

**DATED 30 September 2022**

**SAFESTORE HOLDINGS PLC**

**TERMS OF REFERENCE OF  
THE AUDIT COMMITTEE**

## **SAFESTORE HOLDINGS PLC (the Company)**

### **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

**(As approved by the Board of Directors  
of Safestore Holdings plc (the "Company") on 30 September 2022)**

The Audit Committee (the "**Committee**") is a sub-committee of the Board appointed in accordance with the Company's articles of association and the Financial Reporting Council's UK Corporate Governance Code (the "**Code**"), whose purpose is to assist the Board in the effective discharge of its responsibilities for corporate governance, financial reporting and corporate control. The Committee has no executive powers with regard to its recommendations and does not relieve the directors of their responsibilities for these matters.

#### **1. MEMBERSHIP**

- 1.1** The Committee shall comprise at least three non-executive directors of the Company, to be selected by the Board on the recommendation of the Nomination Committee in consultation with the chair of the Committee, who are all independent in character and judgement and free from any relationships or circumstances which are likely to affect, or could appear to affect, the Committee member's judgement. At least one member of the Committee must have recent and relevant financial experience and have such experience in the sector the Company operates, and with competence in accounting and/or auditing. The Chairman of the Board shall not be a member of the Committee. Appointments to the Committee shall be for a period of up to three years which may be extended by two additional three year periods, provided the members continue to be independent.
- 1.2** Only members of the Committee have the right to attend meetings of the Committee but others may attend by invitation. The chief financial officer, the head of internal audit (if appointed) and external audit lead partner must attend all or part of any meeting of the Committee whenever requested by the Committee. At least once a year the Committee must meet the Company's external auditors without any executive directors present.
- 1.3** If any member of the Committee is unable to act for any reason, the chair of the Committee may appoint any other independent non-executive director of the Company to act as his alternate.
- 1.4** The chair of the Committee shall be appointed by the Board. In the absence of the chair of the Committee, the remaining members present shall elect one of their number to chair the meeting.

#### **2. SECRETARY**

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

#### **3. QUORUM**

The quorum for meetings of the Committee is any two of its members. 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. FREQUENCY OF MEETINGS**

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

**4.2** Outside of the formal meeting programme, the Committee chair, 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, the Chief Executive Officer, Chief Financial Officer, the external audit lead partner and the head of internal audit (if appointed).

#### **5. NOTICE OF MEETINGS**

**5.1** Meetings of the Committee shall be arranged by the secretary at the request of any of the Committee members, the chief financial officer or at the request of the external audit lead partner or head of internal auditors (if appointed) if they consider it necessary.

**5.2** 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 Committee member and any other person required to attend, generally 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. MINUTES OF MEETINGS**

**6.1** The Committee's secretary shall note the existence of any conflicts of interest declared at any meeting and minute them accordingly.

**6.2** Draft minutes of Committee meetings shall be agreed with the committee chair and the secretary must send the minutes of meetings of the Committee to all Committee members and, once agreed, to all members of the Board.

#### **7. ANNUAL GENERAL MEETING**

The Committee chair should attend the Company's annual general meeting to be available to answer shareholders' questions.

#### **8. DUTIES**

The Committee should carry out the duties below for the Company, its major subsidiary undertakings and the Group as a whole, as appropriate.

##### **8.1 Financial Reporting**

**8.1.1** The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which those statements contain having regard to the matters communicated to it by the auditor. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in other relevant documents, such as announcements of a price sensitive nature.

- 8.1.2** The Committee shall submit the above documents referred to in paragraph 8.1.1 above to the Board for its approval and shall determine what information should be brought to the Board's attention in connection with that submission. In particular, the Committee shall review and challenge where necessary:
- 8.1.2.1** The application of significant accounting policies and any changes to them, both on a year on year basis and across the Company/Group;
  - 8.1.2.2** the methods used to account for significant or unusual transactions where different approaches are possible and any important areas where judgement must be exercised;
  - 8.1.2.3** 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;
  - 8.1.2.4** the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
  - 8.1.2.5** all material information presented with the financial statements, including the strategic report and the corporate governance statements (insofar as it relates to the audit and risk management).
- 8.1.3** Where requested by the Board, the Committee shall 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 statements in the annual report on these matters that is required under the Code.
- 8.1.4** Where the Committee is not satisfied with any aspects of the proposed financial reporting by the Company, it shall report its views to the Board.
- 8.1.5** The committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook.

## **8.2 Internal Controls and Risk Management Systems**

- 8.2.1** The Committee shall:
- 8.2.1.1** review and assess reports from the risk committee, review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks and review the Company's internal control and risk management systems and keep under review the effectiveness of such systems. The review should ensure that a robust assessment has been undertaken annually of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
  - 8.2.1.2** review and approve the statements to be included in the annual report

concerning internal controls and risk management and the viability statement before submission to the Board for its approval. The monitoring and review should cover all material controls, including financial, operational and compliance controls.

### **8.3 Whistleblowing, Fraud, Bribery and other compliance**

**8.3.1** The Committee shall:

- 8.3.1.1** review the adequacy and security of the Company's arrangements for its employees and its contractors to raise concerns, in confidence and anonymously 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; and
- 8.3.1.2** review the Company's policies and procedures for preventing and detecting fraud, its systems, controls and policies for preventing bribery and its policies for ensuring that the Group complies with relevant regulatory and legal requirements, receive reports and consider appropriate action and receive reports on non-compliance.

