

# Audit Committee

## Terms of Reference

### 1. Purpose and role of the Audit Committee

The Audit Committee (the “Committee”) assists the Board of the Company (the “Board”) in fulfilling its responsibilities in relation to risk management, internal control and financial reporting, and carries out certain oversight functions on behalf of the Board.

The Directors are responsible for preparing the Annual Report and Accounts and the Annual Report on Form 20-F (the “annual reports”), including the financial statements, in accordance with applicable laws and regulations. The following provisions are not intended to override the fiduciary duties of the Directors.

The Committee oversees and monitors management’s and the external auditors’ participation in the financial reporting process. It is not the responsibility of the Committee to prepare complete and accurate financial statements and disclosures in accordance with accounting standards and other regulations which is the responsibility of management. The Company’s financial statements are subject to audit by the external auditors who are required to express an opinion on whether the financial statements (i) give a true and fair view (for UK reporting purposes); and (ii) present fairly, in all material respects, the consolidated financial position of the Company, the results of its operations and its cash flows (for US reporting purposes) and have been properly prepared in accordance with applicable standards and regulations.

Furthermore, the Committee is responsible for reviewing the Company’s policies and practices with respect to risk assessment and management.

### 2. Membership

The Committee shall comprise at least three members. Where possible, the Committee shall include at least one member of the Remuneration Committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Audit Committee.

All members of the Committee shall be Independent Non-Executive Directors at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing and shall be an “audit committee financial expert” as such term is defined by the U.S Securities and Exchange Commission (the “SEC”) in the general instructions of the Form 20-F. The Committee shall include members with relevant expertise in internal controls, risk management, and audit practices. The Chair of the Board shall not be a member of the Committee.

A Director may not be a member of the Committee if (i) he or she receives from the Company or any of its subsidiaries any consulting, advisory or other compensatory fees (other than fees received in respect of his or her role as a member of the Board or a committee of the Board) and/or (ii) he or she is an “affiliated person” of the Company within the meaning of the US Sarbanes-Oxley Act.

Only members of the Committee have the right to attend Committee meetings. However, the Chair of the Board, Chief Executive, Chief Financial Officer, Director of Internal Audit and Risk, Group Financial Controller, Group General Counsel and external audit lead partner will be invited to attend meetings of the Committee on a regular basis and other non-members, including other members of the Board, may be invited to attend all or part of any meeting at the invitation of the Chair of the Audit Committee as and when appropriate and necessary.

The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

### **3. Secretary**

The Group General Counsel & Company Secretary, or their 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.

### **4. Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, duties and discretions vested in or exercisable by the Committee.

### **5. Frequency of meetings**

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

Outside of the formal meeting programme, the Committee Chair, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Chief Executive, the Chief Financial Officer, the Group Financial Controller, the external audit lead partner, the Group General Counsel & Company Secretary and the Director of Internal Audit and Risk.

### **6. Notice of meetings**

Meetings of the Committee shall be convened 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 the Director of Internal Audit and Risk if they consider it necessary.

Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way. Meetings of the Committee may be conducted when the members are physically present together or by means of audio and/or video conference.

### **7. Minutes of meetings**

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

Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated promptly to all members of the Committee, unless it would be inappropriate to do so in the opinion of the Committee Chair. Meeting minutes shall be confirmed prior to or at the next meeting of the Committee and tabled as soon as practicable thereafter at a meeting of the Board.

### **8. Annual general meeting**

The Committee Chair should attend the annual general meeting to answer shareholder questions.

### **9. Duties**

The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole.

#### **9.1 Financial reporting**

The Committee shall monitor the integrity of the financial statements of the Company, including its annual reports, interim statements, preliminary announcements and any other formal

statements relating to its financial performance excluding quarterly updates that are reviewed directly by 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 auditor.

In particular, the Committee shall review and challenge where necessary:

- (i) the application of significant accounting policies and any changes to them;
- (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
- (iii) 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;
- (iv) the clarity and completeness of disclosures in the financial statements, including management's discussion and analysis, and the context in which statements are made; and
- (v) all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.

The Committee shall satisfy itself that the financial statements meet all relevant statutory requirements, financial reporting standards and accounting practices and the requirements of the stock exchanges where the Company's shares are listed and that there are no unsettled issues of significance between management and the auditors which could affect the accuracy and fairness of the statements.

The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.

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.

## **9.2 Narrative reporting**

Where requested by the Board, the Committee should review the content of the annual reports and accounts and advise the Board on whether:

- (i) taken as a whole, the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code (the "Code");
- (ii) the Annual Report on Form 20-F provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and the inclusion of the audited financial statements in the Annual Report on Form 20-F is appropriate; and
- (iii) to provide approval for the annual reports be filed.

