

## Royalty Pharma plc

### Audit Committee Charter<sup>1</sup>

Adopted February 3, 2022

#### Purpose

The Audit Committee (the “**Committee**”) is created by the Board of Directors (the “**Board**”) of Royalty Pharma plc (the “**Company**”) to:

- assist the Board in its oversight of
  - the integrity of the Company's financial statements and adequacy of its internal controls over financial reporting;
  - the qualifications, independence and performance of the Company's independent registered public accounting firm;
  - the performance of the Company's internal audit function; and
  - the Company's compliance with legal and regulatory requirements; and
- prepare the Committee report that the Securities and Exchange Commission (the “**SEC**”) rules require to be included in the Company's annual proxy statement.

#### Membership

The Committee shall consist of at least three members, comprised solely of directors deemed by the Board to be independent and who meet independence and experience requirements of Nasdaq, subject to the applicable transition period rules. Accordingly, each member shall, in the judgment of the Board, have the ability to read and understand the Company's basic financial statements. At least one member of the Committee shall, in the judgment of the Board, be an “audit committee financial expert” in accordance with the rules and regulations of the SEC. The Nominating and Corporate Governance Committee shall recommend nominees for appointment to the Committee annually and as vacancies or newly created positions occur. Committee members shall be appointed by the Board and may be removed by the Board at any time. The Nominating and Corporate Governance Committee shall recommend to the Board, and the Board shall designate the Chair of the Committee.

#### Meetings

The Committee shall meet formally at least four times each fiscal year and at such other times as it deems necessary to fulfill its responsibilities. The Committee shall periodically meet separately, in executive session, with management, the internal auditor and appropriate compliance personnel, and the independent registered public accounting firm. The Committee shall report regularly to the Board of Directors with respect to its activities and make recommendations to the

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<sup>1</sup> For purposes of this charter, the term *management* refers to the appropriate officers and employees of the Company and RP Management, LLC, the Company's external manager.

Board of Directors as appropriate. The Committee shall maintain minutes of its meetings and records relating to those meetings.

## **Responsibilities**

The function of the Audit Committee is oversight. Management is primarily responsible for maintaining appropriate systems for accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are primarily responsible for planning and carrying out a proper audit of the Company's annual financial statements in accordance with generally accepted accounting standards. The independent auditors are accountable to the Board and the Audit Committee.

The responsibilities of the Audit Committee are to:

### *Independent Auditor*

- Appoint, compensate, retain, terminate, and oversee the work of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (subject, if applicable, to shareholder ratification). Each such accounting firm shall report directly to the Committee.
- Pre-approve the audit services and non-audit services (including the fees and terms thereof) to be provided by the Company's independent auditor pursuant to pre-approval policies and procedures established by the Committee. The Committee may delegate its authority to pre-approve services to one or more Committee members, provided that such designees present any such approvals to the full Committee at the next Committee meeting.
- Discuss with the independent auditor its responsibilities under generally accepted auditing standards, review and approve the planned scope and timing of the independent auditor's annual audit plan(s) and discuss significant findings from the audit and any problems or difficulties encountered, including any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management.
- Evaluate the independent auditor's qualifications, performance and independence, and present its conclusions with respect to the independent auditor to the full Board on at least an annual basis. As part of such evaluation, at least annually, the Committee shall:
  - obtain and review a report or reports from the Company's independent auditor; and
  - confirm and evaluate the rotation of the audit partners on the audit engagement team as required by law.
- Establish policies relating to the hiring of current or former employees of the independent auditor.

### *Internal Audit Function*

- Evaluate the performance, responsibilities, budget and staffing of the internal audit function and review and approve the internal audit plan. Such evaluation shall include a review of the responsibilities, budget and staffing of the internal audit function with the independent auditor.

