to review at the next meeting.
- Addressed governance agency recommendations on the Company's Annual Report & Accounts 2022, agreeing areas that could be better signposted in the Annual Report & Accounts 2023.
- Received and considered a report presented by the Director of Risk and Assurance which included internal audit activities.
- Reviewed the results of the bi-annual agents and advisors' status report.
- Reviewed the effectiveness and quality of the 2022 external audit.
- Approved the existing Policy for the Provision of Non-Audit Services by the External Auditor and the Policy on the Employment of Former Employees of the Company's External Auditor, with no changes required.
- Approved the draft updated Whistle-blowing Policy, to clarify practice.
- Approved the draft updated Terms of Reference of the Audit Committee, to bring it line with good practice.

**28 February 2024**

- Reviewed the accounting presentation and judgmental issues, and the viability assessment report for the year ended 31 December 2023, which included consideration of compliance with all debt covenants at all measurement dates out to 31 December 2025.
- Reviewed and approved the statements included in the Annual Report & Accounts 2023 concerning internal control, risk management, including the assessment of principal risks and emerging risks, TCFD and the Viability Statement.
- Reviewed, challenged and agreed the going concern basis to be adopted for the 2023 Accounts.
- Reviewed the Tax Memorandum for the year ended 31 December 2023.
- Reviewed and accepted KPMG LLP's Report to the Audit Committee on the audit of the Financial Statements for the year ended 31 December 2023.
- Reviewed KPMG LLP's confirmation of its independence and objectivity.
- Reviewed and approved the terms of the management representation letter addressed to the External Auditor.
- Approved the Audit Committee Report for 2023.
- Reviewed the effectiveness of the Group's risk management and internal control systems and disclosures made in the Annual Report & Accounts 2023.
- Reviewed an assessment of potential fraud during the year and were satisfied that risk of fraud and misconduct was addressed appropriately.
- Reviewed the draft Annual Report & Accounts 2023 and reviewed the Company's statement on the draft Annual Report & Accounts prior to endorsement by the Board, that, taken as a whole, the draft Annual Report & Accounts is fair, balanced and understandable and provides the information necessary to assess the Group's position and performance, Business Model and strategy.
- Discussed the Group's draft Announcement of the 2023 Final Results together with the draft slides for the analysts' presentation.
- Reviewed the Notice of Meeting for the 2024 AGM and the Proxy Form for the 2024 AGM.
- Received and considered a report presented by the Director of Risk and Assurance, which included the proposed 2024 internal audit plan.
- Reviewed and approved the Internal Audit Charter.
- Assessed the effectiveness of the internal audit function.

The Audit Committee held a private meeting with the External Auditor and a private meeting with the Group's Director of Risk and Assurance on 25 July 2023 and 28 February 2024, without Executive management being present.

In addition to the four scheduled meetings summarised above, two Audit Committee meetings were held in November 2023, to discuss the Audit and Corporate Governance Reform proposals and to approve the draft Trading Update for the 10-month period ended October 2023; the latter being subject to final confirmation by the Disclosure Committee.

During the year, the Audit Committee held discussions on the Audit and Corporate Governance Reform proposals and considered how best to address the possible changes; it agreed to monitor the situation and take appropriate action once the reforms have been clarified and the implementation date announced.

### Audit Committee Attendance and Separate Discussions

The Audit Committee typically invites the non-executive Chair, Group Chief Executive Officer, Group Finance Director, Group Financial Controller, the Group's Director of Tax & Strategic Finance, the Group's Director of Risk and Assurance and senior representatives of the external audit firm to attend its meetings, although it reserves the right to request any of these individuals to withdraw from any meeting.

During 2023, the Audit Committee also held separate discussions with the External Auditor and the Group's Director of Risk and Assurance, without Executive management being present. In addition, the Chair of the Audit Committee held separate meetings with each of these during the course of the year.

