



RECKITT BENCKISER GROUP PLC (the *Company*)

AUDIT COMMITTEE

TERMS OF REFERENCE

Adopted by resolution on 19 November 2019

A: CONSTITUTION

1. The Board of Directors of the Company (the **Board**) resolved on 4 September 2007 to establish a Committee of the Board to be known as the Audit Committee (the **Committee**).
2. The Board resolved on 19 November 2019 to amend the Terms of Reference of the Committee. These Terms of Reference replace in their entirety those adopted on 9 November 2018.

B: PURPOSE AND DELEGATED AUTHORITY

1. The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:
 - 1.1 the integrity of the financial and narrative statements and other financial information provided to shareholders;
 - 1.2 the Company's system of internal controls and risk management;
 - 1.3 treasury management policies;
 - 1.4 the potential implications of legal action against the Company;
 - 1.5 the internal and external audit process and auditors; and
 - 1.6 the processes for compliance with laws, regulations and ethical codes of practice.
2. The Committee is authorised by the Board to:
 - 2.1 carry out all duties set out in these Terms of Reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, independent legal, accounting or professional advice on any matter within its Terms of Reference as it considers necessary;
 - 2.2 seek any information that it requires from any employee of the Company or any of its subsidiaries (the **Group**) to perform its duties and to call any employee of the Group to be questioned at a Committee meeting as and when required, and all such employees are directed to co-operate with any such request made by the Committee;
 - 2.3 secure the attendance of external advisors at its meetings if it consider this necessary, at the Company's expense;
 - 2.4 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;
 - 2.5 commission, at the Company's expense, any reports or surveys which it deems necessary to help it fulfil its obligations; and
 - 2.6 collectively and individually have direct access to the CEO, CFO, the Group Head of Internal Audit and the Company's external auditors.



C: MEMBERSHIP

1. At all times, the Committee shall consist of a minimum of three members, including the Chair, all of whom should be independent Non-Executive Directors of the Company (as determined by the Board in accordance with the principles of the 2018 UK Corporate Governance Code). If any member of the Committee is not deemed to be independent, then the Board shall provide an explanation as to why they consider it appropriate for such director to be a member of the Committee.
2. The Chairman of the Board shall not be a member of the Committee, but may be invited to attend its meetings.
3. At least one member of the Committee should have recent and relevant experience working with financial and accounting matters with competence in accounting and/or auditing. The Committee as a whole shall have competence relevant to the sector in which the Group operates.
4. Members of the Committee shall be appointed by the Board, on recommendation of the Nomination Committee and in consultation with the Chair of the Committee. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
5. The Chair of the Committee shall be appointed by the Board from among the independent Non-Executive Directors. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present at a Committee meeting shall elect one of themselves to chair the meeting.
6. The Chair of the Committee shall, in conjunction with the Nomination Committee, review membership of the Committee as part of the annual performance evaluation of the Committee, taking into account the tenure served by Committee members and balance of knowledge, skills and experience.
7. Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as the members continue to be independent. In exceptional circumstances, with the Board's approval, membership may be extended past a nine-year period if the Board determines that the member remains independent.

D: ADMINISTRATION

Quorum and Attendees

1. The quorum necessary for the transaction of business at a Committee meeting shall be two members (including, whenever possible, at least one member with recent and relevant financial experience). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
2. Only members of the Committee have the right to attend Committee meetings. However, the CEO, CFO, the external audit lead partner, the SVP Corporate Controller and the Group Head of Internal Audit shall be invited to attend and address meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meetings as and when appropriate and necessary, and with agreement of the Committee Chair.

Secretary

3. The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.



Meetings

4. The Committee shall meet at least four times a year at appropriate times in the Company's financial reporting and audit cycle that allow the Committee to fulfil its duties effectively, and at such other times as required.
5. 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 CFO, external audit lead partner or the Group Head of Internal Audit if they consider it necessary.
6. Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.
7. The Committee Chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.
8. Outside of the formal meeting schedule, the Committee Chair (and to a lesser extent, other Committee members) shall maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the CEO, CFO, the external audit lead partner, SVP Corporate Controller and the Group Head of Internal Audit.
9. The Committee shall normally meet the external audit lead partner and the Group Head of Internal Audit without executive Board members present following each formal Committee meeting.