### *Financial Statements; Disclosure and Other Risk Management and Compliance Matters*

- Meet to review and discuss with management and the independent auditor the annual audited financial statements and unaudited quarterly financial statements, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's Form 10-K or Form 10-Q with the SEC;
- Review with management, the internal auditors and the independent auditor, in separate meetings whenever the Committee deems appropriate:
  - any analyses or other written communications prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative Generally Accepted Accounting Principles ("**GAAP**") methods on the financial statements;
  - the critical accounting policies and practices of the Company; and
  - information regarding any "second" opinions sought by management from an independent auditor with respect to the accounting treatment of a particular event or transaction.
- Review with management the Company's earnings press releases prior to public dissemination.
- Review, in conjunction with the Chief Executive Officer and Chief Financial Officer of the Company, the disclosure controls and procedures and internal control over financial reporting. The review of internal control over financial reporting shall include whether there are any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect the Company's ability to record, process, summarize and report financial information and any fraud that involves management or other employees who have a significant role in internal control over financial reporting. The Committee shall also review any special audit steps adopted in light of material control deficiencies.
- Review and discuss with the independent auditor any audit problems or difficulties and management's response thereto, including those matters required to be discussed with the Committee by the auditor pursuant to established auditing standards, as amended, such as:
  - any restrictions on the scope of the independent auditor's activities or on access to requested information;

- any accounting adjustments that were noted or proposed by the auditor but were not adopted or reflected;
  - any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented by the engagement;
  - any management or internal control letter issued, or proposed to be issued, by the auditor; and
  - any significant disagreements between management and the independent auditor.
- In connection with its oversight responsibilities, resolve disagreements directly between management and the auditor regarding the Company's financial reporting.
  - Review all policies and practices to be used with respect to risk assessment and risk management, including discussing with management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures; and to review and discuss with management insurance programs, including director and officer insurance and general liability insurance.
  - Review all policies and practices with respect to information security and technology risk (including cybersecurity risk), including information security and technology risk management programs.
  - Establish procedures for:
    - the receipt, retention and treatment of complaints received by management or the Company regarding accounting, internal accounting controls or auditing matters, and
    - the confidential, anonymous submission by management of concerns regarding questionable accounting or auditing matters.
  - Prepare the Committee report that the SEC rules require to be included in the Company's annual proxy statement.
  - Review the Company's compliance with laws and regulations, including major legal and regulatory initiatives. The Committee shall also review any major litigation or investigations against the Company that may have a material impact on the Company's financial statements.

*Reporting to the Board*

- Report to the Board periodically. This report shall include a review of any issues that arise with respect to the quality or integrity of the Company's financial statements, its compliance with legal or regulatory requirements, the independence and performance of the Company's independent auditor, the performance of the internal audit function and any other matters that the Committee deems appropriate or is requested to include by the Board.

- Review and assess the adequacy of this charter periodically and recommend any proposed changes to the Nominating and Corporate Governance Committee.

### **Authority and Delegations**

The Committee is authorized (without seeking Board approval) to retain special legal, accounting or other advisers and may request any officer or employee of management or outside counsel or independent auditor to meet with any members of, or advisers to, the Committee.

The Committee shall have available appropriate funding from the Company as determined by the Committee for payment of:

- compensation to any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- compensation to any advisers employed by the Committee; and
- ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may delegate its authority to subcommittees or the Chair of the Committee when it deems appropriate and in the best interests of the Company.

### **Limitations Inherent in the Committee's Role**

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with GAAP and applicable rules and regulations. This is the responsibility of management and the independent auditor. Furthermore, while the Committee is responsible for reviewing the Company's policies and practices with respect to risk assessment and management, it is the responsibility of the Chief Executive Officer and management to determine the appropriate level of the Company's exposure to risk.

### **Outside Advisors**

The Committee may, in its sole discretion and at the Company's expense, engage outside advisers to assist it in the execution of the responsibilities of this charter. The Committee shall have the sole authority to approve the fees and other retention terms with respect to any such advisers. The Committee also has the authority, as necessary and appropriate, to consult with other counsel and outside advisers to assist it in its duties to the Company, at the Company's expense.