

TRITAX EUROBOX PLC (THE "COMPANY")

AUDIT COMMITTEE TERMS OF REFERENCE

1. Constitution

The board of directors of the Company (the "**Board**") has established a committee of the Board known as the Audit Committee (the "**Committee**"). The meetings and proceedings of the Committee are governed by these Terms of Reference which were adopted by the Board on 11 June 2018.

2. Membership

2.1 The Committee shall comprise at least three 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 (the "**Committee Chairman**").

2.2 All members of the Committee shall be independent non-executive directors. Any member who is determined by the Board no longer to be independent shall cease to be a member of the Committee. At least one member of the Committee shall have recent and relevant financial experience and competence in accounting and/or auditing.

2.3 The chairman of the Board may be a member of, but not chair the Committee, provided he or she was considered independent on appointment. The Board should provide an explanation of why it believes that it is appropriate for the chairman of the Board to be a member of the Committee.

2.4 Only members of the Committee have the right to attend Committee meetings. However, the external auditor of the Company will be invited to attend meetings of the Committee on a regular basis, and other individuals such as external advisers and non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.

2.5 The Committee may ask senior representatives of the investment manager of the Company (the "**Manager**") and of the administrator of the Company (the "**Administrator**") to attend meetings either regularly or by invitation, but invitees shall have no right of audience.

2.6 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

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

3.2 The secretary shall ascertain at the beginning of each meeting the existence of conflicts of interest and shall minute them accordingly.

4. Quorum

4.1 The quorum necessary for the transaction of business shall be two members of the Committee.

4.2 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.

4.3 The Committee may hold meetings in person, 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**

5.1 The Committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

5.2 Outside of the formal meeting programme, the Committee Chairman and, to a lesser extent, the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the chairman of the Board and the external auditor of the Company.

6. **Notice of meetings**

6.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members or at the request of the external auditor of the Company if they consider it necessary.

6.2 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date and dial-in details (if required) together with an agenda of items to be discussed, shall be forwarded to each member of the Committee 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.

6.3 Shorter notice and/or late submission or circulation of supporting papers will be permitted at the discretion of the Committee Chairman.

6.4 Notices, agendas and supporting papers may be circulated electronically or in hard copy as circumstances permit.

7. **Minutes of meetings**

7.1 The secretary of the Committee shall minute the proceedings and decisions 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 agreed with the Committee Chairman and then circulated promptly to all members of the Committee unless it would be inappropriate to do so in the opinion of the Committee Chairman.

7.3 Once approved, minutes should be circulated to all members of the Committee and other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

8. **Annual general meeting**

The Committee Chairman should attend the annual general meeting to answer shareholder questions.

9. **Duties**

The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the Company, major subsidiary undertakings and the group as a whole.

9.1 **Financial reporting**

- (a) The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance and review and report to the Board on significant financial reporting issues and judgements which these statements contain having regard to the matters communicated to it by the external auditor.
- (b) In particular, the Committee shall review and challenge where necessary:
 - (i) the application of significant accounting policies and any changes to them;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor on the financial statements;
 - (iv) the appropriateness of the going concern statement to be made by the Board; and
 - (v) all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.
- (c) The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to approval by the Board would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules (with which the Company has chosen to comply voluntarily) or the Disclosure Guidance and Transparency Rules.
- (d) Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, 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 position and performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the Financial Reporting Council's UK Corporate Governance Code (the "**Code**").

9.3 **Internal controls and risk management systems**

The Committee shall:

- (a) monitor and challenge the adequacy of and compliance with the internal control procedures relating to the Company by the Manager; and
- (b) review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement.

9.4 **Compliance, whistleblowing and fraud**

The Committee shall:

- (a) review the adequacy and security of the Company's and the Manager'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 and the Manager's procedures for detecting fraud;
- (c) review the Company's and the Manager's systems and controls for the prevention of bribery and receive reports on non-compliance; and
- (d) review regular reports from the Company and the Manager on money laundering and compliance and the adequacy and effectiveness of the Company's anti-money laundering systems and controls.

9.5 **Internal audit**

The Committee shall review and consider annually whether the Company should have an internal audit function and shall make recommendations to the Board accordingly. The absence of such a function should be explained in the relevant section of the annual report.

