

# **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF HELEN OF TROY LIMITED**

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## **Charter Review and Update**

This charter was reviewed on November 11, 2020.

## **Purpose**

The primary purposes of the committee are to oversee on behalf of the board:

- the company's accounting and financial reporting processes and the integrity of the company's financial statements;
- the audits of the company's financial statements and the appointment, compensation, qualifications, independence and performance of the company's independent auditors;
- the company's compliance with legal and regulatory requirements; and
- the staffing, establishment and ongoing operation of the company's internal audit function including determining the compensation of the chief audit executive, so long as the chief audit executive is not an executive officer.

The committee also has the purpose of preparing the Audit Committee report that SEC rules require the company to include in its annual proxy statement or Form 10-K. For purposes of this charter, "executive officer" means the individuals classified by the company as officers for purposes of SEC rules under Section 16 of the Securities Exchange Act of 1934, as amended.

The committee serves as the primary conduit between members of management and the board. It serves a board-level oversight role in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with the auditors and the experience of the committee's members in business, financial and accounting matters. The committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent auditor.

## **Organization**

*Number of members.* The committee shall consist of at least three directors. The board shall designate a member as the chairperson of the committee or if the board does not do so, the board members shall appoint a committee member as chairperson by a majority vote of the authorized number of committee members.

*Independence.* All committee members must have been determined by the board to be independent, as defined by and to the extent required in the applicable SEC rules and NASDAQ listing standards, as they may be amended from time to time (the "listing standards"), for purposes of audit committee membership.

*Financial literacy.* Each committee member shall be financially literate, as such qualification is interpreted by the board in its business judgment pursuant to the listing standards, and shall otherwise meet any listing standards requirement for finance, accounting or comparable experience or background. At all times there shall be at least one member of the committee designated as the "financial expert" as defined in the SEC and NASDAQ rules.

*Appointment.* Subject to the requirements of the listing standards, the board may appoint and remove committee members in accordance with the company's bye-laws. Committee members shall serve for such terms as may be fixed by the board, and in any case at the will of the board whether or not a specific term is fixed.

*Service on other audit committees.* No committee member shall simultaneously serve on the audit committees of more than two other public companies.

*Committee education.* Individual committee members are encouraged to participate in relevant and appropriate education to assure understanding of the business and environment in which the company operates.

## **Independent auditors and their services**

*Overall authority.* The committee shall have the sole authority and direct responsibility for the appointment, compensation, retention, termination, evaluation and oversight of the work of the independent auditors engaged by the company for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the company. The independent auditors shall report directly to the committee. The committee's authority includes resolution

of disagreements between management and the auditors regarding financial reporting and the receipt of communications from the auditors as may be required under professional standards applicable to the auditors. The committee may confer with company management on these matters but may not delegate this responsibility to management. The committee shall meet separately with the external auditors on a regular basis to discuss any matters the committee or auditors believe should be discussed privately.

*Annual Audit Plan and Coordination with Internal Audit.* The committee shall review the external auditors' proposed audit scope and approach, including coordination of the audit effort with the internal auditors.

*Terms of audit and non-audit engagements.* The committee shall pre-approve all audit, review, attest and permissible non-audit services to be provided to the company or its subsidiaries by the independent auditors. The committee may establish pre-approval policies and procedures in compliance with applicable SEC rules.

*Annual quality control report and review.* The committee shall obtain and review, at least annually, a report by the independent auditors describing:

- the firm's internal quality control procedures; and
- any material issues raised by the most recent internal quality control review, or peer review, of the auditing firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

In addition, the committee's annual review of the independent auditors' qualifications shall also include the review and evaluation of the lead partner of the independent auditors for the company's account, and evaluation of such other matters as the committee may consider relevant to the engagement of the auditors, including views of company management and internal finance employees, and whether the lead partner or auditing firm itself should be rotated. The committee shall present its conclusions with respect to the external auditor to the board.

*Policy on hiring employees of the auditors.* The committee shall from time to time establish hiring policies that will govern the company's hiring of employees or former employees of the independent auditors, taking into account possible pressures on the auditors' personnel who might seek a position with the company, and report these policies to the full board.

