

# Terms of Reference of the Audit and Risk Committee

April 2026

# TERMS OF REFERENCE FOR THE AUDIT AND RISK COMMITTEE

(Approved on 20 April 2026)

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## 1. Purpose

- 1.1 The Audit and Risk Committee (the "Committee") is established by the Board of Spirax Group plc (the "Company") to assist the Board in overseeing the effectiveness and integrity of the Company's risk, control, reporting and assurance environment.
- 1.2 The Committee also discharges the Board's responsibilities for oversight of the external audit in accordance with the Financial Reporting Council's ("FRC") Audit Committees and the External Audit: Minimum Standard (the "Minimum Standard"), on a comply-or-explain basis where applicable.
- 1.3 The duties of the Committee, as delegated by the Board, relate to the Company and its subsidiaries, as a whole, (the "Group") and, unless required otherwise by regulation, should be conducted for the parent company, major subsidiary undertakings, and the Group as a whole, as appropriate.

## 2. Authority

- 2.1 The Committee is authorised;
  - 2.1.1 to obtain, at the Company's expense, external legal, accounting or other independent professional advice.
  - 2.1.2 to have access to the services of the Company Secretary on all Committee matters, including (but not limited to) assisting the Chair in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of practical support.
  - 2.1.3 to investigate any activity within the scope of its duties in accordance with the Group Delegated Authorities approved by the Board.
  - 2.1.4 to seek any information it requires from any employee, partner, agent or supplier of the Group. All employees are directed to co-operate with any request made by the Committee.
  - 2.1.5 to sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which are to report to the Committee.

- 2.1.6 to have unrestricted access to the Company's books, records and information necessary to fulfil its duties.
- 2.1.7 to commission specific assurance work as it considers appropriate to support the Board's declaration on material controls, in accordance with the UK Corporate Governance Code 2024 (the "Code").

### **3. Membership and Attendance**

- 3.1 The Committee shall comprise at least three independent non-executive directors. At least one Committee member shall have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies, and the Committee as a whole shall have competence relevant to the sector in which the Group operates. The Chair of the Board shall not be a member of the Committee.
- 3.2 Members shall be appointed by the Board on the recommendation of the Nomination Committee. The Board shall appoint the Committee Chair from the independent non-executive directors. In the absence of the Chair, the members present shall elect one of their number to chair the meeting.
- 3.3 The Group Chief Executive, Chief Financial Officer, Head of Internal Audit, Head of Risk, Group General Counsel and representatives of the External Auditor will normally attend by invitation. The Committee may also, from time to time, invite the Managing Directors and Finance Directors of the businesses. The Committee shall meet the External Auditor and the Head of Internal Audit at least once a year without management present.
- 3.4 Each member shall hold office as a Committee member for a period of up to three years, which may be extended for two further three-year periods, provided that each member of the Committee continues to be identified as independent by the Board.
- 3.5 Each member of the Committee shall disclose (in writing) to the Committee and the Company Secretary as soon as the member becomes aware of any:
  - 3.5.1 personal interest, including financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
  - 3.5.2 potential conflict of interest.
- 3.6 Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the Board) shall resign from the Committee.

## **4. Secretary, Quorum and Meetings**

- 4.1 The Company Secretary (or their nominee) shall act as Secretary to 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.
- 4.2 The quorum shall be two members. The Committee shall meet not less than four times a year.
- 4.3 Notice of each meeting, agenda and supporting papers shall be provided to members no fewer than five working days in advance, unless urgency dictates otherwise.
- 4.4 The Secretary shall keep a record of:
  - 4.4.1 the membership, and the dates of any changes to the membership, of the Committee;
  - 4.4.2 any non-audit services provided by the external auditor to enable the Company to make the necessary statement in the annual report on safeguarding the auditor's objectivity and independence.
- 4.5 The Secretary shall record the proceedings and resolutions of meetings of the Committee.
- 4.6 Draft minutes of Committee meetings shall be agreed with the Committee Chair and circulated to all members of the Committee. When formally approved, the Committee minutes will be circulated to all members of the Board unless, in the opinion of the Committee Chair, it would be inappropriate to do so in exceptional circumstances.