### Significant risks considered by the Audit Committee

The table below summarises the significant risks considered by the Audit Committee, including significant judgments and estimates:

Significant risks considered by the Audit Committee	How the risk was addressed by the Audit Committee
<p><b>Other provisions</b></p> <p>Provisions are held where management considers there is an obligation, payment is probable and the amount payable can be reliably estimated.</p> <p>Provisions held by the Group include but are not limited to:</p> <ul style="list-style-type: none"> <li>those held against legal claims and contractual matters, product warranties; and</li> <li>tax provisions for uncertain risk exposures.</li> </ul> <p>There is a risk that other provisions overstate or understate the associated liability.</p>	<p>The Audit Committee considered the basis upon which management had made its accounting judgments to determine the level of other provisions. The Audit Committee receives a separate report from the Group Head of Tax &amp; Strategic Finance that sets out the various uncertain risk exposures and any related provisions that are based on the best estimate of the amounts likely to be payable. The Audit Committee carefully considers the assumptions applied and provides appropriate challenge including an assessment of the related sensitivities (See Note 21). These were further discussed with the External Auditor.</p> <p>The Audit Committee believes there are no further reportable issues arising from these significant areas.</p>

Acquisition accounting, which was a significant risk in the Annual Report & Accounts 2022, is no longer considered a significant risk due to the acquisition being in the prior year.

### Other judgments and estimates

The Audit Committee considered other areas of focus where judgments and estimates have a significant effect on the amounts recognised in the 2023 Financial Statements. These areas of focus and how they were addressed by the Audit Committee are described below:

Other focus area considered by the Audit Committee	How these were addressed by the Audit Committee
<p><b>Other key judgments and estimates</b></p> <p>These include, but are not limited to, judgments and estimates in areas not covered by significant risks such as inventory net realisable value, going concern and viability, goodwill impairment assessment, retirement benefits, leases and tax (excluding provisions for uncertain tax which is a significant risk).</p>	<p>The Audit Committee reviewed the accounting presentation and judgmental issues paper, including a funding and liquidity report, for the related reporting period from the Group Financial Controller. In addition, the Audit Committee received a tax memorandum paper for the related reporting period from the Group's Head of Tax &amp; Strategic Finance.</p> <p>In its review of these presentation papers, the Audit Committee challenged management on the critical accounting judgments, and the key sources of estimation and uncertainty that were taken in the preparation of the Financial Statements, and concluded that they were appropriate.</p> <p>The Audit Committee believes there are no further reportable issues arising from these other key judgments and estimates.</p>



### Presentation of results

The Board has a policy, which has been clarified in 2023, to separately disclose items it considers are outside the normal course of management oversight and control on a day-to-day basis and are not reflective of in-year trading performance. Indicative criteria such as period to which the item relates and external driven factors that are outside of the control of the Group in combination with the magnitude and consistency of application are also considered. The Audit Committee assessed the presentation to ensure a fair and balanced treatment of what is and is not included as an adjusting item.

The Audit Committee considered the accounting policy applied to exclude adjusted items by reference to guidance issued by the FRC and the European Securities and Markets Authority ("ESMA"), and the need to ensure any alternative performance measures are presented with equal prominence to reported figures and on a consistent basis year-on-year.

The Audit Committee discussed the presentation of adjusted items with the External Auditor, and concurs with management's view that the presentation of items excluded from and include in adjusted results, combined with wider disclosures throughout the Annual Report, provides useful information to aid the understanding of the performance of the Group.

### External audit

#### Independence of the External Auditor and policy on the provision of non-audit services

To fulfil its responsibility regarding the independence of the External Auditor, the Audit Committee reviewed:

- a report from the External Auditor describing the arrangements that had been made to identify, report and manage any conflicts of interest and to maintain its independence; and
- the FRC's Audit Inspection Unit public report on KPMG LLP.