### **Annual financial reporting**

As often and to the extent the committee deems necessary or appropriate, but at least annually in connection with the audit of each fiscal year's financial statements, the committee shall:

1. *Discuss financial statements with management.* Review and discuss the annual audited financial statements, related accounting and auditing principles and practices and the internal control report and attestation over internal control over financial reporting with appropriate members of management and the internal auditors (or other personnel responsible for the internal audit function).
2. *Critical accounting policy report.* Timely request and receive from the independent auditors the report required (along with any required update thereto) pursuant to applicable SEC rules in connection with the annual audit concerning:
  - all critical accounting policies and practices to be used;
  - review new or changed accounting policies, significant accounting and reporting issues, significant estimates including complex or unusual transactions and highly judgmental areas, uncertainties or unusual transactions recent professional and regulatory pronouncements, and understand their impact on the financial statements;
  - all alternative treatments of financial information within generally accepted accounting principles for policies and practices relating to material items that have been discussed with company management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and
  - other material written communications between the independent auditors and company management, such as any management letter or schedule of unadjusted differences.
3. *Auditor's communications with those charged with governance.* Discuss with the independent auditors the matters required to be discussed by those charged with governance, including such matters as:

- the quality and acceptability of the accounting principles applied in the financial statements;
  - new or changed accounting policies, and significant estimates, judgments, uncertainties or unusual transactions;
  - the selection, application and effects of critical accounting policies and estimates applied by the company;
  - matters required to be discussed by PCAOB Auditing Standard No. 1301, or any successor standard thereto;
  - issues raised by any "management" or "internal control" letter from the auditors, problems or difficulties encountered in the audit (including any restrictions on the scope of the work or on access to requested information) and management's response to such problems or difficulties, significant disagreements with management, material issues on which the company's audit team consulted the independent auditors' national office or other significant aspects of the audit;
  - any "critical audit matters" (CAMs) to be included in the independent auditor's report in accordance with the requirements of PCAOB AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*; and
  - any off-balance sheet transactions, and relationships with any unconsolidated entities or any other persons, which may have a material current or future effect on the financial condition or results of the company and are required to be reported under SEC rules.
4. *MD&A*. Review and discuss with appropriate members of management and the internal auditors (or other personnel responsible for the internal audit function) the intended disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the company's annual report on Form 10-K.
  5. *ISB 1 disclosure*. Receive from the independent auditors a formal written statement of all relationships between the auditors and the company consistent with Independence Standards Board Standard No. 1, or any successor standard thereto, or under any other applicable rule governing the independence of the independent auditors.
  6. *Auditor independence*. Actively discuss with the independent auditors any disclosed relationships or services that may impact their objectivity and independence, and take any other appropriate action to oversee their independence.
  7. *Audit Committee Report and recommendation to file audited financial statements*. Recommend whether the company's annual report on Form 10-K to be filed with the SEC should include the audited financial statements and timely prepare the audit committee report and other information required to be included in the company's annual general meeting proxy statement.

### **Quarterly financial reporting**

The committee's quarterly review shall normally include:

1. *Quarterly review*. Review and discuss the quarterly financial statements of the company and the results of the independent auditors' review of these financial statements with appropriate members of management and the internal auditors (or other personnel responsible for the internal audit function).
2. *Discussion of significant matters with management*. Review and discuss with company management and, if appropriate, the independent auditors, significant matters relating to:
  - the quality and acceptability of the accounting principles applied in the financial statements;
  - new or changed accounting policies, significant estimates, judgments, uncertainties or unusual transactions;
  - review disclosures made by CEO and CFO during the Forms 10-K and 10-Q certification process about significant deficiencies or material weaknesses in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the company's internal controls;
  - the selection, application and effects of critical accounting policies and estimates applied by the company; and
  - any off balance sheet transactions and relationships with any unconsolidated entities or any other persons which may have a material current or future effect on the financial condition or results of the company and are required to be reported under SEC rules.
3. *MD&A*. Review and discuss the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the company's quarterly report on Form 10-Q with appropriate members of management and the internal auditors (or other personnel responsible for the internal audit function).

## **Other functions**

*Annual review of this charter.* The committee shall review and assess the adequacy of this charter annually, recommend any proposed changes to the full board and, to the extent required by the listing standards, certify annually to any listing market that the committee reviewed and assessed the adequacy of the charter.

*Annual review of performance.* The committee shall evaluate its performance as the audit committee on an annual basis.

*Earnings releases and other financial guidance.* The committee shall discuss with management all press releases (including the type and presentation of information to be included, paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), and financial information and earnings guidance provided to analysts and rating agencies. This may be conducted generally as to types of information and presentations, and need not include advance review of each release or other information or guidance.

*Compliance.* The committee, to the extent it deems necessary or appropriate, shall periodically review with management the company's disclosure controls and procedures, internal controls for financial reporting purposes and systems and procedures to promote compliance with laws. The committee shall periodically:

- review the findings of any examinations by regulatory agencies, and any auditor observations;
- review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith; and
- obtain regular updates from management and company legal counsel regarding compliance matters.

*Risk Oversight and Cybersecurity.* The committee shall:

- discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process;
- review with management, internal audit and the independent auditors, the company's major financial and regulatory risk exposures, including cyber security related risks, and the steps management has taken to monitor and control such exposures; and
- report to the board the substance of such reviews and discussions and, as necessary, recommend to the board such actions as the committee deems appropriate.