## **5. Financial Reporting**

The Committee shall;

- 5.1 monitor the integrity of the financial statements of the Company, on a consolidated basis including its annual and half-yearly reports and trading updates, and any formal announcements relating to the Company's financial performance, and review the significant financial reporting issues and judgements made in connection with their preparation and, in particular, review and challenge where necessary:
  - 5.1.1 critical accounting policies and practices; the consistency of, and any changes in them;
  - 5.1.2 decisions requiring a major element of judgement;

- 5.1.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - 5.1.4 the methods used to account for significant or unusual transactions where different approaches are possible;
  - 5.1.5 the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
  - 5.1.6 the clarity and completeness of disclosure in the Company's financial statements and whether such disclosures are properly set in context;
  - 5.1.7 significant adjustments resulting from the audit;
  - 5.1.8 the going concern assumption;
  - 5.1.9 compliance with accounting standards;
  - 5.1.10 compliance with stock exchange and other legal requirements;
  - 5.1.11 the use and disclosure of Alternative Performance Measures in reporting Group performance;
  - 5.1.12 the Company's statement on internal control processes, prior to endorsement by the Board, and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company; and
  - 5.1.13 all material information presented with the financial statements, including the operating and financial review, and corporate governance statements relating to the audit and risk management.
- 5.2 report its views to the Board if it is not satisfied with any aspect of the proposed financial reporting by the Company;
  - 5.3 review the viability statement made by the directors to be included in the Annual report and Accounts (ARA) and any supporting assumptions and qualifications;
  - 5.4 review the going concern statement made by the directors to be included in the ARA and any supporting assumptions and qualifications; and
  - 5.3 review any other statements containing financial information for which Board approval is required.

## 6. Risk Management & Internal Control Framework

- 6.1 In discharging its responsibilities for risk management and internal control, the Committee shall seek recommendations from management. The Committee provides oversight of the Group's risk management activities and makes recommendations to the Board. This approach supports the effective Board oversight in line with Principle O and Provision 29 of the Code.
- 6.2 The Committee shall:
- 6.2.1 review, challenge and recommend to the Board the design, adequacy and ongoing maintenance of the Risk Management and Internal Control Framework (RMIC Framework), including coverage of principal and emerging risks and having regard to the Group's Three Lines of Defence model;
  - 6.2.2 review and challenge the alignment of the RMIC to the Board approved risk appetite, and highlight to the Board any areas where alignment appears insufficient;
  - 6.2.3 consider the basis for assessing the annual effectiveness review of the RMIC Framework to support the Board's conclusions and Code Provision 29 declaration, ensuring coverage of all material controls (financial, operational, reporting and compliance);
  - 6.2.4 review the Group's risk profile (principal and emerging risks), the adequacy of mitigation, changes in the risk profile, and matters informing the Board's assessment of the effectiveness of the Group's risk management and internal control framework;
  - 6.2.5 approve on behalf of the Board, the Group Tax Strategy and the Group Treasury Policy and any related matters;
  - 6.2.6 review the control environment relating to the Group's debt facilities and cash pooling arrangements;
  - 6.2.7 review controls supporting the Group's FX Risk Management Policy;
  - 6.2.8 monitor and oversee the continued strengthening of the Group's internal financial control environment and make recommendations to the Board;

- 6.2.9 approve the methodology proposed by management for identifying material controls and the annual plan to evaluate their design and operating effectiveness (covering financial, operational, reporting and compliance controls, with reporting controls encompassing both financial and non-financial/narrative reporting);
- 6.2.10 oversee a proportionate assurance approach (e.g., Internal Audit testing, management attestations and targeted external assurance where appropriate) to underpin the Board's declaration;
- 6.2.11 review management's assessment of any ineffective material controls at the balance sheet date, remediation plans, progress on previously reported issues  
  
and recommend to the Board any failures in material controls that need to be reported externally; and
- 6.2.12 review the identification, assessment and management of sustainability related risks and opportunities, ensuring they are appropriately integrated into the Group's risk management framework and internal control systems.

## **7. Internal Audit**

The Committee shall;

- 7.1 approve the appointment and removal of the Head of Internal Audit;
- 7.2 monitor and review the effectiveness of the Company's internal audit function in the context of the Group's overall risk management procedures; and
- 7.3 annually review the Group's compliance with the Internal Audit Standards and the Code;
- 7.4 consider and approve the structure, composition and remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively;
- 7.5 the Committee shall also ensure the function has adequate standing and is free from management or other restrictions and annually approve the Internal Audit Charter, ensuring it is appropriate for the current needs of the Group;
- 7.6 review, assess and approve the annual internal audit plan to ensure it is aligned to the key risks of the business and monitor completion of audit activity against the internal audit plan;

- 7.7 review the summary of internal audit reports provided to the Committee on a periodic basis and review promptly all key issues on subsidiary companies arising from the internal audit function;
- 7.8 review and monitor management's responsiveness to the findings and recommendations of the internal audit function;
- 7.9 meet the Head of Internal Audit at least once a year, in the absence of management, to discuss the internal audit function's remit, independence, resourcing and any issues arising from audit work. The Head of Internal Audit shall also have unrestricted access to the Chair of the Committee and to the Chair of the Board on matters relating to their role; and
- 7.10 oversee and consider the independent, third-party review of the internal audit function and processes, which must be carried out at least every five years.