The Audit Committee's policy in respect of services provided by the External Auditor and its Policy on the Provision of Non-Audit Services by the External Auditor are as follows:

- The External Auditor is invited to provide services which, in its position as auditor, it must or is best placed to undertake. This includes formalities relating to borrowings, shareholder and other circulars, various other regulatory reports and certain work in respect of larger acquisitions and disposals;

- The Company has a Policy on the Provision of Non-Audit Services by the External Auditor, which is in line with the recommendations set out in the Financial Reporting Council's ("FRC") Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019) (the "Ethical Standard"). In line with these recommendations and requirements, the external audit firm is only appointed to perform a service when doing so would be consistent with both the requirements and the overarching principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier. In addition, the Ethical Standard requires an assessment of whether it is probable that an objective, reasonable and informed third party would conclude independence is not compromised. The approval of the Audit Committee must be obtained before the External Auditor is engaged to provide any non-audit services and these services are limited to activities which feature on the approved Permitted Non-Audit Services list. The total fees for non-audit services shall be limited to no more than 70% of the average of the statutory audit fee for the Company, of its controlled undertakings and of the consolidated Financial Statements paid to the External Auditor in the last three consecutive financial years;
- Other services may not be provided where precluded by law, regulation, or Ethical Standards or where the Audit Committee believes that it would compromise audit independence and objectivity; and
- All proposed contracts for permitted services to be provided by the External Auditor require the Audit Committee's approval. Approval for permitted services below £0.050m has been delegated by the Audit Committee to its Chair and below £0.025m to the Group Finance Director.

In 2023, the level of permitted services undertaken by KPMG LLP was broadly unchanged, as set out in the table below. The Audit Committee considered that it was beneficial for the Company to retain KPMG LLP for a small amount of permitted non-audit work and audit related services, because of the firm's knowledge of the Group and our requirements that the Interim audit to be performed by the External Auditor. The Audit Committee continues to closely monitor the nature and level of such permitted non-audit work.

Fees	2023	2022
Interim review	<b>£0.06m</b>	£0.06m
Permissible tax audit required in India, assessment of tax incentives in Thailand and certification of expenses in UK and France (2022 – assessment of tax incentives in Thailand and certification of expenses in India)	<b>£0.01m</b>	£0.01m
<b>Total audit-related services:</b>	<b>£0.07m</b>	£0.07m
<b>Non-audit related services:</b>	<b>£nil</b>	£nil

KPMG have not performed any non-audit services during the year ended 31 December 2023 or subsequently which are prohibited by the FRC Ethical Standard.

#### Policy on tendering

In order to maintain auditor independence and comply with FRC, EU guidance and the provisions of the CMA Order 2014 on audit tendering, the Group undertook a formal tender of its external audit during the first half of 2016, led by the Audit Committee. The appointment of KPMG LLP as the Group External Auditor for the financial year commencing 1 January 2017 received approval by shareholders at the Annual General Meeting held in April 2017. The Audit Committee reviews annually whether it is appropriate to put the external audit out to tender and concluded in 2023 that it was not appropriate to do so. The Audit Committee fully evaluates auditor performance and independence annually but does not favour mandatory five-year rotation.

### Assessment of external audit quality and effectiveness

The Audit Committee reviewed the effectiveness of the External Auditor and the external audit process, including an assessment of the quality of the audit, at its September 2023 meeting.

In 2023, the effectiveness of the external audit process was again performed by assessing a range of key areas through a formal questionnaire that was individually distributed to all the members of the Audit Committee and all other Executive and non-executive Directors. This framework required consideration of performance areas which needed future focus by the External Auditor, the areas where the External Auditor was meeting expectations and those where it was considered to have a strength.