*Derivative transactions.* On an annual basis, the committee will review and approve the company's decision to enter into swaps, including those that may not be subject to clearing and exchange trading and execution requirements in reliance on the "end-user exception" set forth in Sections 2(h)(1) and 2(h)(8) of the Commodity Exchange Act (the "End-user Exception"), and the company will consider the risks and benefits of entering into swaps without clearing and exchange trading and execution in reliance on the End-user Exception. The committee will also review and approve the company's policies governing the company's use of swaps and other derivative transactions subject to the End-user Exception.

*Conduct codes.* The committee shall conduct any activities relating to the company's code(s) of conduct and ethics as may be delegated from time to time to the committee by the board.

*Complaints and anonymous submissions.* The committee shall establish and maintain procedures for:

- the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters; and
- the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters.

If the committee so determines, the confidential, anonymous submission procedures may also include a method for interested parties to communicate directly with non-management directors.

*Internal audit.* The committee shall oversee the internal auditors (or other personnel responsible for the internal audit function), which shall report directly to the committee. Oversight shall include:

- Review with management and the chief audit executive the charter, plans, activities, staffing and organizational structure of the internal audit function including formal approval of the charter, budget and annual audit plan;

- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the chief audit executive;
- Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing;
- On a regular basis, meet separately with the chief audit executive to discuss any matters the committee or internal audit believes should be discussed privately; and
- Determine and set the compensation of the chief audit executive, so long as the chief audit executive is not an executive officer.

*Related party approvals.* As required by the listing standards, the committee shall establish, and communicate to the full board and management, policies that restrict the company and its affiliates from entering into related party transactions without the committee's prior review and approval. In accordance with these policies, the committee on a timely basis shall review and, if appropriate, approve all related party transactions.

*Reports from legal counsel.* The committee shall review and take appropriate action with respect to any reports to the committee from legal counsel engaged by the company concerning any material violation of securities law or breach of fiduciary duty or similar violation by the company, its subsidiaries or any person acting on their behalf.

*Other reviews.* The committee shall, from time to time as necessary, review the effect of regulatory and accounting initiatives on the financial statements of the company. In addition, the committee, as it may consider appropriate, may consider and review with the full board, company management, internal or outside legal counsel, the independent auditors or any other appropriate person any other topics relating to the purposes of the committee which may come to the committee's attention.

*Other functions.* The committee may perform any other activities consistent with this charter, the company's corporate governance documents and applicable listing standards, laws and regulations as the committee or the board considers appropriate.

### **Internal Control**

The committee shall:

- consider the design and effectiveness of the company's internal control system, including information technology security and control;
- understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

### **Meetings, reports and resources**

*Meetings.* The committee shall meet at least four times annually, or more frequently as necessary or appropriate. The committee shall meet at least annually (or more frequently as appropriate) with management and the independent auditors in separate executive sessions to discuss any matters that the committee or management or the independent auditors believe should be discussed privately. In addition, the committee or its Chairperson shall meet quarterly with the independent auditors and management to review the company's financial statements. The committee shall report on a regular basis its activities to the board and shall make the recommendations to the board as it deems appropriate.

*Procedures.* The committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner consistent with this charter, the bye-laws or the listing standards and SEC rules. The chairperson or a majority of the committee members may call meetings of the committee. A majority of the authorized number of committee members shall constitute a quorum for the transaction of committee business, and the vote of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee, unless in either case a greater number is required by this charter, the bye-laws or the listing standards. The committee shall keep written minutes of its meetings and deliver copies of the minutes to the corporate secretary for inclusion in the corporate records.

*Reports.* The committee shall prepare the audit committee report required to be included in the company's annual general meeting proxy statement, and report to the board on the other matters relating to the committee or its purposes, as required by the listing standards or SEC rules. The committee shall also report to the board annually the overall results of its annual

review of the independent auditors' qualifications, performance and independence and the annual review by the committee of its own performance. The committee also shall report to the board on the major items covered by the committee at each committee meeting, and provide additional reports to the board as the committee may determine to be appropriate, including review with the full board of any issues that arise from time to time with respect to the quality or integrity of the company's financial statements, the company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors or the performance of the internal audit function.

*Committee access and investigations.* The committee is at all times authorized to have direct, independent and confidential access to the independent auditors and to the company's other directors, management and personnel to carry out the committee's purposes. The committee is authorized to conduct or authorize investigations into any matters relating to the purposes, duties or responsibilities of the committee.

*Committee advisers and funding.* As the committee deems necessary to carry out its duties, it is authorized to select, engage (including approval of the fees and terms of engagement), oversee, terminate and obtain advice and assistance from outside legal, accounting or other advisers or consultants. The company shall provide for appropriate funding, as determined by the committee, for payment of:

- compensation to the independent auditors for their audit and audit-related, review and attest services;
- compensation to any advisers engaged by the committee; and
- ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.