

# LANCASTER COLONY CORPORATION

## Charter of the Audit Committee of the Board of Directors

### **I. Structure of Committee**

This charter governs the operation of the Audit Committee (the “Committee”). . The Committee and its Chair shall be appointed by the Board of Directors, to serve at the discretion of the Board, and shall be composed of at least three Directors, each of whom meets the independence requirements set forth in applicable rules of the Securities and Exchange Commission (“SEC”) and The Nasdaq Stock Market, Inc. (“Nasdaq”). All Committee members shall be financially literate (as more fully defined in Nasdaq rules) and at least one member shall be an “audit committee financial expert” as that term is defined by applicable rules of the SEC. Additionally, at least one member of the Committee will have accounting or related financial management expertise sufficient to meet the criteria of a financial expert within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002.

The Committee and its members shall have unrestricted access to management. The Committee may, in its discretion, delegate authority with respect to specific matters to one or more members, provided that all decisions made in accordance with such delegated authority shall be presented to the full Committee at its next scheduled meeting.

### **II. Meetings**

The Committee shall meet as often as deemed necessary and may have in attendance at its meetings such members of management (including internal auditors), the independent registered public accounting firm and such other advisors, accountants or consultants as it deems necessary or desirable to carry out its oversight duties and responsibilities. Electronic participation in meetings is acceptable if effected in compliance with the Company’s Code of Regulations.

The Committee shall meet at least annually with senior and financial management and representatives of the independent registered public accounting firm in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately.

### **III. Audit Committee Purposes**

The function of the Committee is to assist the Board of Directors of the Company in fulfilling its oversight responsibilities relating to:

- the quality and integrity of the Company’s financial statements and related disclosure matters;
- the Company’s system of internal controls regarding financial and accounting compliance;

- the qualifications, independence and performance of the Company's independent registered public accounting firm;
- the review of and response to complaints made to the Company or to the Committee regarding accounting, internal accounting controls and auditing matters and the establishment of procedures to permit delivery to the Committee of confidential and anonymous complaints from employees and others regarding such matters; and
- the Company's compliance with other requirements imposed by the SEC or Nasdaq relating to auditing and internal financial and accounting matters and other matters for which it is assigned responsibility.

The Committee's role in carrying out its function is one of oversight. It is the responsibility of the Company's management to implement the matters described above, including the duty to plan and conduct audits and to prepare consolidated financial statements in accordance with generally accepted accounting principles ("GAAP") and it is the responsibility of the Company's independent registered public accounting firm to audit those financial statements. Each member of the Committee, in exercising his or her business judgment, shall be entitled to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives information and on the accuracy of the financial and other information provided to the Committee by such persons or organizations unless he or she has reason to inquire further. The Committee shall not undertake to provide any expert or other special assurance as to the content of the Company's financial statements or any expert or professional certification as to the work of the Company's independent registered public accounting firm.

#### **IV. Committee Authority and Responsibilities**

The Committee shall perform the following functions and may carry out additional functions and adopt additional policies and procedures in furtherance of the purposes of the Committee outlined in Section III of this charter as may be appropriate in light of changing conditions or regulations or as may be delegated to the Committee by the Board of Directors from time to time.

##### **Appointment and Oversight of Independent Registered Public Accounting Firm and Other Advisors**

- Have the sole authority and direct responsibility to appoint, evaluate and, where appropriate, replace the independent registered public accounting firm, who shall report directly to and be accountable to the Committee.
- Be directly responsible for the oversight of the work of the independent registered public accounting firm, including resolution of disagreements between management and the auditor regarding financial reporting.
- Have sole discretion and authority, in its areas of responsibility, to retain at Company expense and to terminate independent counsel or other advisors, and to approve

the fees and retention terms for such advisors, if it shall determine the services of such advisors to be necessary or appropriate.

- Be directly responsible for approving, and for determining the appropriate funding to be provided by the Company for payment of:

- the fees and other compensation to be paid to the independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services or related work for the Company and for oversight of their work;

- compensation to independent counsel or any other advisors employed by the Committee; and

- ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

- Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the independent registered public accounting firm. The Committee may delegate to one or more Committee members the authority to pre-approve non-audit services to be performed by the independent registered public accounting firm provided that such pre-approvals shall be reported to the full Committee at its next meeting. Attached hereto as Appendix A are the Committee's policies for pre-approval of non-audit services.

