LUCECO PLC

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

In this document, the **"Board"** shall mean the Board of directors of the Company; the **"Committee"** shall mean the Audit Committee; the **"Company"** shall mean Luceco plc. References to the "**Code**" are to the UK Corporate Governance Code 2024 (as amended from time to time)

1. CONSTITUTION

The Committee was constituted at a full meeting of the Board held on 27 September 2016 in accordance with the articles of association of the Company.

2. PURPOSE OF THE COMMITTEE

2.1. Audit and Risk Management

To assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the Company's and its subsidiaries (the "**Group's**") internal financial controls and risk management systems; to recommend the half and full year financial results to the Board; and to monitor the integrity of all formal reports and announcements relating to the Company's financial performance.

In addition, the Committee shall:

(a) appoint the internal auditors and maintain an appropriate relationship with them and the external auditor of the Group; and

(b) report the findings and recommendations of the internal and external auditors to the Board.

3. MEMBERSHIP

3.1. The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the chairman of the Committee.

3.2. All members of the Committee shall be independent non-executive directors, at least one of whom shall have a professional accounting qualification and recent and relevant financial experience. The Committee as a whole should have competence relevant to the sector the Company operates in. The chair of the Board shall not be a member of the Committee.3.3. If any member of the Committee is unable to act for any reason, the chair of the Committee may appoint any other independent non-executive director of the Company to act as his or her alternate.

3.4. Only members of the Committee have the right to attend and vote at Committee meetings. However, other individuals such as the chair of the Board, chief executive, finance director, other directors, the heads of risk, compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate and necessary.

3.5. The external auditor shall be invited to attend meetings of the Committee on a regular basis. At least once in each year, the Committee shall meet with the external auditor without

the presence of any executive director or employee to discuss the auditor's remit and any issues arising from the audit.

3.6. Unless determined otherwise by the Board, appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, provided the director continues to meet the criteria for membership of the Committee.

3.7. 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.

4. SECRETARY

The Company Secretary or his or her nominee shall act as 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.

5. QUORUM AND VOTING ARRANGEMENTS

5.1. The quorum necessary for the transaction of business shall be two members of the Committee one of whom shall have recent and relevant financial experience. No meeting may be convened unless all members of the Committee have received notice of the meeting. Whenever it is practicable, meetings should be arranged so that all Committee members and the Committee secretary can be present.

5.2. 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

5.3. Members may participate in a meeting of the Committee by means of a telephone or other communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting.

5.4. Any matters to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Any action or decision of the Committee may also be taken by an instrument or instruments in writing (including via email or other electronic means) signed (including via the use of electronic signatures) by all members of the Committee (including in counterparts) and any such action shall be as effective as if it had been decided by a quorum of votes cast at a meeting of the Committee called for such purpose.

5.5. At the beginning of each meeting, the secretary of the Committee shall ascertain whether any conflicts of interest exist and minute them accordingly.

5.6. Where a matter considered by the Committee is one in which a member has a direct or indirect personal interest, that member shall not be permitted to vote on it.

6. FREQUENCY OF MEETINGS

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

6.2. Outside of the formal meeting programme, the Committee chair will maintain a dialogue with key individuals involved in the Company's governance, including the Board chair, the chief executive, the finance director, the external audit lead partner and the head of internal audit/ independent internal audit firm representative.

7. NOTICE OF MEETINGS

7.1. 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 audit lead partner or head of internal audit if they consider it necessary.

7.2. Unless otherwise agreed by all members of the Committee, 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 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 (or such shorter period of time as the members of the Committee may otherwise agree). Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7.3. Notices, agendas and supporting papers may be sent in electronic form.

8. MINUTES OF MEETINGS

8.1. The secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.

8.2. Draft Committee minutes shall be circulated promptly to all Committee members. Once approved, the minutes shall be circulated to all other Board members unless it would be inappropriate to do so in the opinion of the Committee chair.

9. ANNUAL GENERAL MEETING AND SHAREHOLDER ENGAGEMENT

The Committee chair should seek engagement with shareholders on significant matters related to the Committee’s areas of responsibility and shall attend the annual general meeting to answer shareholder questions on the Committee's activities.

10. DUTIES

The Committee shall carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

10.1. Financial Reporting

(a) The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, trading statements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain, before submission to the Board.

(b) The Committee shall review and challenge where necessary:

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

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

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

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

v. all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statements (insofar as it relates to the audit and risk management); and

(c) the going concern assumption and viability statement and their periods of assessment.

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

10.2. Narrative Reporting

Where requested by the Board, the Committee shall 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 those matters that are required under Provision 27 of the Code.

10.3. Internal Controls and Risk Management Systems

The Committee shall annually:

(a) review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems, including the appropriateness and effectiveness of the risk management framework;

(b) review and approve, for recommendation to the Board, the statements to be included in the annual report concerning internal controls and risk management, including, for financial years beginning on or after 1 January 2026: (i) a description of how the Board has monitored and reviewed the effectiveness of the framework; (ii) a declaration of effectiveness of the material controls as at the balance sheet date; and (iii) a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them, and any action taken to address previously reported issues;

(c) review the assurance reports from management on the effectiveness of the risk management and internal control framework, [and from internal audit], the external auditor and others on the operational effectiveness of matters related to risk and control, and satisfy itself that these sources of assurance are sufficient and objective to enable the Board to make its Provision 29 declaration;

(d) review the overall process of assessing business risks and managing the impact on the Group; and

(e) review the overall approach to setting risk appetite, tolerance levels, risk exposure and any changes to the risk management framework.

