

**Vesuvius plc**  
**(the “Company”)**

**Terms of Reference for**  
**The Audit Committee**  
(effective 1 January 2025)

**1. Constitution**

The Board has established a Committee of the Board known as the Audit Committee.

**2. Remit**

The Board recognises that the function of the Audit Committee is oversight. In fulfilling their responsibilities, as set out hereunder, it is recognised that members of the Audit Committee are not full-time employees of the Company and are not performing the functions of auditors or accountants.

**3. Purpose**

The main purposes of the Committee are:

- 3.1 To help ensure public confidence in the credibility and objectivity of the Company's published financial and non-financial information.
- 3.2 To monitor and assess the integrity of the half-year and annual financial statements of the Company.
- 3.3 To assist the Board in meeting its responsibilities in respect of statutory or other financial reporting, in respect of its review of the effectiveness of the Company's internal controls and risk management systems, which include financial, operational and compliance controls, and in respect of the viability statement.
- 3.4 To strengthen the independent position of the Company's internal and external auditors by providing a direct channel of communication between the internal and external auditors and the Non-executive Directors.

**4. Membership**

- 4.1 The Committee shall be appointed by the Board and shall consist of all of the independent (based on the independence criteria contained within the UK Corporate Governance Code) Non-executive Directors of the Company. The Chairman of the Board shall not be appointed a member of the Committee but may be invited by the Committee to attend and speak at meetings. In compliance with the UK Corporate Governance Code, the Committee as a whole will have competence relevant to the sector in which the Company operates and the Board shall satisfy itself that at least one member of the Committee has recent and relevant financial experience, and is competent in accounting and/or auditing. A quorum shall be two members.
- 4.2 The Chairman of the Committee shall be appointed by the Board. In the absence of the Committee Chairman, the remaining members present shall elect one of their number present to chair the meeting.
- 4.3 The Committee Chairman and other members of the Committee shall be named in the Company's annual report.

**5. Attendance at Meetings**

- 5.1 Members of the Committee shall attend Committee meetings. Other persons may attend at the invitation of the Committee. The Chief Executive, the Chief Financial Officer, the Head of Finance, the Group Head of Internal Audit and a representative of the external auditor shall normally be invited to attend meetings. Other Board members and members of the Finance Function may also be invited to attend. The Committee shall regularly meet with the external auditor and the Group Head of Internal Audit without the Executive Directors or management being present. The Secretary of the Committee may attend this meeting at the discretion of the Committee Chairman.

- 5.2 Meetings will usually be held in person but may be held by telephone or other electronic means.
- 5.3 The Company Secretary or their nominee shall be the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

## **6. Frequency and Notice of Meetings**

- 6.1 A minimum of three meetings shall be held each year.
- 6.2 Outside of the formal meeting programme, the Committee Chairman will maintain dialogue with key individuals involved in the Company's corporate governance, including the Board Chairman, the Chief Executive, the Chief Financial Officer, the external Audit Engagement Partner and the Group Head of Internal Audit.
- 6.3 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman. The external auditor, Head of Internal Audit, the Company Secretary or any member of the Committee may also request a meeting if they consider that one is necessary.
- 6.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Audit Committee and any other person required to attend, no later than five days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time, unless there are extenuating circumstances.

## **7. Minutes of Meetings**

- 7.1 The Committee Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 The Committee Secretary shall circulate draft minutes of meetings of the Committee to all members of the Committee. Once approved, minutes should be circulated to all members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

## **8. Authority**

- 8.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires through the relevant managerial line of responsibility from any employee and all employees are required to co-operate with any request made on the Committee's behalf. The Committee reserves the right for the external auditor to validate the accuracy and completeness of any internal data provided to it.
- 8.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice at the Company's expense in accordance with the Company's guidelines for seeking independent professional advice and to secure the attendance at Committee meetings of other parties with relevant experience and expertise if it considers it necessary.
- 8.3 The Board authorises the Chairman of the Audit Committee to attend the Annual General Meeting of the Company, to respond to any questions from shareholders on the Committee's activities and to deal with any questions relating to the resignation or dismissal of the external auditor.
- 8.4 The Committee has the right to publish in the Company's annual report details of any issues that cannot be resolved between it and the Board.

## **9. Role and Responsibilities**

The members of the Committee must, in fulfilling their responsibilities as set out hereunder, comply with their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, whilst having regard to the interests of employees, stakeholders and other matters as required by section 172.