## **8. External Audit**

The Committee shall:

- 8.1 lead the process for the appointment, re-appointment and removal of the external auditor, including conducting an audit tender at least every ten years, and recommend the preferred firm to the Board for shareholder approval;
- 8.2 approve the external auditor's terms of engagement and remuneration;
- 8.3 assess annually the external auditor's independence, objectivity, qualifications, expertise and resources, taking account of applicable laws, regulations and the FRC Ethical Standard;
- 8.4 review the effectiveness and quality of the audit, including the auditor's report on audit quality and key findings;
- 8.5 oversee and monitor the policy on the employment of former employees of the external auditor;
- 8.6 approve and monitor the policy on the provision of non-audit services by the external auditor;
- 8.7 review and approve the auditor's annual audit plan and engagement letter;
- 8.8 meet regularly with the external auditor, including at least one meeting annually without management present, to discuss the audit approach, key judgements and audit findings;

- 8.9 review the external auditor's management letter, management's responses and the audit representation letters, and monitor the responsiveness of management to recommendations; and
- 8.10 consider any issues arising from the resignation or removal of the external auditor and whether further actions are needed.

## **9. Fraud, Compliance & Whistleblowing**

The Committee shall:

- 9.1 oversee the adequacy and effectiveness of controls addressing fraud, bribery, money-laundering, sanctions and other regulatory compliance risks within the scope of material controls;
- 9.2 review the adequacy and security of the Group's arrangements for raising 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; and
- 9.3 receive whistle-blowing and other reports on non-compliance with the Group's policies of fraud, bribery and unethical behaviour.

## **10. Reporting**

- 10.1 After each meeting, the Chair shall report to the Board on significant matters within the Committee's remit, including management's reporting of material control testing results, significant deficiencies and remediation progress, Internal Audit findings and External Audit status.
- 10.2 The Committee shall provide input to the Board for inclusion in the ARA:
  - 10.2.1 a description of how the Board monitored and reviewed the effectiveness of the RMIC Framework;
  - 10.2.2 the Board's declaration on the effectiveness of material controls at the balance sheet date;
  - 10.2.3 a description of any ineffective material controls and actions taken or proposed, including progress on previously reported issues;

- 10.2.4 the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
- 10.2.5 an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and
- 10.2.6 an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the Code.
- 10.3 The Committee shall prepare a report on its activities to be included in the ARA, including its work relating to assurance disclosures and in support of on-going compliance Code Provision 29.
- 10.4 Review the content of the ARA 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.
- 10.5 Review the assumptions on which the assessment of statement of going concern are based and confirm to the Board whether it is considered appropriate.
- 10.6 Confirm to the Board whether it is reasonable to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary and recommend to the Board a viability statement.
- 10.7 The Chair of the Committee shall attend the Company's Annual General Meeting and be available to respond to questions from shareholders. In addition, the Committee Chair shall seek, where appropriate, to engage with shareholders on significant matters within the Committee's remit. Other members of the Committee shall also attend the Annual General Meeting, where practicable.

## **11. Other Matters**

- 11.1 The Committee shall at least annually review its own effectiveness, constitution and these Terms of Reference and recommend any changes to the Board.

- 11.2 Members shall receive appropriate induction and ongoing training on the Code, the Minimum Standard and emerging risk topics.
- 11.3 The Committee shall work and liaise as necessary with all other Committees of the Board, ensuring interaction between Committees and with the Board is reviewed regularly.
- 11.4 The Committee shall give due consideration to any applicable laws and regulations, including the provisions of the Code and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus 10 Rules, Disclosure Guidance and Transparency Rules, the provisions of the FRC's Guidance on Audit Committees and the Minimum Standard.
- 11.5 The Committee shall, in exercising its powers, take into account the duties of directors under Chapter 2 of Part 10 of the Companies Act 2006 including, in particular, section 172 of the 2006 Act.
- 11.6 These Terms of Reference shall be made available on the Company's website.