

**PREMIER FOODS PLC**  
(the “Company” or the “Group”)



**AUDIT COMMITTEE - TERMS OF REFERENCE**  
(as approved by the Board on 1 March 2022)

**Definitions:**

“Committee”	the Audit Committee
“Company”	Premier Foods plc
“Code”	the UK Corporate Governance Code
“Committee Chair”	Chair of the Audit Committee
“Board Chair”	Chair of the Board

**1. CONSTITUTION**

- 1.1 The Committee shall be a committee of the board of directors of the Company appointed by the Board on the recommendation of the Nomination Committee, in consultation with the Committee Chair. The Board shall appoint the Committee Chair.

**2. MEMBERSHIP**

- 2.1 The Committee shall comprise a Committee Chair and at least two other members.
- 2.2 All members of the Committee shall be independent non-executive directors and shall have no links with the External Auditors unless approved by the Board. The Board Chair shall not be a member of the Committee.
- 2.3 At least one member of the Committee will have recent, relevant financial experience and shall undertake any continuing professional development they may feel is necessary to continue to meet this requirement of the Code. The Committee as a whole, shall have experience of corporate financial matters and competence relevant to the sector in which the Company operates.
- 2.4 Members of the Committee may serve for a period of up to three years. This may be extended for two additional periods of three years, provided the director still meets the criteria for membership of the Committee. Any membership of the Committee beyond nine years will be reviewed annually by the Committee, with regard to member independence, and require explanation in the annual report.
- 2.5 The Company Secretary or a 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 the issues.

**3. QUORUM**

- 3.1 The quorum necessary for the transaction of business by the Committee shall be two. In the absence of the Committee Chair or an appointed deputy, the remaining members shall elect one of themselves to chair the meeting.

#### **4. MEETINGS**

- 4.1 The Committee shall meet as appropriate, and normally not less than three times a year, at appropriate intervals and held to coincide with key dates within the financial reporting and audit cycle.
- 4.2 Only members of the Committee have the right to attend Committee meetings. The Committee Chair may, as the Committee sees fit, invite other attendees as appropriate. A representative of the External Auditors shall, if requested by the Committee, attend the meetings, and shall be invited to attend meetings of the Committee on a regular basis. It is also expected that the Chief Financial Officer and Head of Internal Audit & Risk will be regular attendees.
- 4.3 A meeting of the Committee may be called by the Secretary at the request of any member of the Committee, or at the request of the Board Chair, Board member, external or internal auditors if they consider it necessary.
- 4.4 Unless otherwise agreed, meetings of the Committee shall be called by giving at least five working days' notice. Notice will be given to all members and attendees, and will confirm the venue, time and date of the proposed meeting and provide the agenda and supporting papers.
- 4.5 Members may participate in a meeting by means of a conference telephone, video conferencing facility or other similar communicating equipment.
- 4.6 Sufficient time should be allowed to enable the Committee to undertake as full a discussion as may be required. A sufficient time interval will be allowed between Committee and main Board meetings to allow work arising from Committee meetings to be carried out and reported to the Board as appropriate.
- 4.7 The Secretary shall minute the proceedings and resolutions of all meetings, including the names of those present and in attendance, as well as keeping appropriate records. Minutes of the meetings shall be made available to all members of the Committee and, once agreed, to all members of the Board, unless in the opinion of the Chairman it would be inappropriate to do so.
- 4.8 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

#### **5. ENGAGEMENT WITH SHAREHOLDERS**

- 5.1 The Committee Chair shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities and matters within the scope of the Committee's responsibilities.

#### **6. TERMS OF REFERENCE**

The duties of the Audit Committee shall be to:

##### **Finance and Accounting**

- 6.1 Monitor the integrity of the financial statements of the Company produced by management, including the quarterly trading updates, half-year and full year announcements, annual report and any other formal announcements relating to the

Company's financial performance before submission to the Board, focusing particularly on:

- Significant judgemental and financial reporting issues and any changes;
- Compliance with accounting standards;
- The potential financial implications and disclosures arising from climate-related matters;
- Appropriate accounting policies and practices and any changes therein taking the External Auditor's views into consideration;
- Relevant communications between the External Auditor and management including that relating to audit adjustments and items not adjusted;
- The going concern assumption and viability statement;
- Compliance with appropriate regulatory and legal requirements; and
- Anti-fraud programmes and controls.

6.2 Discuss problems and reservations arising from interim reviews, half-year, final audit and any other matters the External Auditor may wish to discuss (in the absence of management where necessary).

6.3 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. Where there is a disagreement between the Audit Committee and the Board adequate time will be given to resolve the matter.

#### **External Audit**

6.4 The Audit Committee is responsible for overseeing the relationship with the Company's External Auditor.

6.5 Appoint, re-appoint, remove, note the resignation (and investigate any reasons why), compensate and oversee the work of the External Auditor, subject to shareholder approval at the Annual General Meeting and, when appropriate, lead the process to select the External Auditor at least every ten years, through a competitive tender process.

6.6 Establish and monitor an Auditor Independence Policy and setting a clear appointment policy for employees and former employees of the External Auditor.