Senior management received answers and comments from all questionnaires and consolidated them into a report. The Audit Committee used this report to facilitate a debate at its September 2023 meeting and to assist in assessing the level of external audit effectiveness. The Audit Committee discussed: the calibre of the external audit firm, the robustness of the external audit process and degree of challenge to matters of significant audit risk and areas of management subjectivity, the degree of professional scepticism applied by the External Auditor, the quality of delivery of the audit and the service provided by the External Auditor, the Audit Partner, the audit approach and planning, the role of management, the communication by the Auditor to the Audit Committee, the provisions of support for the work of the Audit Committee by the Auditor, the sharing of insights and adding value by the Auditor, the audit fee, the Auditor's independence and objectivity, and the quality of formal reporting by the Auditor to the Audit Committee. Examples of the Auditor's professional scepticism and challenge of management's assumptions, as noted by the Committee, include reviewing the range of outcomes to assess the levels of provision for uncertain tax positions, performing benchmarking of management's assumptions for the valuation of defined benefit obligations by comparing assumptions using their independent expectations and challenging assumptions on recognition and measurement basis of customer claims provisions. Feedback about the effectiveness of the external audit process from the local management teams was also considered by the Audit Committee. The Audit Committee concluded that the External Auditor had challenged the thinking of the Company and of the Audit Committee on a number of significant issues and had maintained its independence, notwithstanding the provision of an insignificant non-audit service to a residual component of the Group as discussed in the previous section.

In July 2023, the Financial Reporting Council (FRC) published its 2022/2023 Audit Quality Inspection Reports (AQIR) for each of the largest audit firms, including KPMG; at its July 2023 meeting, the Audit Committee noted the key findings of this report with respect to KPMG, together with areas of good practice that had been identified. Following completion of the assessment process outlined above, the Audit Committee concluded that it was satisfied with the effectiveness of the External Auditor; as a consequence, the Audit Committee has recommended to the Board that KPMG LLP be re-appointed as Auditor for 2024.

### Specific areas referred to the External Auditor

In 2023, the Audit Committee has not asked the Auditor to explicitly review any specific areas because the significant risks and other focus areas considered by the Auditor where aligned with the significant risks considered by the Audit Committee. The Audit Committee was satisfied with the results of the Auditor's results and findings.

### Internal audit

The Audit Committee is required to assist the Board in fulfilling its responsibilities relating to the effectiveness, resourcing and the plans of the Group internal audit function, which were headed by the Director of Risk and Assurance throughout 2023. The Internal Audit Manager reports to the Director of Risk and Assurance.

In 2023, as set out on pages 58 to 60, the Group further strengthened its risk management procedures and these have been reviewed by the Audit Committee. Risk has been assessed on a top down and bottom up basis, and including the consideration of emerging risks. A risk-based programme of internal audit has been conducted in the year. In 2023, the internal audit programme was delivered through a combination of face-to-face and remote working methods.

The Chair and non-executive Directors are actively encouraged to visit the Group's operating businesses unaccompanied by executive Directors. Such visits enable the Directors to meet the local management teams and employees and also undertake site tours to review matters including production methods, health and safety and the status of internal audit findings. These visits are viewed by the Audit Committee as making a positive contribution to the internal control framework.

### Conclusion

As a result of its work during the year, the Audit Committee has concluded that it has acted fully in accordance with its Terms of Reference. At its meeting held on 28 February 2024, the Audit Committee considered each section of the draft Annual Report & Accounts 2023, and the document as a whole, as proposed by the Company; it reached a conclusion and advised the Board that it considered the draft Annual Report & Accounts 2023 to be fair, balanced and understandable and that it provided the information necessary for shareholders to assess the Group's position and performance, Business Model and strategy. As the Chair of the Audit Committee, I will continue, where appropriate, to be available to engage with shareholders on the scope of the external audit and other significant matters related to the Audit Committee's areas of responsibility and I will be available at the 2024 AGM to answer any shareholders' questions about the work of the Audit Committee.

### Approval

This Report was reviewed and approved by the Audit Committee and signed on its behalf by:

### Mary Waldner

Chair of the Audit Committee  
1 March 2024