



Audit Committee Charter



Version 4.0

Owner: Board of Directors of Luxfer Holdings PLC

Effective Date: November 30, 2022

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1.0 PURPOSE AND ROLE

- 1.1 **Purpose.** The Audit Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of Luxfer Holdings PLC (the “Company”). The purpose of the Committee is to assist the Board in fulfilling its oversight responsibility relating to (i) the integrity of the Company’s financial statements; (ii) the Company’s financial reporting process, including the implementation and effectiveness of internal controls over financial reporting; (iii) the engagement of the Company’s independent auditor, including the evaluation of the independent auditor’s qualifications, independence, and performance; (iv) the performance of the Company’s internal audit function; (v) the implementation and effectiveness of the Company’s disclosure controls and risk management procedures; and (vi) the Company’s compliance with financial and audit related regulations of the U.S. Securities and Exchange Commission (the “SEC”), the listing rules of the New York Stock Exchange (the “NYSE”), and requirements of any other applicable regulatory authority.
- 1.2 **Role.** In discharging its responsibilities, the Committee is not itself responsible for the planning or conduct of audits or for any determination that the Company’s financial statements are complete and accurate or in accordance with generally accepted accounting principles. The Committee’s responsibility is one of oversight. Management is responsible for the Company’s financial reporting, internal control systems, disclosures, and the preparation of financial statements. The independent auditor is responsible for auditing the Company’s financial statements and the effectiveness of internal controls over financial reporting. The independent auditor reports directly to the Committee and is accountable to the Committee and the Board with respect to said audits.

2.0 COMPOSITION

- 2.1 **Committee Members.** The Committee shall consist of three or more Directors. The Board will appoint the members of the Committee (a “Member”) and the Committee Chair based upon recommendations made by the Company’s Nominating and Governance Committee.
- 2.2 **Membership Criteria.**
- 2.2.1 **Independence.** Each Member must meet the independence requirements of (a) the rules of the NYSE, as such requirements are interpreted by the Board in its reasonable business judgment and (b) Section 301 of the Sarbanes-Oxley Act of 2002 (“SOx”) and any rules promulgated thereunder by the SEC, including Rule 10A-3 of the Securities Exchange Act of 1934.
- 2.2.2 **Financial Literacy.** Each Member must be financially literate or become financially literate within a reasonable time after their appointment to the Committee. Additionally, at least one Committee Member is to have accounting or related financial management expertise sufficient to meet the criteria of a “financial expert” within the meaning of SOx Section 407 and an “audit committee financial expert,” as defined by the rules and regulations of the SEC. The designation or identification of a Member as a “financial expert” shall not (a) impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a Member of the Committee in the absence of such designation or identification or (b) affect the duties, obligations, or liabilities of any other Member of the Committee or the Board. The Board shall determine, in its reasonable business judgment, whether a Member is financially literate and whether at least one Member has the requisite accounting or financial expertise to meet the “financial expert” criteria.

2.2.3 **Compensation from the Company.** Each Member is to receive as compensation from the Company only those forms of compensation that are not prohibited by SOx Section 301 and the rules and listing standards promulgated thereunder by the SEC and the NYSE respectively. Permitted compensation includes (a) director fees, including all forms of compensation paid to Directors of the Company for service as a Director or member of a Board committee and/or (b) fixed amounts of compensation under a retirement plan (including pension payments or other deferred compensation) for prior service with the Company, provided that such compensation is not contingent in any way on continued service.

2.3 **Term.** Members may serve on the Committee for a period of up to three years, which may be extended for two additional three-year periods, provided the Director still meets the criteria for membership of the Committee, or until earlier resignation. The Board may remove a Member from the Committee at any time, with or without cause.

3.0 DUTIES, RESPONSIBILITIES, AND AUTHORITY

The Committee shall have the below-listed duties, responsibilities, and authority. In fulfilling these duties, the Members shall give due regard to the comments and provisions of the U.K. Corporate Governance Code, rules and regulations of the SEC, and the NYSE listing rules, as well as any other laws, rules, or guidance insofar as they are applicable to the Company.

3.1 Independent Auditor

3.1.1 **Engagement.** The Committee has the sole authority to engage the independent auditor for all audit and non-audit services, and oversee, evaluate and, where appropriate, replace the independent auditor. The Committee shall establish procedures for the pre-approval of the engagement of the independent auditor, including procedures for both audit and non-audit services. In accordance with such procedures, the Committee shall approve (a) all audit and audit-related engagements, fees, terms, and services and (b) any permissible non-audit engagements, fees, terms, and services with the Company's independent auditor. The Committee is to exercise this authority in a manner consistent with SOx Sections 201, 202, and 301 and the rules and listing standards promulgated thereunder by the SEC and NYSE. The Committee may delegate the authority to grant any pre-approvals required by such rules to one or more Members, or any subcommittee of the Committee, subject to the delegated Member, Members, or subcommittee reporting any such pre-approvals to the Committee at its next scheduled meeting.