Agenda, Papers and Minutes

10. Unless the Committee agrees otherwise, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five calendar days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Committee Chair. The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.
11. The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
12. The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
13. Draft minutes of Committee meetings shall be agreed with the Committee Chair and then be circulated promptly to all Committee members, unless in the Committee Chair's opinion it would be inappropriate to do so. Once approved, minutes shall be circulated to all other Directors unless in the Committee Chair's opinion it would be inappropriate to do so.
14. A resolution in writing signed by all Committee members shall be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

Voting arrangements

15. Subject to paragraphs 16 and 17, each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person, by audio or video conference).
16. If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that particular matter.



17. Except where he or she has a personal interest, the Committee Chair shall have a casting vote.

E: DUTIES AND RESPONSIBILITIES

The Committee shall have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the following duties for the Group as appropriate.

General

The Committee shall:

1. consider other duties determined by the Board from time to time;
2. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
3. be provided with appropriate and timely training, including an induction programme for new members, and on an ongoing basis for all members;
4. arrange for an annual review of its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
5. seek to ensure coordination of the external audit with the activities of the internal audit function;
6. review the Group's activities with respect to the Group's treasury and tax planning policies and any material changes thereto, and such other policies as may be requested by the Board;
7. at all times during the performance of its duties be mindful of the latest FRC Guidance and its recommendations;
8. at all times, give due consideration to relevant laws and regulations, in particular the directors duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority and any other applicable rules, as appropriate; and
9. work and liaise as necessary with all other Board committees, taking particular account of any delegation of the impact of risk management and internal controls to different committees.

External Audit

The Committee shall, taking into account any applicable law and regulation, other professional requirements and the Financial Reporting Council's Revised Ethical Standard (the **Ethical Standard**):

Appointment, reappointment and resignation

10. consider and make recommendations to the Board to put to shareholders for approval at the AGM, on the appointment, reappointment or removal of the external auditor;
11. ensure that at least once every 10 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, conduct such tender process and develop and oversee the selection for the appointment of the audit firm and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;



12. ensure that the auditor is rotated after the maximum period of 20 years;
13. if an external auditor resigns, investigate the issues leading to this and decide whether any action is required; and
14. evaluate the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the Committee and consider the need to include the risk of the withdrawal of the external auditor from the market in that evaluation.

Terms of engagement

15. Oversee the relationship with the external auditor and negotiate and agree their terms of engagement, including any engagement letter issued at the start of each audit, and negotiate, agree and approve their remuneration (including fees for both the audit and non-audit services) to ensure that the level of fees is appropriate to enable an effective and high-quality audit to be undertaken.

Independence and expertise

16. annually review and assess the independence and objectivity taking into account the relevant UK law, the Ethical Standard and other professional and regulatory requirements and the Group's relationship with the external auditor as a whole, including any threats to the auditor's independence and the safeguards to mitigate those threats, including the provision of any non-audit services;
17. seek reassurance from the external auditor and their staff that they have no relationships with the Group (other than those in the normal course of business) which could adversely affect the auditor's independence and objectivity;
18. annually assess the qualifications, expertise and resources of the external auditor and, taking into account relevant UK professional and regulatory requirements, the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
19. at least annually, seek information from the external audit firm about, and monitor, the external audit firm's policies and processes for maintaining independence and its compliance with the relevant UK law, regulation and other professional requirements and the Ethical Standard, including guidance on the rotation of the audit partner and staff; and
20. agree with the Board the Group's policy for the employment of former employees of the external auditor, taking into account the Ethical Standard and legal requirements and monitor the application of this policy.

Fees of external auditor

21. 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.

Non-audit services

22. develop, recommend and implement the Group's policy in relation to 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 service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include assessment of:
 - 22.1 threats to the independence and objectivity of the external auditor and any safeguards in place to eliminate or reduce threats;



- 22.2 the nature of non-audit services;
 - 22.3 in light of the external audit firm's skills and experience, whether it is the most suitable supplier of the non-audit service;
 - 22.4 the fees for the non-audit service both individually and in aggregate, relative to the audit fee, including special terms and conditions; and
 - 22.5 the criteria governing compensation of the individuals performing the audit;
23. ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, satisfying itself that there are no relationships between the auditor and the Group outside the course of business (including the level of non-audit fees) that could adversely affect the auditor's independence and objectivity, or the audit process; and
24. keep the policy for the provision of non-audit services under review.

