

BOARD AUDIT COMMITTEE ('THE COMMITTEE') TERMS OF REFERENCE

These are the Terms of Reference for the Board Audit Committee of Tesco Personal Finance Group plc and Tesco Personal Finance plc (together 'the Board' and 'the Company')

Membership	<p>Members of the Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company. The Committee shall consist of no fewer than three Non-Executive Directors, one of whom shall possess recent relevant financial experience and the Committee, as a whole, having competence relevant to financial services.</p> <p>The Committee shall include at least one member of the Board Risk Committee and one member of the Board Remuneration Committee.</p> <p>The Chair of the Board shall not be a member of the Committee.</p>
Chair	<p>The Chair of the Committee shall be an independent Non-Executive Director and shall be appointed by the Board and approved by the PRA and FCA.</p> <p>In the event of the Chair not being present, the other Non-Executive Director Committee members shall choose a Chair for the purpose of that meeting.</p>
In Attendance	<p>Board Chair Chief Executive Officer Chief Financial Officer Chief Risk Officer Internal Audit Director Tesco PLC Group Internal Audit Director External Auditor representatives, as required</p> <p>Invitations to attend Committee meetings may be extended to other representatives from the Board and to representatives from within the Company as may be deemed appropriate from time to time.</p>
Quorum	<p>A quorum shall require the attendance of at least two members.</p>

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Meetings	<p>Meetings shall be held at least four times per year. Two of the meetings shall be held prior to submission of the annual and interim financial statements to the Board.</p> <p>Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chair, the Chief Executive Officer, the Chief Financial Officer, the External Audit Lead Partner and the Internal Audit Director.</p> <p>Ad hoc meetings of the Committee shall be called by the Secretary at the request of any of its members, any Director, the Chief Executive Officer, the Internal Audit Director, the Tesco PLC Group Internal Audit Director, the External Auditors or the Company Secretary.</p> <p>The External Auditors may request a special meeting if they consider one is necessary. At least once a year the Committee shall meet privately and separately with the external auditors, the Internal Audit Director and the Chief Financial Officer.</p> <p>Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be sent to each member of the Committee, and any other persons required to attend giving sufficient time to consider the matter(s) before the date of the meeting and all supporting papers shall be sent at the same time.</p>
Secretary	Company Secretary or their nominee.
Authority	<p>The Committee is authorised by the Board to investigate any activity within the section headed 'Detailed Duties' below, to have such direct access to the resources of the Company as it may reasonably require, to oversee any investigation of activities which are within its Terms of Reference and make recommendations to the Board.</p> <p>The Committee must ensure that it is provided with sufficient resources to undertake its duties.</p> <p>The Committee is authorised to seek any information it requires from any employee/director and all employees/directors are directed to co-operate with any request made by the Committee.</p> <p>The Committee is authorised by the Board to obtain outside legal or other independent professional advice at the Company's expense and to secure the</p>

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	attendance of outsiders with relevant experience and expertise as necessary.
Role of the Committee	<ul style="list-style-type: none">• To monitor the integrity of the financial statements.• To review and approve the accounting policies and practices for compliance with relevant standards.• To examine the arrangements made by management regarding compliance with requirements and standards under the regulatory system.• To review the internal control systems including those relating to management's responsibility for the appropriateness and effectiveness of systems and controls.• To review the internal audit programme and oversee the internal audit function.• To consider the appointment of the external auditors and their independence.• To provide an interface between management and the external auditors.• To work closely with the Board Risk Committee so as to avoid as far as possible any overlap or gap in the overall risk and oversight activities of the two committees.• To carry out such investigations or reviews as shall be referred to it by the Board. <p>Detailed Duties The detailed responsibilities of the Committee shall include the following:</p> <p>Financial Reporting To monitor the integrity, review and challenge where necessary, the actions and judgements of management in relation to the half year and full year financial statements and any other formal statements relating to the Company's financial performance and report to the Board on the reporting issues and judgements paying particular attention to:</p> <ul style="list-style-type: none">• Critical accounting policies and practices and any change in them.• Decisions requiring a major element of judgement.• The extent to which financial statements are affected by any unusual transactions in the period and the methods used to account for them.• The clarity of disclosures generally including the material information included in the strategic report• Significant adjustments resulting from the audit and what estimates and judgements had been made taking account of the external audit view.• The Going Concern assumption and Viability Statement• Compliance with accounting and auditing standards.

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- Compliance with regulatory and legal requirements.
- Company's statement on internal control systems.

Where requested by the Board, the Committee should 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

To discuss problems and reservations arising from the half year and full year audits and any matters the auditors wish to discuss (in the absence of management where necessary).

To provide a forum for the discussion and resolution of areas of disagreement in relation to the financial statements e.g. between management and external auditor.

The Committee shall report its views on proposed financial reporting to the Board.

Regulatory Compliance

To review, and challenge where necessary, processes and practices established by management to comply with regulatory requirements, particularly those of the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA').

To monitor actions arising from work conducted by any Reporting Accountants requested or approved by the PRA.

