



LUXFER
AUDIT COMMITTEE CHARTER

Version 2.0
Effective Date: December 11, 2019

1.0 PURPOSE

- 1.1 The Audit Committee (the “Committee”) is a standing committee of the Board of Directors of Luxfer Holdings PLC (the “Board”). The purpose of the Committee is to assist the Board in fulfilling its oversight responsibility relating to (i) the integrity of Luxfer Holdings PLC’s (the “Company”) financial statements; (ii) the Company’s financial reporting process and internal audit function, including the implementation and effectiveness of internal audit and internal controls over financial reporting; (iii) the engagement of the independent auditors, including the evaluation of the independent auditors’ qualifications and performance; (iv) the implementation and effectiveness of the Company’s disclosure controls and risk management procedures; and (v) the Company’s compliance with ethics policies, NYSE Listed Company standards, U.S. Securities and Exchange Commission (“SEC”) regulations governing domestic issuers, and other applicable law. Additionally, the Committee shall prepare the report containing the disclosure required by Item 407(d)(3)(i) of Regulation S-K, to be included in the Company’s annual proxy statement (the “Audit Committee Report”).
- 1.2 In discharging its responsibilities, the Committee is not itself responsible for the planning or conduct of audits or for any determination that the Company’s financial statements are complete and accurate or in accordance with generally accepted accounting principles. The Committee’s responsibility is one of oversight. Management is responsible for the Company’s financial reporting, internal control and disclosure systems, and the preparation of financial statements. The independent auditors are responsible for auditing the Company’s financial statements. The independent auditors report directly to the Committee and are accountable to the Committee and the Board with respect to the audit of the Company’s financial statements.

2.0 COMPOSITION

- 2.1 The Committee shall consist of three or more Directors. Each member of the Committee (“Member”) shall meet the following criteria:
- (A) **Independent.** Each Member must meet the independence criteria of (i) the rules of the New York Stock Exchange, as such requirements are interpreted by the Board in its reasonable business judgment and (ii) Section 301 of the Sarbanes-Oxley Act of 2002 (“SOX”) and any rules promulgated thereunder by the SEC, including Rule 10A-3 of the Securities Exchange Act of 1934.
- (B) **Financially Literate.** Each Member must be financially literate or become financially literate within a reasonable time after his or her appointment to the Committee. Additionally, at least one Committee Member is to have accounting or related financial management expertise sufficient to meet the criteria of a financial expert within the meaning of SOX Section 407 and as an “audit committee financial expert” as defined in the SEC rules and regulations. The designation or identification of a Committee Member as an “audit committee financial expert” shall not (i) impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a Member of the Committee and Board in the absence of such designation or identification, or (ii) affect the duties, obligations, or liabilities of any other Member of the Committee or Board. The Board shall determine, in its business judgment, whether a Member is financially literate and whether at least one Member has the

requisite accounting or financial expertise and meets the “audit committee financial expert” criteria.

- (C) **Remuneration.** Each Committee Member is to receive as remuneration from the Company only those forms of remuneration that are not prohibited by SOX Section 301 and the rules and listing requirements promulgated thereunder by the SEC and the NYSE. Permitted remuneration includes (i) Director fees (which includes all forms of remuneration paid to Directors of the Company for service as a Director or Member of a Board committee) and/or (ii) fixed amounts of remuneration under a retirement plan (including pension payments or other deferred compensation) for prior service with the Company, provided that such remuneration is not contingent in any way on continued service.

- 2.2 The Board will appoint the Members and the Committee Chair based on recommendations made by the Company’s Nominating and Governance Committee. Committee Members serve at the pleasure of the Board and for such term or terms as the Board may determine.

3.0 **DUTIES, RESPONSIBILITIES, AND AUTHORITY**

- 3.1 The Committee shall have the below-listed responsibilities and duties. In conducting such, the Members shall give due regard to the comments and recommendations of the UK Corporate Governance Code, the NYSE Listed Company Manual, and the SEC regulations governing domestic issuers, as well as any other applicable rules or guidance insofar as they are applicable to the Company.

(A) **Independent Auditors**

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

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

- request from the independent auditors annually, a formal written report delineating all relationships between the auditors and the Company, consistent

with U.S. Public Company Accounting Oversight Board (“PCAOB”) Rules 3520 and 3526;

- request from the independent auditors annually, a formal written report detailing the independent auditors’ internal control procedures, issues raised by their most recent internal quality control review and peer review (if applicable), and any inquiry or investigation by governmental or professional authorities for the preceding five years, including the independent auditors’ response to such inquiry; and
- discuss these reports with the auditors and recommend that the Board take appropriate action to satisfy itself of the independence and quality control of the independent auditors.