- Review reports from the independent registered public accounting firm regarding:

- all critical accounting policies and practices to be used;

- alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of their use and the treatment preferred by the independent registered public accounting firm; and

- other material written communications between the independent registered public accounting firm and management, such as any management letter or schedule of unadjusted differences.

- On an annual basis, obtain, review and discuss a report by the independent registered public accounting firm describing:

- the firm's internal quality control procedures; and

- any material issues raised by the most recent internal quality review, or peer review, of the firm, or by any inquiry or investigation by governmental or

professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

- On an annual basis, review and discuss with representatives of the independent registered public accounting firm all significant relationships the independent registered public accounting firm has had with the Company during the preceding 12 months in order to determine the firm's continued independence. Also, on an annual basis the Committee shall ensure the receipt from the independent registered public accounting firm of a formal written statement delineating all relationships between the independent registered public accounting firm and the Company consistent with the Public Company Accounting Oversight Board Ethics and Independence Rule 3526.
- Take action or recommend to the full board to take action to oversee the independence of the auditor if the relationship report includes any potential relationships that could impact the auditor's objectivity or autonomy.
- Monitor the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit, in each case at least once every five years (or more frequently, if required by law or regulation).
- Direct the Company to pay the amounts determined by the Committee to be paid as fees or other compensation to the independent registered public accounting firm for the purpose of preparing or issuing an audit report and as compensation to any advisers employed by the Committee.

#### Review of Financial Documents and Reports

- Review the Company's annual financial statements and any reports or other financial information prepared by management and the independent registered public accounting firm, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations." If deemed appropriate after such review, the Committee shall recommend to the Board of Directors that the financial statements be included in the Company's Form 10-K filing.
- Review and discuss with the independent registered public accounting firm and management the Company's interim quarterly financial results prior to the release of earnings and prior to the filing of the Company's Form 10-Q. The Chair of the Committee may represent the entire Audit Committee for purposes of these reviews and such reviews may be conducted telephonically or in person.
- Review with financial management and the independent registered public accounting firm those communications required to be communicated by the independent registered public accounting firm by Statement on Auditing Standards ("SAS") 61 as amended by SAS 90 relating to the conduct of the audit, as well as any significant audit problems or difficulties and management's response, including:

- any restriction on audit scope or on access to requested information;
- any disagreements with management; and
- significant issues discussed with the independent registered public accounting firm’s national office.
- Prepare the following:
  - the Audit Committee Report required by the rules of the SEC to be included in the Company’s annual proxy statement; and
  - any disclosure required to be included in the Company’s public filings if the Committee approves the performance of any non-audit services by the independent registered public accounting firm.

Oversight of Internal Audit Function

- Review and discuss the annual internal audit plan, and the budget and staffing of the internal audit function.
- Review significant reports prepared by the internal auditors together with management’s response and follow-up to these reports.
- Review management’s assessment of the Company’s internal controls, its evaluation of the adequacy of the Company’s internal controls and discuss the results of such evaluation with the independent registered public accounting firm and the internal auditors.
- Review with management the Company’s major financial, litigation and key enterprise risk exposures and the steps taken by management to monitor, mitigate and control such exposures. Review with management the Company’s information security and technology risks (including cybersecurity). Periodically review the steps management has taken to monitor and control such risk exposures, including the risk assessment and risk management policies and procedures.

Review of Related Person Transactions

- Review and approve or ratify any transaction between the Company and a “related person” (as such term is defined under Item 404 of Regulation S-K) that is required to be disclosed under the rules of the SEC, and in so doing, consider:
  - the nature of the related person’s interest in the transaction;
  - the material terms of the transaction;
  - the significance of the transaction to the related person;

- the significance of the transaction to the Company;
- whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the Company; and
- any other matters the Committee deems appropriate.

In the event of any conflict between this Related Persons transaction policy and any similar policies contained in the Company's Code of Business Ethics, Standards of Conduct or other corporate governance documents, the terms of the foregoing policy shall control.