10.4. Whistleblowing

The Committee shall 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.

10.5. Compliance and Fraud

The Committee shall annually:

(a) review the Company's procedures for detecting fraud;

(b) review the Company's systems and controls for the prevention of bribery and modern slavery, and receive reports on non-compliance;

(c) review regular reports on the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and

(d) review the adequacy and effectiveness of the Company's compliance function.

10.6. Internal Audit

(a) Where there is no internal audit function, consider annually whether the Company's size and activities are such that an internal audit function should be established and, if so, determine its remit and make a recommendation to the Board.

(b) Where an internal audit function exists, the Committee shall:

i. approve the appointment and removal of the head of internal audit or any external consultants used to fulfil the function;

ii. consider and approve the remit of the internal auditor 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. The Committee shall also ensure the internal auditor has adequate standing and is free from management or other restrictions;

iii. review and assess the annual internal audit plan;

iv. review reports addressed to the Committee from the internal auditor;

v. review and monitor management's responsiveness to the internal auditor's findings and recommendations;

vi. meet with the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out; and

vii. ensure the internal auditor has direct access to the chairman of the Board and to the Committee chair, and is accountable to the Committee.

10.7. External Audit

The Committee shall:

(a) 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. The Committee shall oversee the selection process for a new auditor and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

(b) agree the timing of putting the external audit services contract out to tender (taking account of the Code requirement of putting the external audit services contract out to tender at least every ten years) to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and 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 duration of the tendering process, that the audit tender is carried out in accordance with the Financial Reporting Council's minimum Standard for Audit Committees "(the "Minimum Standard").

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

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

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

iii. assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements including the Minimum Standard and the Ethical Standard, and the relationship with the auditor as a whole, including any threats to the auditors' independence, including the provision of any non-audit services;

iv. Seek reassurance from the external auditor and satisfy 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;

v. 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 and monitoring the implementation of this policy;

vi. monitoring the auditor's compliance with the Ethical Standard and professional guidance on the level of fees paid by the Company compared to the overall fee income from the firm, office and partner and other related requirements;

vii. assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;

viii. seeking to ensure co-ordination with the activities of the internal audit function; and

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

(d) 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 the executive directors or management being present, to discuss the auditor's remit and any issues arising from the audit, the auditor's explanation of how risks to audit quality were addressed, key accounting and audit judgments, the auditor's view of their interactions with senior management and levels of errors identified during the audit.

(e) 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;

(f) review the findings of the audit with the external auditor. This shall include, but is not limited to, the following:

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

ii. any accounting and audit judgements;

iii. levels of errors identified during the audit process; and

iv. the effectiveness of the audit process.

(g) review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information is complete and appropriate;

(h) review the management letter and management's response to the auditor's findings and recommendations; and

(i) develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

11. REPORTING RESPONSIBILITIES

11.1. 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. This report shall include:

(a) the significant issues that it considered in relation to the financial statements and how these were addressed;

(b) its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and

(c) any other issues on which the Board has requested the Committee's opinion.

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

11.3. The Committee shall compile a report on its activities to be included in the Company's annual report which shall describe the work of the Committee including:

(a) all information requirements set out in the Code and the FRC Minimum Standard including details of the activities the Committee has undertaken to meet the requirements of the FRC Minimum Standard; and

(b) reporting on climate risks and opportunities as aligned to the Task Force on Climate-related Financial Disclosures (TCFD), the Science Based Targets Initiative (SBTi), and the Modern Slavery Act (as applicable).

11.4. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted; if the external auditor provides non-audit services, an explanation of how the auditors objectivity and independence are safeguarded; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and the fees for the statutory audit;

(a) In the compiling of the reports referred to in 11.1 and 11.3, the Committee should exercise judgement 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. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

12. OTHER MATTERS

The Committee shall:

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

12.2. 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;

12.3. give due consideration to laws and regulations, in particular the directors' duties contained in the Companies Act 2006, the provisions of the Code and FRC Minimum Standard and the requirements of the UK Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules sourcebook published by the Financial Conduct Authority and any other applicable rules and/or regulations, as appropriate;

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

12.5. oversee any investigation of activities which are within its terms of reference;

12.6. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers to the Board for approval. The Board shall also review the Committee's effectiveness annually.

12.7. Make available to shareholders these terms of reference by placing them on the Company's website.

13. AUTHORITY

The Committee is authorised:

13.1. to seek any information it requires from any employee or director of the Company in order to perform its duties and the Board shall direct all employees and directors to co-operate with any request made by the Committee;

13.2. to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference;

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

13.4. to 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.

Adopted by the Committee on 26 November 2024 to take effect from 1 January 2025. Last reviewed and approved on 28 October 2026.