## **9.3 Internal controls and risk management frameworks**

The Committee shall:

- (i) monitor the Company's material internal controls and risk management systems and, at least annually, carry out a review of its adequacy and effectiveness having regard to the UK Corporate Governance Code, and Guidance on Risk Management, Internal Control and Related Financial and Business Reporting by the Financial Reporting Council;
- (ii) review the activities of the Group Risk Committee and through the Chief Financial Officer commission additional analysis from the Group Risk Committee as required;
- (iii) review the frameworks, policies and practices with respect to risk management and internal control;
- (iv) have oversight of compliance with Section 404 of the US Sarbanes-Oxley Act of 2002, including monitoring of related certification and attestation processes;
- (v) review management's and the internal auditor's reports on the effectiveness of frameworks for internal control and financial reporting;
- (vi) consider management's response to any material external or internal audit recommendations;
- (vii) review and approve the statements to be included in the annual report concerning internal control, risk management, going concern and the viability statement; and
- (viii) review, in advance, if no other independent committee has reviewed, proposed related party transactions for potential conflicts of interest and determination of whether such proposed transactions are consistent with the interests of the Company and its shareholders.

#### **9.4 Compliance, complaints, whistleblowing and fraud**

The Committee shall:

- (i) 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;
- (ii) review the procedures for the receipt and handling of (a) complaints concerning accounting, internal controls, audit matters and bribery and corruption, and (b) the confidential, anonymous submission by employees of concerns regarding (a);
- (iii) review the Company's procedures for detecting fraud; and
- (iv) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

#### **9.5 Internal audit**

The Committee shall:

- (i) approve the appointment and termination of appointment of the Director of Internal Audit and Risk;
- (ii) review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work, and every second year approve the internal audit charter ensuring it is appropriate for the current needs of the organisation having regard to its role as an independent control function;
- (iii) review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out, including:
  - the results of audit activities, including any significant issues reported to management and management's response and/or corrective actions;

- the status of identified control deficiencies; and
  - the adequacy and degree of compliance by the Company with its frameworks of internal control;
- (iv) ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between the Company and internal audit, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
  - (v) ensure the Director of Internal Audit and Risk has direct access to the Chair of the Board and to the Committee Chair, providing independence from the executive and accountability to the Committee;
  - (vi) carry out an annual assessment of the effectiveness of the internal audit function in the overall context of the Company's risk management framework and the work of other compliance functions, finance and the external auditor; and as part of this assessment:
    - meet with the Director of Internal Audit and Risk without the presence of management to discuss the effectiveness of the function;
    - review and assess the annual internal audit work plan;
    - receive a report on the results of the internal auditor's work;
    - determine whether it is satisfied that the quality, experience and expertise of internal audit, as well as the standards employed by internal audit, are appropriate for the business;
  - (vii) review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function; and
  - (viii) at least once every five years procure an independent third-party review of the internal audit function.

## 9.6 External audit

The Committee shall:

- (i) consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- (ii) ensure that at least once every ten years the audit services contract is put out to tender 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, lead and conduct such tender process and develop and oversee the selection process in accordance with the applicable regulatory requirements, the Code and the Financial Reporting Council (the "FRC") Audit Committees and the External Audit: Minimum Standard (the "Minimum Standard"), ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- (iii) if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (iv) oversee the relationship with the external auditor. In this context the Committee shall:
  - approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;

- approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit; and
  - ensure rotation of the lead and any concurring partners at the external auditors, as well as any other partners at the external auditors as necessary, in compliance with any applicable rules or requirements of, but not limited to, the SEC and the Public Company Accounting Oversight Board;
- (v) assess annually the external auditor's independence and objectivity taking into account relevant UK and US law, regulation, the Minimum Standard, the Ethical Standard and other professional requirements and the group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
  - (vi) satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
  - (vii) monitor the auditor's processes for maintaining independence, its compliance with relevant UK and US law, regulation, other professional requirements, the Minimum Standard and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
  - (viii) monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;
  - (ix) assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
  - (x) seek to ensure coordination of the external audit with the activities of the internal audit function;
  - (xi) evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
  - (xii) develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditor, including pre-approval of non-audit services, and assessment of whether non-audit services have a direct or material effect on the audited financial statements.