In carrying out the above duties, the Committee shall consider whether it is appropriate to adopt a policy of rotating, on a periodic basis, independent auditor firms, the lead audit partner of the independent auditors, and the reviewing audit partner of the independent auditors. Any selection of the independent auditors by the Committee may be subject to shareholders’ approval, as determined by the Board.

(iii) Scope of Audit. At least annually, the Committee shall discuss with the independent auditors the scope (including any restrictions on scope) and plans for the audit, including the adequacy of staffing, budgets, and other factors that may affect the effectiveness and timeliness of such audit. In doing so, the Committee may consider, among other things, the Company’s major risk exposures (whether financial, operating, or otherwise), the adequacy and effectiveness of the Company’s internal control over financial reporting, and the steps management has taken to monitor and control such exposures.

(iv) Consultations with Management Present. The Committee shall review periodically with management and the independent auditors (a) significant financial reporting issues, including material changes in the Company’s selection or application of accounting principles and the effects of alternative applications of accounting principles on the Company’s financial statements; (b) the effect of new or proposed regulatory and accounting initiatives on the Company’s financial statements and other public disclosures; and (c) the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under applicable standards of the PCAOB or applicable law and listing standards.

(v) Consultations without Management Present. The Committee shall review with the independent auditors any difficulties the auditors may have encountered in connection with the annual audit (or otherwise) and any management letter provided by the auditors, including the Company’s response to that letter. Such review shall address (a) any restrictions on the scope of activities or access to required information; (b) any disagreements with management regarding generally accepted accounting principles and other matters; and (c) material adjustments to the financial statements recommended by the independent auditors and adjustments that were proposed but “passed,” regardless of materiality. The Committee shall resolve any disagreements that may arise between the independent auditors and management.

(vi) Auditor's Statement. The Committee shall obtain from the independent auditors assurance that they are not aware of any illegal act or other facts implicating Section 10A(b) of the Securities Exchange Act of 1934, as amended.

(vii) Policies for Employment of Former Audit Staff. The Committee shall approve guidelines for the Company's hiring of former employees of the independent auditors, which shall meet the requirements of applicable law and listing standards.

(B) Financial Reporting

(i) Reporting Processes. The Committee shall, in conjunction with the independent auditors and management, review the integrity of the Company's financial reporting processes, both internal and external. In doing so, the Committee shall review the Company's overall system of internal control over financial reporting, including management's annual assessment of such and the related report issued by the independent auditors. The Committee shall also review with management and the independent auditors (a) significant deficiencies and material weaknesses in the design or operation of the Company's internal control over financial reporting; (b) any fraud (regardless of materiality) involving management or other employees having a significant role in internal control over financial reporting; and (c) changes in the Company's internal control over financial reporting during the most recent fiscal year that have materially affected, or are reasonably likely to materially affect, such internal control over financial reporting.

(ii) Financial Statements. The Committee shall monitor the integrity of the financial statements. In doing so, the Committee shall review with management and the independent auditors the financial results to be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of the Form 10-K), Quarterly Reports on Form 10-Q, and the statutory financial statements. In reviewing these statements, the Committee shall examine (a) the disclosures included under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (b) the quality, not just acceptability, of accounting principles, policies, and practices; (c) any significant changes in accounting policies and practices; (d) the consistency of the accounting policies and practices both year to year and across the Company; (e) the reasonableness of significant judgments made in the preparation of the financial statements, how they are reflected in the statements, and the clarity of the disclosures therein; (f) methods used to account for significant or unusual transactions during the year and how they are disclosed; (g) significant adjustments resulting from the audit; (h) the going concern assumption and the statement that the business is a going concern before endorsement by the Board; (i) compliance with accounting standards; (j) compliance with regulatory and legal requirements (including the requirements of any relevant stock exchange); (k) all material information presented within the financial statements; and (l) any corporate governance statements but only in so far as it relates to audit and risk management.

The Committee may discuss with the independent auditors' national office issues on which it was consulted by the Company's audit team and matters of audit quality and consistency. Based on such reviews and discussion, the Committee shall determine

whether to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K, as well as whether the audited financial statements be approved.

(iii) Press Releases and Other Communications. Along with management, the Committee shall develop general guidelines for earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, and monitor, review, and discuss with management and the independent auditors compliance with such guidelines.

(iv) Audit Committee Report. The Committee shall prepare, with the assistance of management, the independent auditors, and legal counsel, the Audit Committee Report.

(C) Internal Control

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

(ii) Scope of Internal Audit. At least annually, the Committee shall discuss with internal audit (or the internal audit service providers) the scope (including any restrictions on scope) and plans for its audit, including the adequacy of staffing, budgets, and other factors that may affect the effectiveness and timeliness of such audit. In doing so, the Committee may consider, among other things, the Company's major risk exposures (whether financial, operating, or otherwise), the adequacy and effectiveness of the Company's internal control over financial reporting, and the steps management has taken to monitor and control such exposures.

