



## CURRYS PLC

### TERMS OF REFERENCE OF THE AUDIT COMMITTEE (approved by the Board on 17 January 2023)

Reference to "the Committee" shall mean the Audit Committee of the Company.

Reference to "the Board" shall mean the Board of Directors of Currys plc.

Reference to "the Company" shall mean Currys plc.

Reference to "the Group" shall mean the Currys group of companies.

#### **1. CONSTITUTION**

- 1.1. The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee. The membership, duties and authorities of the Committee are set out in these Terms of Reference which may be amended from time to time by the Board. These Terms of Reference shall be publicly available.

#### **2. MEMBERSHIP**

- 2.1. The Committee shall comprise at least three members, each of whom shall be appointed by the Board on the recommendation of the Nominations Committee and in consultation with the Committee Chair.
- 2.2. 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. The Chair of the Company shall not be a member of the Committee but may attend its meetings by invitation.
- 2.3. The Board shall appoint the Chair of the Committee and determine the period for which they shall hold office. In the absence of the Committee Chair or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
- 2.4. The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies.

#### **3. SECRETARY**

- 3.1. The Group General Counsel and Company Secretary, or their nominee, shall act as the Secretary of the Committee.

#### **4. ATTENDANCE AT MEETINGS**

- 4.1. The quorum necessary for the transaction of business by the Committee shall be two members present in person, by telephone or video conference call throughout the meeting.
- 4.2. 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 or exercisable by the Committee.
- 4.3. Only members of the Committee have the right to attend and vote at Committee meetings, however, the Group Chief Financial Officer, Group General Counsel and Company Secretary, Group Financial Controller, the Group Director of Internal Audit (or equivalent) and representatives of the external auditors will be invited to attend scheduled meetings on a regular basis and the other non-members (including the Group Chief Executive Officer) may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 4.4. The Committee shall have authority to require the attendance at a meeting of any Board member, senior executive or employee of the Group.



- 4.5. Part of each scheduled meeting of the Committee shall be held with representatives of the external auditors without executive Board members or senior executives present.
- 4.6. The Chair of the Committee shall be available to answer questions about the Committee's work at the annual general meeting of the Company.

## 5. FREQUENCY OF MEETINGS

- 5.1. The Committee shall meet at such times as the Chair of the Committee shall require and at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The external auditors may request a meeting if they consider that one is necessary.
- 5.2. Notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed shall be forwarded to each member of the Committee, any other person required to attend, not fewer than three working days prior to the date of the meeting wherever possible. Supporting papers shall be sent to Committee members and to other attendees (as appropriate) at the same time.
- 5.3. 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 Board Chair, the Group Chief Executive Officer, the Group Chief Financial Officer, the Group General Counsel and Company Secretary, the external audit lead partner and the Group Director of Internal Audit.

## 6. AUTHORITY

- 6.1. The Committee is authorised by the Board to:-
  - 6.1.1. investigate any activity within its Terms of Reference;
  - 6.1.2. seek any information it requires from any employee of the Company in order to perform its duties;
  - 6.1.3. call any employee to a meeting of the Committee as and when required;
  - 6.1.4. obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so and in accordance with the procedure agreed by the Board; and
  - 6.1.5. have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

## 7. MINUTES

- 7.1. Minutes of any formal meeting of the Committee (including recording the proceedings, decisions and names of those present and in attendance) shall be prepared by the Secretary of the Committee, or by their nominee.
- 7.2. Draft minutes of the Committee meetings shall be agreed with the Committee Chair and then circulated to all Committee members and, after approval, shall be submitted to the Board unless in the opinion of the Committee Chair it would be inappropriate to do so.

## 8. DUTIES

Generally, the function of the Committee is to consider how the Board should apply the Company's financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors. The Committee should have oversight of the Group as a whole and, unless required otherwise by regulations, carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole.

In discharging its duties the Committee should have regard to applicable legal, regulatory and best practice requirements and standards including but not limited to: the UK Corporate Governance Code (the Code) of the UK Financial Reporting Council (the "FRC") as amended



from time to time; the FRC Guidance on Audit Committees; the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting; the FCA's Disclosure and Transparency Rules and Listing Rules; the recommendations of the Taskforce on Climate-related Financial Disclosure ("TCFD"); and applicable auditing and accounting standards.

More specifically, the duties of the Committee shall be: -

### ***8.1 Financial Reporting***

- 8.1.1 To monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any formal announcements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements contained in them having regard to matters communicated to it by the Auditor.
- 8.1.2 In particular, the Committee shall review and challenge where necessary:
  - 8.1.2.1 the application of significant accounting policies and practices, and any changes to them;
  - 8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
  - 8.1.2.3 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;
  - 8.1.2.4 significant adjustments resulting from the audit;
  - 8.1.2.5 the clarity and completeness of disclosures; and
  - 8.1.2.6 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.
- 8.1.3 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.
- 8.1.4 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its view to the Board.

### ***8.2 Narrative Reporting***

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 these matters that is required under the Code.

### ***8.3 Internal Controls and Risk Management Systems***

The Committee shall:

- 8.3.1 keep under review the adequacy and effectiveness of the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems; and
- 8.3.2 review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement.