6.7 Approve the policy, processes and fees for the appointment of the External Auditor to undertake non-prohibited non-audit services taking into account the Ethical Standards for Auditors and any other relevant ethical guidance on the matter.

6.8 Agree with the External Auditor before the audit commences the nature and scope of the audit, and ensure co-ordination if more than one audit firm is involved.

6.9 Annually assess, review and monitor the External Auditor's independence, objectivity and effectiveness (including audit quality); and monitor the External Auditor's compliance with relevant ethical and professional guidance.

- 6.10 Review any representation letter(s) requested by the External Auditor before they are signed by management.
- 6.11 Review and agree any engagement letter from the External Auditor before the audit commences.
- 6.12 Review any Control Observations made by the External Auditor and management's response.

#### **Internal Audit**

- 6.13 Approve the appointment and removal of the Head of Internal Audit & Risk, who shall report functionally to the Audit Committee and administratively to the Chief Financial Officer and to meet with the Head of Internal Audit & Risk at least once a year without management present.
- 6.14 Together with the Head of Internal Audit & Risk, review, assess and approve the Internal Audit Charter and the Internal Audit Annual Plan ensuring it is aligned with the key risks of the business.
- 6.15 Review the approach adopted by internal audit on an annual basis including consideration of the tools and the methodology adopted by the function.
- 6.16 Monitor and review the effectiveness of the Internal Audit Function's activities and consider the need for an independent review of the function every 5 years. The Audit Committee should confirm that it is satisfied with the quality, expertise and experience of the function, which should be appropriate for the business.
- 6.17 Review with Management, the Head of Internal Audit & Risk and the Committee Chair, whether the remit and resources of the function is appropriate.
- 6.18 Review any control observations made by the Head of Internal Audit & Risk and the adequacy of management's recommendations and the status of any unremediated actions.

#### **Internal Control**

On behalf of the Board (which retains overall responsibility for internal controls):

- 6.19 Review the effectiveness of the internal controls and systems and review and approve the Board's statement in the annual report of its responsibility for the maintenance of the group's system of internal control and for reviewing its effectiveness.
- 6.20 Review the Company's internal financial controls systems and framework established to identify, assess, manage and monitor financial risks.
- 6.21 Monitor corrective action taken for any significant improvement identified of internal controls.

#### **Risk Management**

- 6.22 Review and ensure oversight of the processes by which risks relating to the Company and its operations are managed, through regular functional reports and presentations, and report any issues arising out of such reviews to the Board.

- 6.23 Review financial risks through regular functional reports and presentations, and report any issues arising out of such reviews to the Board.
- 6.24 Review the reporting of climate change related risks through the TCFD framework and regular functional reports and presentations, and report any issues that arise to the Board.
- 6.25 Review the processes to identifying emerging risks, the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.
- 6.26 Review the narrative risk reporting in the Company's annual report for approval by the Board.
- 6.27 Review the operating effectiveness of the Group's risk management process in supporting the Group's strategy and objectives.

### **Whistleblowing**

- 6.28 Review the adequacy and security of the Company's arrangements by which colleagues and other stakeholders may raise concerns or complaints in confidence, against the Company regarding financial reporting or other matters.

## **7. REPORTING RESPONSIBILITIES**

- 7.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee Chair's report should include:
  - Identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
  - The significant issues that it considered in relation to the financial statements and how these issues were addressed;
  - Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the External Auditor; and
  - Any other issues on which the Board has requested the Committee's opinion.
- 7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3 The Committee shall provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- 7.4 The Committee shall provide a recommendation to the Board on its assessment of the viability of the Company over time.

7.5 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report should include:

- The significant issues that the Committee considered in relation to the financial statements, to at least include those matters which have informed the Board's assessment of whether the Company is a going concern, and how these issues were addressed;
- An explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the External Auditor and its recommendations in this regard;
- Information on the length of tenure of the current audit firm and when a tender was last conducted and advance notice of any retendering plans; and
- If the External Auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.

## **8. OTHER MATTERS**

The Committee shall:

- 8.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 8.2 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 on the principles of, and development in, financial reporting and related company law.
- 8.3 Give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.
- 8.4 Review the findings of any external regulatory body.
- 8.5 At least once a year, review its own performance 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.
- 8.6 Work and liaise as necessary with all other Board committees.
- 8.7 Make its terms of reference available publicly.

## **9. AUTHORITY**

The Committee is empowered in the articles of association of the Company to discharge its functions on behalf of the Board. The Committee shall:

- 9.1. Have the right to seek and to be provided with any necessary information to fulfil its duties.
- 9.2 Have the right to obtain outside legal help and any professional advice, at the Company's expense, which might be necessary for the fulfilment of its duties.

- 9.3 Have the power to call any member of staff to be questioned at a meeting of the Committee as and when required.
- 9.4 Have the power to invite anyone with relevant experience to attend meetings of the Committee if necessary.
- 9.5 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.

**10. DECISIONS OF THE COMMITTEE**

- 10.1 Any decisions of the Committee shall be taken on a simple majority basis. The Committee Chair will have a casting vote in the event of equality of voting.