

GLENVEAGH PROPERTIES PLC

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

(Version 2 – December 2018)

Contents

	Page
1. Purpose and Role	1
2. Membership and attendees	1
3. Secretary and administration	1
4. Quorum	2
5. Frequency of meetings	2
6. Notice of meetings	2
7. Minutes of meetings	2
8. Annual general meeting	3
9. Duties	3
10. Reporting responsibilities	7
11. Other matters	8
12. Authority	9
13. Alternates	9
14. Voting	9

1. Purpose and Role

- 1.1 These Terms of Reference apply to the Glenveagh Properties plc (the “**Company**”) Board Audit and Risk Committee (the “**Committee**”). References to “**Group**” shall refer to the Company together with each of its subsidiaries and subsidiary undertakings.
- 1.2 This Committee is responsible for reviewing the annual, half-yearly and quarterly financial results and other published information relating to the Group’s financial performance, reviewing the Group’s financial accounting and regulatory reporting policies and procedures, reviewing the company’s audit plan and overseeing the effectiveness of the internal audit function as well as the relationship with the Company’s external auditors. It is also responsible for ensuring that the Company’s risk profile is compliant with the risk appetite set by the Board.

2. Membership and attendees

- (A) The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board, on the recommendation of the relevant Board committee in consultation with the chairman of the Committee (“**Committee Chairman**”).
- (B) All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies. The chairman of the Board (“**Board Chairman**”) shall not be a member of the Committee.
- (C) Only members of the Committee have the right to attend Committee meetings. However, the Chief Financial Officer, external auditor and internal auditor will be invited to attend meetings of the Committee on a regular basis. Other individuals including the Board Chairman, Chief Executive Officer, other Board members or other members of management or representatives of the risk function or legal & compliance advisory function may be invited to attend all or part of any meeting as and when appropriate and necessary.
- (D) Appointments to the Committee shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members continue to be independent.
- (E) The Board shall appoint the Committee Chairman. 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.
- (F) The Board may from time to time remove members of the Committee.

3. Secretary and administration

The Company Secretary shall prepare minutes of meetings of the Committee in accordance with section 7 below. The Chief Financial Officer, or his or her nominee,

shall deal with all other administrative matters including ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Quorum

- (A) The quorum necessary for the transaction of business shall be two members.
- (B) The Committee may hold meetings by telephone or using any other method of electronic communication whereby the participants are able to communicate effectively with each other, and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the Committee Chairman.

5. Frequency of meetings

- (A) The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle, and additionally as circumstances require.
- (B) Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the internal audit function.

6. Notice of meetings

- (A) Meetings of the Committee shall be convened by the Company Secretary at the request of any of its members or at the request of the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner or the internal audit function if they consider it necessary.
- (B) Unless otherwise agreed by the Committee, 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 four 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 unless agreed otherwise by the Committee Chairman.

7. Minutes of meetings

- (A) The Company Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- (B) The Company Secretary shall ascertain, at the start of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

- (C) Draft minutes of Committee meetings shall be circulated promptly to (or otherwise made available for review by) all members of the Committee. Once approved, minutes should be circulated to (or otherwise made available to) all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- (D) Final signed copies of the minutes of the meetings of the Committee should be maintained by the Company Secretary for the Company's records.

8. Annual general meeting

The Committee Chairman should attend the annual general meeting to answer shareholder questions on the Committee's activities.

9. Duties

The Committee shall carry out the duties below for the parent company, major subsidiary undertakings and the Group as a whole (as appropriate).

9.1 Financial reporting

- (A) The Committee shall monitor the integrity of the financial statements of the Company, including its interim management statements, annual and half-yearly reports, and any other formal announcement relating to its financial performance reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.
- (B) In particular, the Committee shall review and challenge where necessary:
 - (i) the consistency of, and any changes to, significant accounting policies and practices both on a year on year basis and across the Company/Group;
 - (ii) the methods used to account for significant or unusual transaction where different approaches are possible;
 - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (iv) the clarity and completeness of disclosure in the Group's financial reports and the context in which statements are made;
 - (v) all material information presented in the financial statements, such as the business review;
 - (vi) significant adjustments resulting from the audit;

- (vii) the going concern and viability assumption;
 - (viii) the representation letter to the external auditors; and
 - (ix) the performance of the Company's internal audit function and the performance of the external auditor (as set out in more detail in sections 9.5 and 9.6 below).
- (C) Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, it shall report its views to the Board.

9.2 Narrative reporting

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.

9.3 Internal controls and risk management systems

The Committee shall:

- (A) keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- (B) review and approve the Company's financial controls and liquidity frameworks;
- (C) review the adequacy and effectiveness of the enterprise risk function;
- (D) review and approve the statements to be included in the annual report concerning internal controls and risk management; and
- (E) review and approve treasury policies (including foreign currency exposure and the use of financial derivatives) and report to the Board as appropriate;
- (F) review all reports (i) regarding significant litigation involving the Group (whether threatened or in progress); and (ii) received from the Chief Financial Officer regarding material financial commitments and other material liabilities of the Group (whether actual or contingent).