### ***8.4 Compliance, Conflicts, Whistleblowing and Fraud***



The Committee shall:

- 8.4.1 review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting or other matters. The Committee's objective should be to ensure that these arrangements allow proportionate and independent investigation of such matters and for appropriate follow-up action;
- 8.4.2 keep under review the Company's procedures for detecting and dealing with fraud;
- 8.4.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance; and
- 8.4.4 receive regular reports and keep under review the adequacy and effectiveness of the Company's compliance functions.

### **8.5 Internal Audit**

To monitor and review the effectiveness of the Company's internal audit function. The Committee shall:

- 8.5.1 approve the appointment or termination of the Group Director of Internal Audit;
- 8.5.2 consider and approve the role and mandate of the internal audit function, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- 8.5.3 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;
- 8.5.4 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 different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- 8.5.5 ensure the Group Director of Internal Audit be given right of direct access to the Chair of the Board and the Committee Chair, providing independence from the executive and accountability to the Committee;
- 8.5.6 carry out an annual assessment of the effectiveness of the internal audit function and as part of this assessment:
  - 8.5.6.1 meet the Group Director of Internal Audit at least once a year, without management being present, to discuss the effectiveness of the function;
  - 8.5.6.2 review and assess the annual internal audit work plan;
  - 8.5.6.3 receive a report on the results of the internal audit function's work;
  - 8.5.6.4 determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
  - 8.5.6.5 review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;
- 8.5.7 monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system and the work of compliance, finance and the external auditor; and
- 8.5.8 consider whether an independent, third party review of processes is appropriate.

### **8.6 External Audit**

The Committee shall taking into account relevant UK law, legal, professional and regulatory requirements and guidance, and the Ethical Standard:



- 8.6.1 consider and make recommendations to the Board, to be put to the shareholders for their approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 8.6.2 develop and oversee the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- 8.6.3 if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.6.4 oversee the relationship with the external auditor. The Committee shall:
  - 8.6.4.1 approve their remuneration, including fees for audit and non-audit services (where relevant), and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and
  - 8.6.4.2 approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 8.6.5 assess annually the external auditor's independence and objectivity taking into account 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;
- 8.6.6 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;
- 8.6.7 agree with the Board a policy on the employment of former employees of the Company's auditor, and monitor the application of the policy;
- 8.6.8 monitor the auditor's processes for maintaining independence, including the guidance on the rotation of audit partner and staff;
- 8.6.9 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;
- 8.6.10 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;
- 8.6.11 seek to ensure coordination of the external audit with the activities of the internal audit function;
- 8.6.12 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;
- 8.6.13 recommend changes, if any, to the Board the Company's formal policy on the provision of non-audit services by the external auditor, including approval of non-audit services by the Committee and specifying the types of non-audit services which require pre-approval, 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:
  - 8.6.13.1 threats to the independence and objectivity of the external auditor and any safeguards in place;
  - 8.6.13.2 nature of the non-audit services;
  - 8.6.13.3 whether the external audit firm is the most suitable supplier of the non-audit service;
  - 8.6.13.4 fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
  - 8.6.13.5 the criteria governing compensation;



- 8.6.14 meet regularly with the external auditor, 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 audits;
- 8.6.15 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;
- 8.6.16 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 8.6.16.1 a discussion of any major issues which arose during the audit;
  - 8.6.16.2 the auditor's explanation of how the risks to audit quality were addressed;
  - 8.6.16.3 key accounting and audit judgements;
  - 8.6.16.4 the auditor's view of their interactions with senior management; and
  - 8.6.16.5 levels of errors identified during the audit;
- 8.6.17 review any key representation letter(s) requested by the external auditor before they are signed by management;
- 8.6.18 review the management letter and management's response to the auditor's findings and recommendations; and
- 8.6.19 review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

### ***8.7 Miscellaneous***

- 8.7.1 To consider the major findings of internal investigation and management's response;
- 8.7.2 To consider the matters brought to its attention by the Group General Counsel and Company Secretary in relation to the Group's Risk and Compliance Committee;
- 8.7.3 To consider other topics, as defined by the Board; and
- 8.7.4 To refer matters to the Board which in its opinion, should be addressed at a meeting of the Board.

## **9. REPORTING RESPONSIBILITIES**

- 9.1 The Chair of the Committee 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, including:
  - 9.1.1 the significant issues that it considered in relation to the financial statements (under 8.1.1) and how these were addressed;
  - 9.1.2 its assessment of the effectiveness of the external audit process (under 8.6.10), the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
  - 9.1.3 Any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall compile an annual report of its activities for inclusion in the Company's annual report and accounts. This report should include an explanation of how the Committee has assessed 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; and all other information requirements set out in the Code.



9.4 In compiling the reports referred to in 9.1 and 9.3, 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 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.

## 10. ANNUAL REVIEW

10.1. The Committee shall at least annually review its own performance, constitution, procedures and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any necessary changes to the Board.

## 11. RESOURCES AND TRAINING

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required and services of the Company's internal financial, risk and legal departments on all Committee matters;
- 11.2 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;
- 11.3 give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the FRC's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules and best practice guidance, as appropriate;
- 11.4 be responsible for coordination of the internal and external auditors;
- 11.5 oversee any investigation of activities which are within its terms of reference; and
- 11.6 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.