#### Other Committee Responsibilities

- Monitor the Company's compliance processes, including compliance with the Company's Code of Business Ethics and any related corporate policies and review with the appropriate officers and/or staff of the Company and the Company's counsel, as necessary, the adequacy and effectiveness of the Company's procedures to ensure compliance with legal and regulatory requirements.
- Monitor the Company's compliance with applicable rules and regulations regarding the hiring of employees or former employees of the independent registered public accounting firm.
- Maintain minutes of meetings and periodically report to the Board of Directors on significant matters relating to the discharge by the Committee of its responsibilities.
- At least annually, evaluate its performance against the requirements of this charter and review such evaluation with the Board of Directors.
- Perform any other activities consistent with this charter, the Company's by-laws, and governing law, as the Committee or the Board of Directors deems necessary or appropriate.

#### **V. Annual Review**

At least annually, the Committee will (a) review this Charter with the Board and recommend any changes to the Board and (b) evaluate its own performance and report the results of this evaluation to the Board. The evaluation will include establishment of the goals and objectives of the Committee for the upcoming year. The Committee review and evaluation will be conducted in such manner as it deems appropriate.

**APPENDIX A**  
**STATEMENT OF POLICY**  
**OF THE**  
**AUDIT COMMITTEE OF**  
**LANCASTER COLONY CORPORATION**  
**PRE-APPROVAL OF ENGAGEMENTS WITH THE INDEPENDENT REGISTERED**  
**PUBLIC ACCOUNTING FIRM FOR NON-AUDIT SERVICES**

The Sarbanes-Oxley Act of 2002 (the “Act”) vests the Committee with the responsibility to appoint and to oversee the work of the independent registered public accounting firm of the Company. Under the Act and SEC Rules that the SEC has issued pursuant to the Act, that responsibility includes in particular the requirement that the Committee review and pre-approve all audit and non-audit services performed by the independent registered public accounting firm. In exercising that responsibility with respect to proposed engagements for non-audit services, it is the policy of the Committee to give paramount consideration to the question of whether the engagement of the independent registered public accounting firm to perform those services is likely to create a risk that the independent registered public accounting firm’s independence may be compromised. To that end, the Committee will endeavor to exercise its discretion in a manner that will minimize the risk of compromising the independence of the independent registered public accounting firm.

In making this determination, the Committee is mindful of the guidance provided by the SEC: “The Commission’s principles of independence with respect to services provided by auditors are largely predicated on three basic principles, violations of which would impair the auditor’s independence: (1) an auditor cannot function in the role of management, (2) an auditor cannot audit his or her own work, and (3) an auditor cannot serve in an advocacy role for his or her client.” Thus, in evaluating whether a proposed engagement presents a risk of compromising the independence of the independent registered public accounting firm, the factors that the Committee will typically consider will include whether the service in question is likely to cause the independent registered public accounting firm to function in a management role, to be put in the position of auditing its own work, or to serve in an advocacy role for the Company. In addition, the Committee believes that the risk of such compromise may increase in direct proportion to the volume of non-audit services performed by the independent registered public accounting firm. Accordingly, it is the policy of the Committee that, in the absence of very strong countervailing considerations, the total amount of fees payable to the independent registered public accounting firm on account of non-audit services with respect to any fiscal year should not exceed the total amount of audit fees plus audit-related fees (as both such terms are used in the SEC Rules) plus tax-compliance/return-preparation services payable to the independent registered public accounting firm with respect to such year. Solely for purposes of the preceding sentence, amounts payable with respect to audit-related services and tax-compliance/return-preparation services will not be considered fees payable on account of non-audit services. This policy is adopted with the

intent to maintain Committee flexibility in circumstances under which the proposed engagement is likely to provide the Company with benefits that substantially outweigh the risk to independence.

