

**EMPIRIC STUDENT PROPERTY PLC**  
**(the "Company")**

**AUDIT & RISK COMMITTEE**

**Terms of Reference**

**(as adopted on 26 September 2014 and amended and approved on 7 March 2018 and  
10 March 2020 and amended and approved 22 February 2022)**

**1. DEFINITIONS**

1.1 Reference to the "**Committee**" shall mean the Audit & Risk Committee.

1.2 Reference to the "**Board**" shall mean the Board of Directors.

1.3 Reference to the "**Company**" shall mean Empiric Student Property PLC.

**2. MEMBERSHIP**

2.1 The Committee shall be made up of at least two members. Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee.

2.2 All members of the Committee shall be non-executive directors, at least one of whom shall have recent and relevant financial experience.

2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals (if not members of the Committee) such as representatives of external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.

2.4 The external auditors will be invited to attend meetings of the Committee on a regular basis as appropriate.

2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.

2.6 The Board, on the recommendation of the Nomination Committee, shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2.7 Each member of the Committee shall disclose to the Committee:

2.7.1 any personal, financial or other interest in any matter to be decided by the Committee; or

2.7.2 any potential conflict of interest arising from a cross-directorship or otherwise;  
and

2.7.3 any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.

### **3. SECRETARY**

The Company Secretary or their nominee shall act as the Secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **4. QUORUM**

The quorum necessary for the transaction of business shall be two Committee members, of which attendance is required by one member having recent and relevant financial experience. This member should also attend meetings with the external auditor, including meetings to consider the interim and final accounts. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **5. FREQUENCY OF MEETINGS**

The Committee shall meet at least three times a year at appropriate times in the Company's reporting and audit cycle and otherwise as required.

### **6. NOTICE OF MEETINGS**

6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of external auditors if they consider it necessary.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

### **7. MINUTES OF MEETINGS**

7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the Board unless it would be inappropriate to do so.

### **8. ANNUAL GENERAL MEETING**

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. The Chairman should seek engagement with shareholders on significant matters related to their area of responsibility.

## 9. DUTIES

9.1 The Committee should carry out the duties below for the Company and the group as a whole as appropriate.

### 9.2 Financial reporting

9.2.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain.

9.2.2 In particular, the Committee shall review and challenge where necessary:

9.2.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;

9.2.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

9.2.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

9.2.2.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made;

9.2.2.5 all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management); and

9.2.2.6 considering reports from any independent valuer appointed by the Company to value its investments.

### 9.3 Risk appetite, tolerance and strategy

9.3.1 Advise the board on the Company's overall risk appetite tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives. The Committee should seek assurance on the risks the Company identifies as those to which the business may be exposed.

9.3.2 Advise the board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.

9.3.3 Advise the board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on implications for the risk appetite, tolerance and strategy of the Company, and taking independent external advice where appropriate and available.

## 9.4 Viability Assessment

9.4.1 The Committee shall review the position and make recommendations to the Board in relation to viability assessment and related disclosures in the Company's annual report.

9.4.2 The Committee will take into account the Company's current position and principal risks. The Committee will make recommendations with regards to the explanation in the annual report as to how the Board has assessed the prospects of the Company, over what period it has done, why it considers that period to be appropriate and whether the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

## 9.5 Internal Controls and Risk Management Systems

9.5.1 Committee shall as appropriate given the nature of the Company:

9.5.1.1 keep under review the adequacy and effectiveness of the Company's risk management systems, to include a review of cyber risk, crisis management and business continuity planning and processes; and

9.5.1.2 review and approve the statements to be included in the annual report concerning internal controls and risk management

9.5.2 The Committee shall oversee and seek suitable assurance regarding:

9.5.2.1 the risk exposures of the Company, including risk to the Company's business model, and solvency and liquidity risks;

9.5.2.2 review, on at least an annual basis, the reports on internal controls provided by the Company's key service providers;

9.5.2.3 the Company's capability to identify and manage new and emerging risks;

9.5.2.4 the effectiveness and relative costs and benefit of particular controls; and

9.5.2.5 the appropriateness of the Company's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the Company.