3.1.2 **Independence and Quality Control.** At least annually, the Committee shall evaluate the independence and quality control of the Company's independent auditor, including the lead audit partner. In doing so, the Committee may consult with management and the internal audit function. The Committee shall:

- request from the independent auditor, annually, a formal written report delineating all relationships between the independent auditor and the Company, consistent with U.S. Public Company Accounting Oversight Board ("PCAOB") Rules 3520 and 3526;
- request from the independent auditor, annually, a formal written report detailing the independent auditor's internal control procedures, issues raised by its most recent internal quality control review and peer review (if applicable), and any inquiry or investigation by governmental or professional authorities for the preceding five years, including the independent auditor's response to any such inquiry; and
- discuss these reports with the auditor and recommend that the Board take appropriate action to satisfy itself of the independence and quality controls of the independent auditor.

In carrying out the above duties, the Committee shall consider whether it is appropriate to adopt a policy of rotating, on a periodic basis, independent audit firms, the lead audit partner, and/or the reviewing audit partner. Any selection of the independent auditor by the Committee may be subject to shareholder approval, as determined by the Board and in accordance with applicable law or listing standards.

- 3.1.3 **Scope of Audit.** At least annually, the Committee shall discuss with the independent auditor the scope (including any restrictions on scope) and plans for the audit, including the adequacy of staffing, budgets, compensation, and other factors that may affect the timeliness and effectiveness of such audit. In doing so, the Committee may consider, among other things, the Company's major risk exposures (whether financial, operating, or otherwise), the adequacy and effectiveness of the Company's internal controls over financial reporting, and the steps management has taken to monitor and control such exposures.
- 3.1.4 **Consultations with Management Present.** The Committee shall review periodically with management and the independent auditor (a) significant financial reporting issues, including material changes in the Company's selection or application of accounting principles and the effects of alternative applications of accounting principles on the Company's financial statements; (b) the effect of new or proposed regulatory and accounting initiatives on the Company's financial statements and other public disclosures; and (c) the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditor under PCAOB standards or applicable law and listing standards.
- 3.1.5 **Consultations without Management Present.** The Committee shall review with the independent auditor any difficulties the auditor may have encountered in connection with the annual audit (or otherwise) and any management letter provided by the auditor, including the Company's response to that letter. Such review shall address (a) any restrictions on the scope of activities or access to required information; (b) any disagreements with management regarding generally accepted accounting principles and other matters; and (c) material adjustments to the financial statements recommended by the independent auditor, including adjustments that were proposed but "passed," regardless of materiality. The Committee shall resolve any unresolved disagreements that may arise between the independent auditor and management.
- 3.1.6 **Auditor's Statement.** The Committee shall obtain from the independent auditor assurance that they are not aware of any illegal act or other facts implicating Section 10A(b) of the Securities Exchange Act of 1934, as amended.
- 3.1.7 **Policies for Employment of Former Audit Staff.** The Committee shall approve policies with respect to the Company's hiring of employees or former employees of the independent auditor, which shall meet the requirements of applicable law and listing standards.

3.2 Financial Reporting

- 3.2.1 **Reporting Processes.** The Committee shall, in conjunction with the independent auditor and management, monitor the integrity of the Company's financial reporting processes, both internal and external. In doing so, the Committee shall review the Company's overall system of internal control over financial reporting, including management's annual assessment of said system and the related report issued by the independent auditor. The Committee shall also review with management and the independent auditor (a) any significant deficiencies and material weaknesses in the design or operation of the Company's internal controls over financial reporting; (b) any fraud, regardless of materiality, involving management or other employees having a significant role in internal controls over financial reporting; and (c) changes in the Company's

internal controls during the most recent fiscal year that materially affected, or are reasonably likely to materially affect, the Company's overall system of internal control over financial reporting.