In order to assist the Committee in applying this policy, any officer or other employee of the Company who proposes to engage the independent registered public accounting firm to perform non-audit services will be expected to submit such a proposal in writing to the Committee accompanied by the following supporting materials:

1. A detailed description of each service proposed to be provided by the independent registered public accounting firm.
2. A description of the extent, if any, to which the non-audit services in question are likely to cause the independent registered public accounting firm to function in the role of management, to recommend actions by the Company that the independent registered public accounting firm may be called upon to review in its role as the Company's independent registered public accounting firm, or to serve as an advocate for the Company.
3. A description of the qualifications of the independent registered public accounting firm that demonstrate its capability to perform each of the non-audit services in question.
4. The name or names of service-providers who were considered as alternatives to the independent registered public accounting firm to perform the services in question, and a description of the qualifications of each such alternative service-provider relating to its capability to perform the services in question.
5. A detailed explanation of the benefits that the Company is expected to enjoy as a result of engaging the independent registered public accounting firm, rather than an alternative service-provider, to perform the non-audit service in question.
6. An estimate of the amount of fees that the independent registered public accounting firm is likely to be paid for performance of the non-audit services in question.

The Committee will typically be inclined to approve requests to engage the independent registered public accounting firm to provide those types of non-audit services that are closely related to the audit services performed by the independent registered public accounting firm, such as audit-related services, tax-compliance/return preparation services, and "due diligence" services relating to transactions that the Company may be considering from time to time. Because such non-audit services bear a close relationship to the audit services provided by the independent registered public accounting firm, the Committee believes that they will not ordinarily present a material risk of compromising the independent registered public accounting firm's independence, subject to the Committee's policy concerning the total amount payable to the independent registered public accounting firm for non-audit services with respect to any fiscal year.

Between meetings of the Committee, any two Committee members are authorized to concurrently and jointly review and, where consistent with this policy, to pre-approve non-audit services proposed to be performed by the independent registered public accounting firm that are

budgeted for fees of Fifty Thousand Dollars (\$50,000) or less. Any such pre-approval decisions shall be reported to the Committee as soon as practicable and in any event at its next meeting.

Under no circumstances will the Audit Committee approve the engagement of the independent registered public accounting firm for the performance of services that are prohibited by section 201(a) of the Act (15 U.S.C. §78j-1(g)), or by §210.2-01(4) of the SEC Rules (17 CFR Part 210.2-01(c)(4)). Such prohibited services include the following:

1. Bookkeeping or other services related to the accounting records or financial statements of the Company, unless the results of those services will not be subject to audit procedures during an audit of the Company's financial statements;
2. Services relating to the design or implementation of financial information systems, unless the results of such services will not be subject to audit procedures during an audit of the Company's financial statements;
3. Services relating to appraisals or valuations, fairness opinions, or contribution-in-kind reports, unless the results of such services will not be subject to audit procedures during an audit of the Company's financial statements;
4. Any actuarially-oriented services (other than assisting the Company in understanding the methods, models, assumptions, and inputs used in computing an amount), unless the results of those services will not be subject to audit procedures during an audit of the Company's financial statements;
5. Internal audit outsourcing services relating to the Company's internal accounting controls, financial systems, or financial statements, unless the results of such services will not be subject to audit procedures during an audit of the Company's financial statements;
6. Any management functions, whether or not temporary, including any decision-making, supervisory, or ongoing monitoring function for the Company;
7. Any services relating to human resources of the Company, including searching for, testing, investigating, negotiating, or providing recommendations or advice with respect to human resources or prospective human resources;
8. Any services relating to acting as a broker-dealer, promoter, or underwriter for the Company, including providing advice, exercising discretionary authority, or assuming custodial responsibility with respect to investment decisions or assets of the Company;
9. Any service that can be provided only by a person licensed, admitted, or otherwise qualified to practice law in the jurisdiction in which the service is to be rendered;
10. Providing an expert opinion or other expert service for the Company, or for the Company's legal representative, for the purpose of advocating the Company's interests in litigation or in a regulatory or administrative proceeding or investigation, except for

factual accounts or testimony explaining work that the independent registered public accounting firm has performed, positions that the independent registered public accounting firm has taken, or conclusions that the independent registered public accounting firm has reached during the performance of any permitted service for the Company; and

11. Any other service determined to be impermissible by SEC rules, the Public Company Accounting Oversight Board and the regulations adopted from time to time thereby, or any other applicable law, rule or regulation.