Audit cycle

25. review and approve the annual audit plan at the start of the audit cycle and ensure it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
26. meet regularly with the external auditor (including once at planning stage before the audit and once after the audit at reporting stage) and, meet with the external auditor following each formal Committee meeting without management being present, to review and discuss the auditor's remit and the findings of the audit including (but not limited to) any major resolved or unresolved issues arising from the audit, the auditor's explanation of how 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;
27. consider communications from the external auditor on audit planning and findings on material weaknesses in accounting and internal control systems that come to the auditor's attention, including a review of material items of correspondence between the Company and the external auditor;
28. review any representation letter(s) requested by the external auditor before signature by management and consider whether, based on its knowledge, the information provided is complete and appropriate;
29. review, before its consideration by the Board, the external auditor's report to the Directors and their management letter, including management's response to the auditor's findings and recommendations; and
30. at the end of the audit cycle, assess the effectiveness of the audit process, including:
- 30.1 reviewing whether the auditor has met the agreed audit plan and whether the external auditor identified any risks to audit quality, and if so, how these were addressed;
 - 30.2 understanding any reasons for changes to the audit plan;
 - 30.3 considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions;
 - 30.4 obtaining feedback from key people on the conduct of the audit; and
 - 30.5 reviewing and monitoring the content of the external auditor's management letter and reporting to the Board on the effectiveness of the audit process.



Internal Audit

The Committee shall:

31. approve the appointment and removal of the Group Head of Internal Audit;
32. review 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 Group;
33. 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;
34. ensure that the internal audit function has unrestricted scope, the necessary resources and appropriate access to information to enable it to perform its function effectively and in accordance with appropriate professional standards for internal auditors. The Committee shall also ensure that the function has adequate standing and is free from management or other restrictions;
35. ensure that the Group Head of Internal Audit has direct access to the Chairman of the Board and Chair of the Committee and is accountable to the Committee;
36. review and assess the annual internal audit plan and be advised of the reasons for any change or delay in the plan and ensure coordination between the internal and external auditors;
37. monitor and review the role and effectiveness of the Company's internal audit function in the context of the Company's overall risk management system and the work of compliance, finance and the external auditor, ensuring that the internal audit plan is aligned to the Group's key risks;
38. ensure that there is open communication between the different functions and that the internal audit function evaluates the effectiveness of risk, compliance and finance functions as part of its internal audit plan;
39. meet with the Group Head of Internal Audit without the presence of management to discuss the effectiveness of the function;
40. receive a report on the internal auditor's work on a periodic basis;
41. determine whether it is satisfied that the quality, experience and expertise of internal audit are appropriate for the business;
42. review and monitor management's responsiveness to the internal auditor's findings and recommendations and management's actions to support the effective working of the internal audit function; and
43. consider whether an independent, third party review of internal audit effectiveness and processes is appropriate.

Financial Reporting

44. The Committee shall monitor the integrity of the financial statements of the Company including its annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor, and shall review, and challenge management where necessary, paying particular attention to:
 - 44.1 the application and appropriateness of significant accounting policies and any changes to them both on a year-on-year basis and across the Company and the Group;



- 44.2 whether the Company has made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
 - 44.3 the clarity and completeness of financial reporting disclosures and any changes to those disclosures, including the review of any correspondence between the Company and the external auditor;
 - 44.4 the methods used to account for significant or unusual transactions (including off balance sheet arrangements) where different approaches are possible;
 - 44.5 significant adjustments resulting from the external audit; and
 - 44.6 the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Group looking forward over an appropriate and justified period).
45. Monitor compliance with financial reporting standards and any recognised investment exchange and other financial and governance reporting requirements.
46. Review all material information presented with the financial statements, such as the strategic report and the corporate governance statements, insofar as it relates to audit and risk management.
47. Review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practical and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.
48. 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.

Narrative reporting

49. Where requested by the Board, the Committee shall review the content of the annual report and financial statements 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 provision 25 of the 2018 UK Corporate Governance Code.

Risk management systems and internal controls

The Committee shall:

Risk management

50. on behalf of the Board (which retains overall responsibility for risk management), review and monitor the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems and, at least annually, carry out a review of their effectiveness, and review and approve the statement to be included in the annual report concerning internal risk management and the viability statement;
51. on behalf of the Board, ensure that a robust assessment of the emerging and principal risks facing the Company has been undertaken (including those risks that would threaten the Company's business model, future performance, solvency or liquidity and reputation, that procedures are in



place to identify emerging risks and provide advice on the management and mitigation of those risks; and

52. oversee and advise the Board on the Group's current risk exposure and future risk strategy.

Internal controls

53. Review the Company's internal financial controls and internal control systems and at least annually carry out a review of its effectiveness and approve the statement to be included in the annual report concerning internal control.