9.4 Whistleblowing, fraud and bribery

The Committee shall:

- (A) review the adequacy and security of the Company's arrangements for its employees 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;

- (B) review the Company's procedures for detecting fraud;
- (C) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- (D) review the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- (E) review the adequacy and effectiveness of the Company's compliance function.

9.5 Internal audit

The Committee shall:

- (A) monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management systems;
- (B) approve the appointment or termination of appointment of the head of internal audit (or a 3rd party supplier to provide such services in the absence of such an appointment being made);
- (C) review and approve the charter of the internal audit function (whether managed internally or through a 3rd party supplier) and ensure the 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;
- (D) ensure the internal auditor (including any 3rd party supplier providing internal audit services) has direct access to the Board Chairman and to the Committee Chairman, and is accountable to the Committee;
- (E) review and assess the annual internal audit work plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, experience and expertise of the audit team;
- (F) receive a report on the results of the internal auditor's work on a periodic basis;
- (G) review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- (H) meet with the head of the internal auditor (or any 3rd party providing outsourced internal audit services) at least once a year without the presence of management; and
- (I) monitor and review the effectiveness of the company's internal audit function, in the context of the company's overall risk management system.

9.6 External audit

The Committee shall:

- (A) consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, reappointment and removal of the external auditor, and if the Board does not accept the Committee's recommendation, the Committee shall prepare a statement explaining the Committee's recommendation which shall be included in the annual report and in any papers recommending appointment or re-appointment together with the Board's reasons for taking a different position;
- (B) ensure that, at least once every ten years, the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- (C) if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (D) oversee the relationship with the external auditor including (but not limited to):
 - (i) recommendations on their remuneration, including both fees for audit and non-audit services, and ensuring that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) 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;
 - (iv) satisfy 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) which could adversely affect the auditor's independence and objectivity;
 - (v) agreeing with the Board a policy on the employment of former employees of the Company's auditor engaged in the audit of the Company, and monitor the implementation of this policy;
 - (vi) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

- (vii) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
 - (viii) seek to ensure co-ordination with the activities of the internal audit function; and
 - (ix) evaluate the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of the external auditor from the market in that evaluation.
- (E) meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage), and at least once a year without management being present, to discuss the auditor's remit and any issues arising from the audit;
- (F) review and approve the annual external audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority expertise and experience of the audit team;
- (G) review the findings of the audit with the external auditor. This shall include but not be limited to:
- (i) a discussion of: any major issues which arose during the audit;
 - (ii) key accounting and audit judgements;
 - (iii) levels of errors identified during the audit; and
 - (iv) the effectiveness of the audit process;
- (H) review any representation letter(s) requested by the external auditor before they are signed by management;
- (I) review the management letter and management's response to the auditor's findings and recommendations; and
- (J) develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

10. Reporting responsibilities

- (A) The Committee Chairman shall report formally to the Board after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- (i) the significant issues that it considered in relation to the financial statements (as required under paragraph 9.1(A)) and how these were addressed; and
 - (ii) its assessment of the effectiveness of the external audit process (required under paragraph 9.6(D)(vii)) and its recommendation on the appointment or reappointment of the external auditor; and
 - (iii) any other issues on which the Board has requested the Committee's opinion.
- (B) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (C) The Committee shall also compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the UK Corporate Governance Code and the Irish Corporate Governance Annex to the UK Corporate Governance Code (the "**Irish Annex**").
- (D) In the compiling of the reports referred to above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to the information.

11. Other matters

The Committee shall:

- (A) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required and being provided with appropriate training;
- (B) give due consideration to laws and regulations (including the rules of the Central Bank of Ireland), the provisions of the UK Corporate Governance Code and the Irish Annex and the requirements of the Irish Listing Rules and the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- (C) be responsible for co-ordination of the internal and external auditors;
- (D) oversee any investigation of activities which are within these Terms of Reference;

- (E) work and liaise as necessary with all other Board committees;
- (F) arrange for periodic reviews of its own performance and, at least annually, review its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board;
- (G) be able to meet separately with any of the executive management without any other members of the executive management being present; and
- (H) make available its terms of reference, including its role and the authority delegated to it by the Board;
- (I) commission any report or surveys, which it deems necessary, to help it fulfil its obligations;
- (J) secure the attendance of external advisors at its meetings (if it considers it necessary); and
- (K) do all other matters as it believes appropriate in respect of the conduct of its duties, including, without limitation, the matters referred to herein,

in each case at the Company's expense.

12. Authority

The Committee is authorised to:

- (A) seek any information it requires from any employee of the Group in order to perform its duties;
- (B) obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- (C) call any employee to be questioned at a meeting of the Committee as and when required; and
- (D) have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

13. Alternates

Alternates can be agreed by the Committee Chairman in advance of the meeting.

14. Voting

All decisions require approval of a majority of members.