The policy should include consideration of the following matters:

- threats to the independence and objectivity of the external auditor and any safeguards in place;
  - the nature of the non-audit services;
  - whether the external audit firm is the most suitable supplier of the non-audit service;
  - the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
  - the criteria governing compensation;
- (xiii) ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, taking in account relevant regulations and ethical guidance in this regard, and report to the Board on any improvement or action required;
  - (xiv) keep the policy for the provision of non-audit services under review;

- (xv) ensure that the Company manages its non-audit relationships with audit firms to ensure that it has a fair choice of suitable auditors at the next external audit tender;
- (xvi) meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- (xvii) discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- (xviii) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - a discussion of any major issues or disagreements with management which arose during the audit;
  - the auditor's explanation of how the risks to audit quality were addressed;
  - key accounting and audit judgements;
  - the auditor's view of their interactions with senior management; and
  - levels of errors identified during the audit;
- (xix) review any representation letter(s) requested by the external auditor for Rentokil Initial plc before they are signed by management;
- (xx) review the auditor's report on the audit and management's response to significant audit findings and recommendations and seek to resolve any disagreements between management and the external auditors;
- (xxi) document how effective oversight of the external auditor has been achieved throughout the year;
- (xxii) taking into consideration relevant UK professional and regulatory requirements, review the effectiveness of the audit process, including:
  - asking whether the external auditor has identified any risks to audit quality and, if so, how these were addressed;
  - discussing with the auditor the key audit firm and network level controls the auditor relied on to address any identified risks to audit quality and enquiring about findings from internal and external inspections of their audit and their audit firm;
  - reviewing whether the auditor has met the agreed audit plan and understanding reasons for changes to the audit plan;
  - considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and their response to questions from the Committee;
  - obtaining feedback on the conduct of the audit from key people involved;
  - reviewing and monitoring the content of the external auditor's management letter, and other communications with the Committee, to assess whether it is based on a good understanding of the Company's business and establish whether recommendations have been acted on, and if not, the reasons why this is not so; and
  - obtaining evidence on the effectiveness of the external audit and auditor from those impacted by the audit / auditor;
- (xxiii) review and consider as part of their determination of auditor effectiveness the periodic output of external reviews of the audit market and/or reports on audit firm quality, such as the public inspection reports issued by the FRC or Public Company Accounting

Oversight Board, and discuss these reports with the auditor to understand how any identified issues are being addressed.

## **9.7 Other**

The Committee shall review and approve the Company's tax strategy on an annual basis.

## **10. Reporting responsibilities**

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:

- (i) matters in respect of which it considers that action or improvement is needed, including where the Committee is not satisfied with any aspect of risk management, internal control and financial reporting;
- (ii) the significant issues that it considered in relation to the financial statements and how these were addressed;
- (iii) its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, consideration of non-audit services provided by the external auditor and the safeguarding of auditor objectivity and independence, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans;
- (iv) any material regard for stakeholders (as set out in the Companies Act 2006 s.172(1)); and
- (v) any other issues on which the Board has requested the Committee's opinion.

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

The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; 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, the nature and extent of any interaction with the FRC's Corporate Reporting Review team and any significant findings of a review of the Company's audit conducted by the FRC Audit Quality Review team; an explanation of the application of the Company's accounting policies; an explanation of its assessment of the independence and effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditors provide non-audit services to the Company, auditor objectivity and independence is safeguarded); and all other information requirements set out in the Code and the Minimum Standard including details of the activities the Committee has undertaken to meet the requirements of the Minimum Standard.

In compiling the reports, 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 and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

## **11. Other matters**

The Committee shall:

- (i) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- (ii) 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;



- (iii) give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook, as well as the Sarbanes-Oxley Act and SEC and New York Stock Exchange requirements and any other applicable rules, as appropriate;
- (iv) oversee any investigation of activities which are within its terms of reference;
- (v) consider all responses to the Company's regulators on reporting matters, liaising with management and the external auditor as appropriate.
- (vi) work and liaise as necessary with all other Board Committees, taking particular account of the impact of risk management and internal controls being delegated to different Committees; and
- (vii) arrange for periodic reviews of its own performance and report the results of such evaluation to the Board, and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness, and remains aligned with evolving regulatory expectations and company needs, and recommend any changes it considers necessary to the Board.

## **12. Authority**

The Committee is authorised to:

- (i) seek any information it requires from any employee of the Company in order to perform its duties;
- (ii) obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so. Prior to seeking further independent professional advice at the Company's expense, the Committee shall notify either the Chair of the Board or the Chief Executive;
- (iii) call any employee to be questioned at a meeting of the Committee as and when required; and
- (iv) 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.

20 February 2025