Ongoing viability

54. Provide advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary.

Management and internal and external audit reports

55. review the assurance reports from management on the effectiveness of the internal control and risk management systems and from the internal audit, the external auditor and others on the operational effectiveness of matters related to risk and control. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective and are enough to enable the Board to satisfy itself that they are operating effectively; and
56. review the timeliness of, and report on, the effectiveness of corrective action taken by management in response to any material external or internal audit recommendation.

Disclosures

57. consider any necessary disclosure implications of the process that has been applied by the Board to deal with material internal control aspects of any significant problems disclosed in the annual report and accounts; and
58. consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate.

Whistleblowing, fraud and compliance

59. The Committee shall, in conjunction with the Corporate Responsibility, Sustainability, Ethics and Compliance Committee (CRSECC):
 - 59.1 review the adequacy and security of the Company's arrangements for its workforce to raise concerns, in confidence and anonymously, about possible wrongdoings 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;
 - 59.2 annually review the Company's procedures for detecting fraud;
 - 59.3 review the Company's systems and controls for ethical behaviour and the prevention of bribery and modern slavery and receive reports on non-compliance;
 - 59.4 review regular reports from the money laundering reporting officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and



59.5 review regular reports from the compliance officer and keep under review the adequacy and effectiveness of the Company's compliance function.

F: ANNUAL GENERAL MEETING

1. The Committee Chair shall attend the Annual General Meeting to answer shareholder questions on the Committee's activities and areas of responsibility, to deal with any questions relating to the resignation or dismissal of the external auditor and shall make a statement on the Committee's activities and achievements over the year (including details on engagement with shareholders on significant matters).

G: REPORTING RESPONSIBILITIES

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.
2. Prepare a formal report on its activities and how the Committee has discharged its responsibilities to be included in the Company's annual report, which shall include:
 - 2.1 details of the membership of the Committee, number of meetings held and attendance over the course of the year;
 - 2.2 a summary of the role and work of the Committee;
 - 2.3 how the Committee's performance evaluation has been conducted;
 - 2.4 the significant issues that the Committee considered in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the external auditor, the nature and extent of any interaction with the Financial Reporting Council's Corporate Reporting Review team and any significant findings of a review of the Company's audit conducted by the Financial Reporting Council's Audit Quality Review team;
 - 2.5 confirmation that the Board has carried out a robust assessment of the principal and emerging risks facing the Company, a description of its principal risks, the procedures in place to identify emerging risks and an explanation as to how they are being managed and mitigated;
 - 2.6 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 and the Group, auditor objectivity and independence is safeguarded) and its approach taken to the appointment or reappointment of the external auditor, length of incumbent auditor's tenure, when a tender was last conducted, advance notice of any retendering plans (and reasons why completing the process in that proposed financial year is in the best interests of the Company's shareholders) and any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services;
 - 2.7 the Company's policy for approval of non-audit services, how auditor objectivity and independence is safeguarded, the audit fees for the statutory audit for audit related services and other non-audit services, including the ratio of audit to non-audit work, and for each significant engagement or category of engagements, what the services are and why the Committee concluded that it was in the Company's interests to purchase them from the external auditor;
 - 2.8 an explanation of how the Committee has assessed the effectiveness of internal audit and satisfied itself that the quality, experience and expertise of the function is appropriate for the Company;



- 2.9 all other information requirements set out in the UK Corporate Governance Code; and
- 2.10 any other issues on which the Board has requested the Committee's opinion.
3. In compiling the report in paragraph G.2, exercise judgement in deciding which of the issues it considers are significant in relation to the financial statements, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the longer term viability statement.
4. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
5. When reporting on the significant issues, the Committee would not be expected to disclose information which, in its opinion, would be prejudicial to the interests of the Company (for example, because it related to impending developments or matters in the course of negotiation).
6. Where disagreements between the Committee and the Board cannot be resolved, the Committee shall report the issue to the shareholders as part of the report on its activities in the Company's annual report referred to in paragraph G.2.
7. If the Board does not accept the Committee's recommendation regarding the appointment, reappointment or removal of the external auditors, the Committee shall include a statement explaining its recommendation and reasons why the Board has taken a different stance in the annual report referred to in paragraph G.2.
8. Make available to shareholders these Terms of Reference by placing them on the Company's website.

H: INTERFACE WITH THE CRSECC

1. The Board has delegated the duty of reviewing and monitoring the adequacy of the Company's internal control and risk management systems to the Committee. The Committee will rely on the CRSECC to review and monitor the operational and compliance risk management systems and controls for those areas falling within its scope and purpose, as delegated by the Board.