Fraud, Bribery and Corruption

To review the Company's procedures for detecting and combating fraud, bribery and corruption.

To review reports covering anti money laundering and compliance, in particular the Money Laundering Reporting Officer's annual report.

Internal Controls

To review, and challenge where necessary, the company's practices, processes and systems of internal controls in relation to risk, financial management, compliance with laws and regulations and safeguarding of assets and the procedures for monitoring the effectiveness of such controls.

To monitor any significant deficiencies or material weaknesses in internal controls

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and disclosure controls and procedures as reported by Internal Audit or the external auditors and the implementation by management of appropriate remedial action.

To review findings of external assurance reports provided by outsourced providers.

To review the expenses of senior management in compliance with policy on a periodic basis

To provide any relevant advice to the Board Risk Committee concerning the effectiveness of the control framework.

Internal Audit

To approve the appointment or dismissal of the Internal Audit Director.

To ensure that the Internal Audit Director has direct access to the Board Chair and to the Committee Chair and is accountable to the Committee and has the opportunity to meet the Committee without management in attendance.

To approve the Company and its subsidiaries ('the Group')'s Internal Audit Plan with reference to the appropriateness of the scope and timing of proposed coverage in relation to risk.

To approve the Internal Audit Budget.

To review Internal Audit's standing with management and to review and approve the Internal Audit Charter.

To ensure that the Internal Audit function has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors.

To receive and review reports, findings and recommendations from Internal Audit, review and consider the adequacy of any follow up action and any relevant investigation work carried out by or on behalf of Internal Audit.

To review and monitor management's response to Internal Audit findings and recommendations.

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To instruct an independent and objective external quality assessment of Internal Audit at appropriate intervals as recommended by the Internal Audit Financial Services Code of Practice.

To assess and confirm the independence and effectiveness of the Internal Audit function. Additionally, if the Internal Auditor Director has been in post for more than seven years the Committee Chair should discuss on an annual basis their assessment of the Internal Audit Director's objectivity and independence with the Audit Committee.

External Audit

To support the process for selecting the external auditor (which is carried out by Tesco PLC) and make recommendations to the Board in relation to the appointment, re-appointment and the removal of the external auditor.

To discuss with the external auditors the factors that could affect audit quality and review and approve the nature, scope and planning of the audit and terms of engagement of the external auditor.

To consider and approve the external auditor's fees and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted. To consider the independence and objectivity of the external auditor, including in the context of any non-audit services carried out.

To develop and implement a policy on the supply of non-audit services by the external auditor and pre-approve non-audit work to be carried out by the external auditor, subject to permitted levels established by the Committee, and agree the fees for it. In the absence of a Committee meeting, clearance to proceed will be sought from the Committee Chair.

Agree with the Board a policy on the employment of former employees of the external auditor and monitor the implementation thereof.

Monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of key audit partners and the level of audit and non-audit fees paid.

Assess annually the effectiveness of the external auditor including the expertise and resources applied to the audit, and the auditors own internal quality assurance processes.

To review reports prepared by the external auditor including its management

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	<p>letter, and management's response to it.</p> <p>To consider the co-ordination of internal and external audit to provide effective coverage of control issues without unnecessary duplication.</p> <p>To review any letter of representation requested by the external auditor from the Board before it is signed by management.</p> <p>To review any findings of the audit with the external auditor, including but not limited to:</p> <ul style="list-style-type: none">• Quality and effectiveness of financial reporting process.• Any major issues which arose during the audit.• Any accounting and audit judgements.• Level of errors identified during the audit.• View of interaction with management.• View of explanation of how risks to audit quality addressed.• Management's response to any findings or recommendations. <p>Risk Oversight</p> <p>To receive and review an annual Risk assessment of the Group's internal control environment.</p> <p>To receive and review any unsatisfactory reports, findings and recommendations issued by Risk.</p>
Committee Governance	<p>Effectiveness review</p> <p>Annually the Committee shall review its own effectiveness, Terms of Reference and training requirements, and recommend to the Board any changes it considers necessary.</p> <p>Reporting Procedures</p> <p>Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless in the opinion of the Chair of the Committee it would be inappropriate to do so.</p> <p>The Chair of the Committee shall give a report at the following Board meeting.</p> <p>At least once each year report(s) shall be submitted to the Tesco PLC Audit Committee in respect of the Company's financial results, internal systems and controls and audit processes and regulatory compliance.</p> <p>The Committee Chair will attend Tesco PLC Audit Committee meetings to the</p>

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	<p>extent that the agenda relates to the Company.</p> <p>Once a year the Chair of the Tesco Underwriting Audit Committee will provide a report to the Committee in respect of Tesco Underwriting Limited's financial reporting, internal systems and controls, audit processes and regulatory compliance.</p> <p>The Committee shall also receive relevant reporting on Tesco Underwriting Limited to allow Internal Audits and Risk Oversight reviews to be co-ordinated, as necessary, and understand any Group wide impacts in relation to the Committee's responsibilities.</p>
Date of last review	November 2022