9.6 **External audit**

The Committee shall:

- (a) 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;
- (b) develop and oversee the selection procedure for the appointment of the external auditor, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- (c) if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (d) oversee the relationship with the external auditor. In this context the Committee shall:
 - (i) approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and
 - (ii) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (e) assess annually the external auditor's independence and objectivity taking into account relevant UK law, regulation, the Ethical Standards for Auditors published by the Financial Reporting Council (the "**Ethical Standards**") and other professional requirements and the relationship with the external auditor as a whole, including any threats to the external auditor's independence and the safeguards applied to mitigate those threats, including the provision of any non-audit services;

- (f) authorise, to the extent permitted by law and regulation, the external auditor to provide non-audit services to the group before the commencement of the non-audit services;
- (g) satisfy itself that there are no relationships between the external auditor and the Company (other than in the ordinary course of business) which could adversely affect the external auditor's independence and objectivity;
- (h) agree with the Board a policy on the employment of former employees of the Company's auditor, taking into account the Ethical Standards and legal requirements and monitor the application of this policy;
- (i) monitor the external auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standards, including the guidance on the rotation of audit partner and staff;
- (j) monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standards;
- (k) assess annually the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- (l) evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- (m) develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the external auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
 - (i) threats to the independence and objectivity of the external auditor and any safeguards in place;
 - (ii) the nature of the non-audit services;
 - (iii) whether the external audit firm is the most suitable supplier of the non-audit services;
 - (iv) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - (v) the criteria governing compensation;
- (n) 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, meet with the external auditor without the Manager being present, to discuss the external auditor's remit and any issues arising from the audit;
- (o) discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

- (p) review any analyst presentations to be made relating to the annual and half-yearly report;
- (q) review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the audit;
 - (ii) the external auditor's explanation of how the risks to audit quality were addressed;
 - (iii) key accounting and audit judgements;
 - (iv) the basis for the going concern assumption;
 - (v) the external auditor's view of its interactions with the Manager; and
 - (vi) levels of errors identified during the audit;
- (r) review any representation letter(s) requested by the external auditor before they are signed by management;
- (s) review the management letter and the Manager's response to the external auditor's findings and recommendations; and
- (t) review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the external auditor, and the external auditor's response to questions from the Committee.

10. **Reporting responsibilities**

- 10.1 The Committee Chairman, or in his or her absence the elected chairman of the relevant meeting, shall report formally to the Board on its proceedings 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:
 - (a) the significant issues that it considered in relation to the financial statements (required under paragraph 9.1(a)) and how these were addressed;
 - (b) its assessment of the effectiveness of the external audit process (required under paragraph 9.6(k)), the approach taken to the appointment or reappointment of the external auditor, length of tenure of the external audit firm, when a tender was last conducted and any advance notice of any retendering plans; and
 - (c) any other issues on which the Board has requested the Committee's opinion.
- 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 on its activities to be included in the Company's annual report. The report should include:
 - (a) an explanation of how the Committee has addressed the effectiveness of the external audit process;
 - (b) 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 external auditor;

- (c) all other information requirements set out in the Code and/or the Association of Investment Companies Code of Corporate Governance (the "**AIC Code**"); and
- (d) if at the time of the report the Company is a FTSE 350 company, as regards the Competition & Markets Authority Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "**CMA Order**"), a statement of compliance with its provisions and if the Company has not completed a competitive tender process for auditor appointments in the last consecutive five years, a statement of when the Company next proposes to complete a tender, and the reason why a tender in that financial year is in the best interest of the Company's members.

10.4 In compiling the reports referred to in paragraphs 10.1 and 10.3, 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 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**

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretary and the Administrator for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- (c) give due consideration to relevant laws and regulations including the Companies Act 2006 (including the general duties of directors in Part 10 and the provisions on audit in Part 16), the provisions of the Code and the AIC Code, the requirements of the UK Listing Authority's Listing Rules (with which the Company has chosen to comply voluntarily), the Prospectus Rules and the Disclosure Guidance and Transparency Rules, the CMA Order (if applicable) and any other applicable rules, as appropriate;
- (d) be responsible for co-ordination of the external auditor;
- (e) oversee any investigation of activities which are within its terms of reference;
- (f) work and liaise as necessary with all other Board committees taking particular account of the impact of risk management and internal controls being delegated to different committees; and
- (g) 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.

12. **Authority**

The Committee is authorised by the Board to:

- (a) undertake any activity within its terms of reference;
- (b) seek any information it requires from any director, the Manager and/or the Administrator in order to perform its duties;

- (c) obtain, at the Company's expense, outside legal or other professional advice and secure attendance of external advisers or non-members with relevant experience and expertise as it considers necessary on any matter within its terms of reference and to invite those persons to attend at meetings of the Committee;
- (d) request that (i) the Manager or any other persons performing the investment management functions in relation to the investment portfolio of the Company, (ii) representatives of the Administrator, and (iii) service providers of the Company, be available to answer questions at meetings of the Committee and to co-operate with any reasonable request of the Committee;
- (e) 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; and
- (f) delegate any of its powers to one or more of its members or the Company secretary.