(iii) Internal Control over Disclosures. The Committee shall review with management the adequacy of the Company's internal control over disclosures. This review should address (a) the Company's disclosure policies and procedures and (b) management's conclusions about the effectiveness of such controls and procedures, including any material non-compliance with them. The Committee shall also review any statements on internal controls and risk management included in any annual report, including the disclosures regarding internal controls and matters required to be reported to the Committee by SOX Sections 302 and 404 and any rules promulgated thereunder by the SEC.

(iv) Risk Management. The Committee shall discuss the Company's practices and policies with respect to assessing and managing the Company's exposure to risk. The Committee

is not intended to be the sole party responsible for risk assessment and risk management, but it should discuss with the management the guidelines and policies that govern the process by which risk assessment and risk management is undertaken. The Committee shall review with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

(D) Compliance

(i) *Compliance Oversight.* The Committee shall periodically, but not less frequently than annually, review with management all legal and regulatory matters that may have a material impact on the financial statements or the Company's compliance with its policies or relevant NYSE Listed Company standards, SEC regulations governing domestic issuers, and other applicable law. If significant litigation or regulatory matters arise during the year, those matters shall be brought to the attention of the Committee at its next regularly scheduled meeting. In performing compliance oversight, the Committee shall liaise with the Nominating and Governance Committee, at its discretion, on non-financial related compliance and ethics matters. The Committee shall also meet periodically with the Legal Department to review the material legal affairs of the Company. Annually, the Committee should receive from the Company's Legal Department and management an update on the Company's compliance program.

(ii) *Whistleblowing Procedures.* The Committee shall establish and publish procedures for the receipt and treatment of complaints received by the Company in relation to accounting, internal accounting controls, auditing, compliance, and ethics matters. Such procedures should address the confidential, anonymous submission of concerns surrounding questionable accounting, auditing, compliance, or ethics matters by Company employees or others. Additionally, the Committee shall periodically, but not less frequently than annually, review with management the implementation and effectiveness of these whistleblowing procedures.

(iii) *Related Party Transactions.* The Committee shall review periodically, but no less frequently than annually, a summary of the Company's transactions with related parties, including Directors, Executive Officers, and firms that employ Directors.

(E) Miscellaneous

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

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

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

4.0 STRUCTURE AND OPERATIONS

- 4.1 Each year, the Committee shall establish a schedule of meetings. The Committee shall meet at least four times a year; additional meetings may be scheduled as required. In planning the annual schedule of meetings, the Committee shall periodically meet separately (i) with the independent auditors and/or internal audit (or internal audit service providers), without management present; and (ii) with management, without the independent auditors and/or internal audit (or internal audit service providers) present. The Committee shall also regularly meet in executive session with only the Committee Members present. A minimum notice period of five days should be given for any meetings that are required and which do not occur in conjunction with the Board meeting schedule. If the matter is urgent and cannot wait until the next regular meeting of the Committee, the Articles of Association provision entitled "Resolution In Writing" will apply, construing references to the Directors as reference to Members and references to the Board as references to the Committee.
- 4.2 A quorum at any Committee meeting shall be at least two Members. All determinations of the Committee shall be made by a majority of its Members present at a meeting duly called or held, except as specifically provided herein (or where only two Members are present, by unanimous vote).
- 4.3 The Company Secretary, or his or her nominee, shall act as secretary to the Committee (the "Secretary"). At meetings where the Committee desires to discuss matters confidentially, a Member shall carry out the functions of the Secretary.
- 4.4 The Secretary, in conjunction with the Committee Chair, shall draw up an agenda, which shall be circulated to the Members, together with materials relating to the subject matter of each meeting, prior to each meeting.
- 4.5 Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee Members to ensure an accurate final record, approved at a subsequent meeting of the Committee, and distributed periodically to the Board. The Committee shall make regular reports to the Board.
- 4.6 The Company shall appropriately fund the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- 4.7 To the extent that this Charter does not specify otherwise, the Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, quorum, and voting requirements as are applicable to the Board.
- 4.8 The Committee shall review this Charter annually and recommend any proposed changes to the Board for approval.

5.0 PERFORMANCE EVALUATION

5.1 The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

6.0 PUBLICATION OF CHARTER

6.1 Consistent with the NYSE listing requirements, this Charter shall be made available on the Company's website.

7.0 ATTENDANCE AT THE ANNUAL GENERAL MEETING

7.1 The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the activities of the Committee.

STANDARD GOVERNANCE	
STANDARD PRACTICE APPROVALS	Luxfer Holdings PLC Board of Directors
VERSION	2.0
EFFECTIVE DATE	December 11, 2019
LAST REVIEW DATE	November 15, 2019
NEXT REVIEW DATE	August 15, 2020