- 3.2.2 Financial Statements.** The Committee shall monitor the integrity of the financial statements. In doing so, the Committee shall review with management and the independent auditor the financial results to be included in the Company's annual report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of the Form 10-K), quarterly reports on Form 10-Q, and statutory financial statements. In reviewing these statements, the Committee shall examine (a) the disclosures included under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (b) the quality, not just acceptability, of accounting principles, policies, and practices; (c) any significant changes in accounting policies and practices; (d) the consistency of the accounting policies and practices both year-over-year and across the Company; (e) the reasonableness of significant judgments made in the preparation of the financial statements, how such judgments are reflected in the statements, and the clarity of the disclosures therein; (f) methods used to account for significant or unusual transactions during the year and how they are disclosed; (g) significant adjustments resulting from the audit; (h) the going concern assumption and the statement that the business is a going concern before endorsement by the Board; (i) compliance with accounting standards; (j) compliance with regulatory and legal requirements, including the requirements of any relevant stock exchange; (k) all material information presented within the financial statements; and (l) any corporate governance statements but only in so far as they relate to audit and risk management. The Committee may discuss issues on which it was consulted by the Company's audit team and matters of audit quality and consistency with the national office of the independent auditor. Based on its review and discussion, the Committee shall determine whether to recommend to the Board that the audited financial statements be approved and included in the Company's annual report on Form 10-K.
- 3.2.3 Financial Press Releases and Other Communications.** The Committee shall review and discuss, with management and the independent auditor, the content of all financial press releases, including the use of non-GAAP, "proforma," or "adjusted" information therein, and any financial information or earnings guidance provided to analysts and rating agencies.
- 3.2.4 Audit Committee Report.** With the assistance of management, the independent auditor, and legal counsel (as necessary), the Committee shall prepare and approve the report containing the disclosure required by Item 407(d)(3)(i) of Regulation S-K for inclusion in the Company's annual proxy statement.

3.3 Internal Controls

- 3.3.1 Internal Audit.** At least annually, the Committee shall review the performance, experience, and qualifications of the internal audit function (or the internal audit service provider, as applicable), including the responsibilities, staffing, budget, and quality control procedures of the internal audit function. If the internal audit function is outsourced, the Committee shall be responsible for the engagement, evaluation, and termination of the internal audit service provider and shall approve fees paid to the internal audit service provider. As part of its responsibility to evaluate the internal audit function, the Committee shall review the quality control procedures applicable to the internal audit service provider. The Committee shall obtain, not less frequently than annually, a report from the service provider addressing the service provider's internal control procedures; issues raised by their most recent internal quality control review; and any inquiry or investigation by governmental or professional authorities for the preceding five years, including the service provider's response to such inquiry.

- 3.3.2 **Scope of Internal Audit.** At least annually, the Committee shall discuss with internal audit (or the internal audit service provider, as applicable) the scope, including any restrictions on scope, and plans for its audit, including the adequacy of staffing, budgets, compensation, and other factors that may affect the effectiveness and timeliness of such audit. In doing so, the Committee may consider, among other things, the Company's major risk exposures (whether financial, operating, or otherwise), the adequacy and effectiveness of the Company's internal controls over financial reporting, and the steps management has taken to monitor and control such exposures.
- 3.3.3 **Internal Controls over Financial Reporting and Disclosures.** The Committee shall review with management the adequacy of the Company's internal controls over financial reporting and disclosures. This review should address (a) the Company's disclosure policies and procedures and (b) management's conclusions about the effectiveness of said controls and procedures, including any material non-compliance with them. The Committee shall also review any statements on internal controls and risk management included in any annual report, including the disclosures regarding internal controls and matters required to be reported to the Committee by SOx Sections 302 and 404 and any rules promulgated thereunder by the SEC.
- 3.3.4 **Risk Management.** The Committee shall discuss with management the Company's practices and policies with respect to assessing and managing the Company's exposure to risk. The Committee is not intended to be the sole party responsible for risk assessment and risk management, but it should discuss with management the guidelines and policies that govern the process by which risk assessment and risk management is undertaken. The Committee shall review with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