## 9.6 Compliance, Whistle blowing and Fraud

9.6.1 The Committee shall as appropriate given the nature of the Company:

9.6.1.1 review the adequacy and security of the Company's whistleblowing arrangements for its employees, if any, and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

9.6.1.2 where appropriate, liaise with external service providers for the purposes of

monitoring the Company's whistleblowing arrangements;

9.6.1.3 review the Company's procedures for detecting fraud;

9.6.1.4 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;

9.6.1.5 review the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and

9.6.1.6 review the adequacy and effectiveness of the Company's compliance function.

## 9.7 Internal audit

9.7.1 The Committee, subject to the Company having an internal audit function, shall:

9.7.1.1 monitor and perform an annual assessment of the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;

9.7.1.2 approve the appointment and removal of the head of the internal function;

9.7.1.3 consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;

9.7.1.4 review and assess the annual internal audit plan

9.7.1.5 review promptly all reports on the Company from the internal auditors;

9.7.1.6 review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and

9.7.1.7 meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the Board and to the Committee.

## 9.8 External audit

9.8.1 The Committee shall:

9.8.1.1 Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual general Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee is responsible for the selections and tender process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

9.8.1.2 Oversee the relationship with the external auditor including (but not limited to):

- 9.8.1.2.1 negotiating and setting the fees for both audit and non-audit services and agreeing that the level of fees is appropriate to enable an adequate audit to be conducted;
  - 9.8.1.2.2 approval of their terms of engagement, including any engagement letter issued at the start of each;
  - 9.8.1.2.3 assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - 9.8.1.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
  - 9.8.1.2.5 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements such as obtaining from the auditor information about their policies and procedures for maintaining independence and monitoring compliance; and
  - 9.8.1.2.6 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.
- 9.8.1.3 Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 9.8.1.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 9.8.1.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- 9.8.1.5.1 a discussion of any major issues which arose during the audit;
  - 9.8.1.5.2 any significant or material accounting and audit judgements;
  - 9.8.1.5.3 levels of errors identified during the audit; and
  - 9.8.1.5.4 the effectiveness of the audit.
- 9.8.2 The Committee shall also:
- 9.8.2.1 review any representation letter(s) requested by the external auditor before they are signed by the Board;
  - 9.8.2.2 review any response from the Board as to the auditor's findings and recommendations;

9.8.2.3 develop and recommend to the Board a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter. The Policy should consider:

9.8.2.3.1 threats to the independence and objectivity of the external auditor and any safeguards in place;

9.8.2.3.2 the nature of the non-audit services;

9.8.2.3.3 whether the external audit firm is the most suitable supplier of the non-audit service;

9.8.2.3.4 the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and

9.8.2.3.5 the criteria governing compensation

9.8.2.4 agree and implement in conjunction with the Board a policy for the employment of former employees of the external auditor; and

9.8.2.5 consideration of an FRC's Audit Quality Review report where one has been conducted.

## **10. REPORTING RESPONSIBILITIES**

10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities to include but not limited to reporting on significant financial reporting issues and judgements made in connection with the preparation of the company's financial statements (having regard to matters communicated to it by the auditor), interim reports, preliminary announcements and related formal statements.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report should describe the work of the Committee, including:

10.3.1 the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed

10.3.2 an explanation of how the Committee has addressed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and

10.3.3 an explanation of how audit independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the Code.

10.4 In compiling the report referred to in 10.3, the Committee should exercise

judgement in deciding which of the issues it considers in relation to the financial statement are significant, but should also include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

## **11. OTHER MATTERS**

11.1 The Committee shall:

11.1.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

11.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

11.1.3 give due consideration to applicable laws and regulations including the requirements of the Listing Rules, Prospectus Rules, Disclosure Rules and Transparency Rules, the provisions of the UK Corporate Governance Code as such apply to the Company from time to time;

11.1.4 oversee any investigation of activities which are within its terms of reference; and

11.1.5 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and

11.1.6 agree the policy for authorizing claims for expenses from the directors.

## **12. AUTHORITY**

12.1 The Committee is authorised:

12.1.1 to seek any information it requires from any employee of the Company in order to perform its duties; and

12.1.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter if it believes it necessary to do so.