The role and responsibilities of the Committee shall be:

### **Financial Statements and Reporting**

9.1 To monitor and assess the integrity of the financial statements of the Company, including its half-year and annual financial statements, preliminary results and any other formal announcements relating to the Company's financial performance, before their submission to the Board, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the external auditor.

In particular the Committee shall review and challenge where necessary:

- 9.1.1 the application of significant accounting policies and practices, and any changes to them;
- 9.1.2 the methods used to account for significant or unusual transactions where different approaches are possible,
- 9.1.3 whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
- 9.1.4 significant adjustments arising from the audit;
- 9.1.5 the "going concern" assumption, the identification of any material uncertainties to the Company's ability to continue to adopt the going concern basis of accounting for at least twelve months from the date of approval of the financial statements;
- 9.1.6 the viability statement; and
- 9.1.7 the clarity and completeness of disclosures in the Company's financial reports and the context in which statements are made.

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, noting that the Committee's responsibility to review statements which contain financial information prior to their submission to the Board, may be limited in practice by prompt reporting requirements under any law or regulation including the FCA's Listing Rules or Disclosure Guidance and Transparency Rules sourcebook and the UK Market Abuse Regulation.

- 9.2 To consider 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). 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, so as to inform the Board's statement in the annual report on these matters as required by the UK Corporate Governance Code, and also advise the Board on whether the annual report and accounts provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- 9.3 To review and recommend for Board approval the statements to be included in the annual report concerning internal controls, risk management and the Company's viability statement.
- 9.4 To review the audit representation letter before signature, and external auditor's management letter and management's response thereto, resolve any disagreements between the external auditor and management related thereto regarding financial reporting, and, if appropriate, recommend its signature to the Board.

### **External Audit**

9.5 To make recommendations to the Board, to be put to shareholders for approval in general meeting, in relation to the appointment, re-appointment or removal of the Company's external auditor. If the Board does not accept such recommendations, the Committee shall prepare a statement explaining the recommendations and the reasons why the Board has taken a different position, for inclusion in the Company's annual report and any other papers recommending appointment or re-appointment of the external auditor.

- 9.6 To initiate and supervise the competitive tender of the audit services contract, at least once every ten years, in line with regulatory and legislative retendering requirements, to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms. In respect of such tender, oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process.
- 9.7 To oversee the relationship with the external auditor including negotiating and agreeing the statutory audit fee and the scope of the statutory audit, ensuring that appropriate plans are in place for audit at the start of each annual audit cycle, considering the external auditor's overall work plan, including planned levels of materiality and ensuring that the proposed resources to execute the audit plan appear consistent with the scope of audit engagement, having regard also to the seniority, expertise and experience of the audit team.
- 9.8 To approve in advance the external auditor's terms of engagement, including any engagement letter and all auditing services and any permitted non-audit services (including the fees and terms thereof) provided by the Company's external auditor taking into account relevant ethical guidance regarding the provision of non-audit services by the Company's external auditor and the Company's policy on the same.
- 9.9 To review, with the external auditor, the findings of their work, including discussing any major issues that arose during the course of the audit, key accounting and audit judgements, how any risks to audit quality were addressed, the external auditor's view of its interactions with senior management and the levels of errors identified during the audit.
- 9.10 To develop and recommend to the Board the Company's policies in relation to the employment of former employees of the Company's external auditor and the provision of non-audit services by the external auditor, ensure there is prior approval of non-audit services, and consider the possible impact on the external auditor's independence before awarding non-audit services, taking into account any relevant ethical guidance on the matter.
- 9.11 To monitor the external auditor's processes for maintaining independence, including assessing annually the external auditor's independence and objectivity taking into account relevant law, regulation, the Ethical Standard and other professional requirements, and the Group's relationship with the external auditor as a whole, including any threats to the external auditor's independence and the safeguards applied to mitigate those threats, including the rotation of the Audit Engagement Partner.
- 9.12 To agree the appointment of the Audit Engagement Partner.
- 9.13 To monitor and assess annually the expertise and resources of the external auditor and the effectiveness of the external audit process, including an assessment of the quality of the audit; the handling of key judgements by the external auditor; the external auditor's response to questions from the Committee; and reviewing the report from the external auditor on their own internal quality procedures and any FRC audit inspection findings. The Committee should identify any matters with respect to the performance of the external auditor where the Committee considers action or improvements are needed or desirable and take appropriate steps to effect any such action or improvement.
- 9.14 If an external auditor resigns, to investigate the issues leading to this and decide whether any action is required.