### **8.4 Internal Audit**

**8.4.1** The Committee shall:

- 8.4.1.1** approve the appointment and removal of any head of the internal audit function;
- 8.4.1.2** review and approve the role and mandate of internal audit function and ensure it has the necessary resources and access to information to enable it to perform its mandate effectively and in accordance with the relevant professional standards for internal auditors. The Committee shall also ensure that any such function has adequate standing and is free from management or other restrictions;
- 8.4.1.3** review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business; and receive regular reports on work carried out
- 8.4.1.4** Monitor and review the role and effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;
- 8.4.1.5** In the absence of an internal audit function, consider annually whether there is a need for an internal audit function and make a recommendation to the Board;
- 8.4.1.6** review promptly all reports on the Company from any internal auditors;
- 8.4.1.7** review and monitor management's responsiveness to the findings and recommendations of any internal auditor;

**8.4.1.8** meet any 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; and

**8.4.1.9** consider whether an independent, third party review of process is appropriate..

**8.4.2** In addition, any head of internal audit shall be given the right of direct access to the Chairman of the Board and to the Committee.

## **8.5** **External Audit**

**8.5.1** The Committee shall:

**8.5.1.1** 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 auditors;

**8.5.1.2** develop and oversee the selection procedure for the appointment of the audit firm in accordance with applicable Code and regulatory requirements ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;

**8.5.1.3** if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;

**8.5.1.4** oversee the relationship with the external auditor including (but not limited to):

(a) approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;

(b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(c) assessing annually the external auditor's independence and objectivity taking into account relevant UK law, regulation, the Ethical Standard and other professional requirements and the relationship with the auditors as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats, including the provision of any non-audit services;

(d) 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) which could adversely affect the auditor's independence and objectivity;

(e) agreeing with the Board a policy on the employment of former

employees of the Company's auditor, taking into account the Ethical Standard and legal requirements and monitoring the implementation of this policy;

- (f) monitoring the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- (g) 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 the relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;
- (h) assessing annually the qualifications, expertise and resources 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; and
- (i) considering the risk of the withdrawal of the Company's present auditor from the market;

**8.5.1.5** 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;

**8.5.1.6** review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

**8.5.1.7** review the findings of the audit with the external auditor. This shall include but not be limited to, the following;

- (a) a discussion of any major issues which arose during the audit (in the absence of executive directors, where necessary);
- (b) the auditor's explanation of how the risks to audit quality were addressed;
- (c) key accounting and audit judgements;
- (d) the auditor's view of their interactions with senior management
- (e) levels of errors identified during the audit.

**8.5.1.8** review any representation letter(s) requested by the external auditor before they are signed by management;

**8.5.1.9** review the external auditors' management letter and response;

**8.5.1.10** 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;

- 8.5.1.11** develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the Auditor, including approval of non-audit services by the Committee and specifying the types of non-audit services to be pre-approved, as 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:
- 8.5.1.12** threats to the independence and objectivity of the external auditor and any safeguards in place;
- 8.5.1.13** the nature of the non-audit services;
- 8.5.1.14** whether the external audit firm is the most suitable supplier of the non-audit service;
- 8.5.1.15** the fees for the non-audit services, both individually and in aggregate, relative to the audit fee;
- 8.5.1.16** the criteria governing compensation; and
- 8.5.1.17** review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee.

## **8.6** **Tax**

The Committee shall review the Company's tax policy.

## **8.7** **Reporting Responsibilities**

- 8.7.1** The Committee chair shall report formally to the Board on its proceedings after each meeting. This report should include the significant issues that it considered in relation to the financial statements and how these were addressed; its assessment of the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor and the external auditor's length of tenure of audit firm, when a tender was last conducted and advance noted of any retendering plans; and any other issue on which the Board has asked for the Committee's opinion.
- 8.7.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.7.3** The Committee shall arrange for a report to shareholders 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 were addressed, having regard to matters communicated to it by the external auditor; and all other information requirements set out in the Code.
- 8.7.4** In compiling the reports referred to in paragraphs 8.7.1 and 8.7.3 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 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.

## **8.8 Other Matters**

8.8.1 The Committee shall:

- 8.8.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 8.8.1.2 be provided with appropriate and timely training, whether in the form of an induction programme for new members and/or on an ongoing basis for all members;
- 8.8.1.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 8.8.1.4 be responsible for co-ordination of the internal and external auditors;
- 8.8.1.5 consider other matters as referred to the Committee by the Board; and
- 8.8.1.6 at least once a year, review its own performance, 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.

8.8.2 The committee chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility.

## **9 AUTHORITY**

9.1 The Committee is authorised to:

- 9.1.1 investigate any activity within its terms of reference;
- 9.1.2 seek any information it requires from any employee of the Group (and all employees are directed to co-operate with any request made by the Committee);
- 9.1.3 obtain, at the Company's expense, such legal or independent professional advice as it deems necessary to fulfil its responsibilities.
- 9.1.4 secure the attendance of other persons at its meetings if it considers this necessary; and
- 9.1.5 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. If the Board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, the annual

report should include a statement explaining the Committee's recommendation and the reasons why the board has taken a different position.

## **10 DEFINITIONS**

References in these terms of reference to the "**Group**" mean the Company, its subsidiaries and its subsidiary undertakings.