3.4 Compliance

- 3.4.1 **Compliance Oversight.** The Committee shall periodically, but no less frequently than annually, review with management all legal and regulatory matters that may have a material impact on the Company's financial statements or compliance with financial and audit-related NYSE listing standards, SEC regulations, and other applicable law. If any such legal or regulatory matters arise during the year, those matters shall be brought to the attention of the Committee Chair upon discovery, and depending on the severity of the matter, either discussed by the Committee at a special meeting called for such purpose or at its next regularly scheduled meeting.
- 3.4.2 **Whistleblowing Procedures.** The Committee shall establish and publish procedures for the receipt and treatment of complaints received by the Company in relation to accounting, internal accounting controls, auditing, and financial or audit-related compliance matters. Such procedures should address the confidential and anonymous submission of concerns surrounding questionable accounting, internal accounting controls, audit, and related compliance matters by Company employees or interested parties. Additionally, the Committee shall periodically, but not less frequently than annually, review with management the implementation and effectiveness of these whistleblowing procedures. Any complaints received by the Company in relation to accounting, internal accounting controls, auditing, and related compliance matters shall be brought to the attention of the Committee Chair upon discovery, and depending on the severity of the matter, either discussed by the Committee at a special meeting called for such purpose or at its next regularly scheduled meeting.
- 3.4.3 **Related Party Transactions.** The Committee shall be responsible for the review and approval of Related Party Transactions (as that term is defined in the Company's Related Party Transactions Policy) in accordance with the procedures set forth in said policy.

3.4.4 **Environmental, Social and Governance (ESG) Related Reporting and Disclosures.** The Committee shall review and discuss with management the Company's ESG-related reporting process, key climate-related metrics, applicable internal controls surrounding those metrics and disclosures, and management's evaluation of such controls.

3.5 Authority and Delegation

3.5.1 **Access to Records, Consultants, and Others.** The Committee shall have full authority to (a) investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company; (b) retain, at the Company's expense, outside legal, accounting, or other consultants to advise the Committee; and (c) request that any officer or employee of the Company, the Company's external counsel, internal auditor, internal audit service provider, or independent auditor attend a meeting of the Committee or meet with any Members of, or consultants to, the Committee.

3.5.2 **Delegation.** The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to a subcommittee comprised of one or more Members, as the Committee may deem appropriate in its sole discretion.

3.5.3 **Other Delegated Responsibilities.** The Committee shall also carry out such other duties that may be delegated to it by the Board from time to time.

4.0 COMMITTEE MEETINGS

4.1 **Meeting Structure.** Each year, the Committee shall establish a schedule of meetings. The Committee shall meet at least four times per year; additional meetings may be scheduled as required. In planning the annual schedule of meetings, the Committee shall periodically meet separately (i) with the independent auditor and/or internal audit (or internal audit service provider), without management present; and (ii) with management, without the independent auditor and/or internal audit (or internal audit service provider) present. The Committee shall also regularly meet in executive session with only the Committee Members present. A minimum notice period of five days should be given for any meetings that are required and which do not occur in conjunction with the Board meeting schedule. If the matter is urgent and cannot wait until the next regular meeting of the Committee, the provision entitled "Resolution In Writing" set forth in the Company's Articles of Association shall apply, construing references to Directors as references to Members and references to the Board as references to the Committee.

4.2 **Quorum.** A quorum at any Committee meeting shall be at least two Members. All determinations of the Committee shall be made by a majority of its Members present at a meeting duly called or held, except as specifically provided herein (or where only two Members are present, by unanimous vote).

4.3 **Secretary.** The Company Secretary, or their nominee, shall act as secretary to the Committee (the "Secretary"). At meetings where the Committee desires to discuss matters confidentially, a Member shall carry out the functions of the Secretary.

4.4 **Agenda and Meeting Materials.** The Secretary, in conjunction with the Committee Chair, shall draw up an agenda, which shall be circulated to the Members, together with materials relating to the subject matter of each meeting, prior to each meeting.

4.5 **Minutes.** Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Members to ensure an accurate final record, approved at a subsequent meeting of the Committee, and distributed periodically to the Board.

- 4.6 **Reports to the Board.** The Committee Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make recommendations to the Board, as it deems appropriate, on any area within its remit where action or improvements are needed.

5.0 COMMITTEE OPERATIONS AND ACTIVITIES

- 5.1 **Governing Rules.** To the extent that this Charter does not specify otherwise, the Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communication equipment), action without meetings, notice, waiver of notice, quorum, and voting requirements as are applicable to the Board.
- 5.2 **Expenses.** The Company shall appropriately fund the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- 5.3 **Performance Evaluation.** The Committee shall conduct an annual performance evaluation of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.
- 5.4 **Attendance at Annual General Meeting.** The Committee Chair shall attend the Annual General Meeting to answer any shareholder questions on the activities of the Committee.

6.0 RESPONSIBILITY FOR AND PUBLICATION OF THIS CHARTER

- 6.1 **Responsibility for Charter.** The Company's Board of Directors has overall responsibility for this Charter. The Committee, with the assistance of the Company Secretary, shall review this Charter annually and recommend any proposed changes to the Board for approval.
- 6.2 **Publication.** Consistent with NYSE listing standards, this Charter shall be published and made available on the Company's website at www.luxfer.com.