#### **Internal Audit**

- 9.15 To review and approve the internal audit plan and ensure that it is aligned to the key risks of the business, and that the internal audit function has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate. The Committee must also ensure that 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, in addition to ensuring that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors.
- 9.16 To monitor and review the role and effectiveness of the Company's internal audit function and audit programme in consultation with the Company's accounting and risk management personnel, where appropriate, and its external auditor and to report to the Board thereon prior to endorsement of the programme by the Board. As part of this annual assessment of the effectiveness of the internal audit function, the Committee should:
  - 9.16.1 meet with the Head of Internal Audit without the presence of management to discuss the effectiveness of the function;

- 9.16.2 review and assess the annual internal audit plan;
- 9.16.3 receive a report on the results of the internal auditors' work;
- 9.16.4 determine whether it is satisfied that the quality, experience and expertise of the internal audit function is appropriate; and
- 9.16.5 review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.

The Committee should also consider whether an independent, third party review of processes is appropriate.

- 9.17 To receive reports from the external auditor and internal auditors.
- 9.18 To ensure co-ordination between the internal auditors and external auditor and ensure that the internal audit function is adequately resourced, has appropriate standing within the Group and is free from management or other restrictions.
- 9.19 To ensure that the internal audit function operates with appropriate independence and has direct access to the Committee Chairman and the Audit Committee, and is accountable to the Audit Committee.
- 9.20 After appropriate consultation with the Executive Directors, to approve the appointment and, should it ever be deemed necessary, dismissal of the Group Head of Internal Audit.
- 9.21 To meet with the Chief Executive and Chief Financial Officer to discuss any memoranda prepared by the internal auditors and external auditor for the Committee.

#### **Risk Management and Internal Controls**

- 9.22 To review and monitor, with management and/or the external auditor, as appropriate, the Company's internal financial controls and internal control and risk management systems, and at least annually, carry out a review of their effectiveness and report on that review in the annual report.
- 9.23 To assist in the monitoring of the process of risk management and to support the Board's assessment of the Company's principal and emerging risks.
- 9.24 To ensure procedures are in place for the receipt and review of concerns received by the Company regarding accounting, internal accounting controls and auditing matters, including confidential communications on such matters from employees of the Company. Ensuring that procedures are in place to refer all such matters to the Audit Committee for proportionate investigation and appropriate follow-up action.
- 9.25 To review procedures for detecting fraud, and systems and controls for the prevention of bribery, and to ensure that a thorough review is carried out of all alleged instances of fraud notified to the Committee.
- 9.26 To discuss with the Chief Executive and Chief Financial Officer the procedures followed by the Chief Executive and Chief Financial Officer to enable the Board to provide any required regulatory certifications.
- 9.27 To consider the major findings of internal investigations commissioned by the Committee and management's response thereto.
- 9.28 To consider any other matter specifically referred to the Committee by the Board.

#### **10. Reporting Procedures**

- 10.1 The Committee Chairman will report to the Board on such matters as he considers appropriate, including informing the Board of the outcome of the audit with an explanation of how the audit contributed to the integrity of financial reporting and the Audit Committee's role in that process.

- 10.2 A report on the activities of the Audit Committee shall be included in the Company's annual report. Such a report should describe how the Committee has discharged its responsibilities and include:
- 10.2.1 a summary of the role of the Audit Committee;
  - 10.2.2 the names of all Audit Committee members during the period;
  - 10.2.3 the number of Audit Committee meetings;
  - 10.2.4 an explanation of how the Committee has followed the FRC's *Audit Committees and the External Audit: Minimum Standard*;
  - 10.2.5 the significant issues that the Audit Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor;
  - 10.2.6 an explanation of how the Audit Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the reappointment of the external auditor, and information on the length of tenure of the current audit firm, when a tender was last conducted, advance notice of any retendering plans (as required or appropriate) and any contractual obligations that have acted to restrict the Audit Committee's choice of external auditor;
  - 10.2.7 where the Board does not accept the Audit Committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the Audit Committee explaining its recommendation and the reasons why the Board has taken a different position (which should also be supplied in any papers recommending appointment or reappointment);
  - 10.2.8 where the external auditor has provided non-audit services, the Audit Committee's policy for approval of non-audit services, details of how auditor objectivity and independence is safeguarded, details of the fees paid to the external auditor for audit and non-audit services and the ratio of audit to non-audit work, and an explanation of the non-audit services provided and why the Audit Committee concluded that it was in the interests of the Company to purchase them from the external auditor; and
  - 10.2.9 any other issue on which the Board has requested the Audit Committee's opinion.

## 11. Other matters

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 11.3 give due consideration to applicable laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable Rules, as appropriate;
- 11.4 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.