



# HAMMERSON

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HAMMERSON PLC

# AUDIT COMMITTEE TERMS OF REFERENCE

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## AUDIT COMMITTEE TERMS OF REFERENCE

<b>Members</b>	Mike Butterworth (Chair) Habib Annous Adam Metz
<b>Secretary</b>	General Counsel & Company Secretary
<b>By invitation</b>	Chair of the Board  Chief Executive Chief Financial Officer Deputy Chief Financial Officer External Auditor External Valuers (bi-annually)

### 1. PURPOSE

- 1.1. The Committee has been established by resolution of the board of directors of the Company (the Board) and is to be known as the Audit Committee (the Committee).
- 1.2. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the financial reporting process, the integrity of the Company's financial and narrative statements, the independence and effectiveness of the external and internal audit processes and auditors, the systems of internal control and the identification and management of principal risks and emerging risks, the process for compliance with law, regulations and ethical codes for practice and the external asset valuation process and methodology.
- 1.3. In carrying out its duties, the Committee will act in accordance with relevant legislative and regulatory requirements. In particular, Committee members will take into account the directors' duties contained in the Companies Act 2006 (the Act) and will, where relevant, consider the factors listed in section 172 of the Act and any other relevant factors.

### 2. MEMBERSHIP

- 2.1. The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chair of the Board shall not be a member of the Committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee, in consultation with the Chair of the Committee.

- 2.2. At least one member of the Committee shall have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies, and experience of preparing financial statements under International Financial Reporting Standards.
- 2.3. The Committee will, at least annually, review its composition and membership (and make recommendations for changes as it sees fit) in order to ensure that the Committee as a whole has competence relevant to the sector in which the Company operates and that undue reliance is not placed on particular individuals.
- 2.4. Only members of the Committee have the right to attend and vote at Committee meetings. Other Directors, members of management, and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.5. Representatives of the external auditor, a representative of the internal audit function of the Company and representatives of the external valuer(s) will be invited to attend meetings of the Committee on a regular basis.
- 2.6. The Board shall appoint the Committee Chair who shall be an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

### **3. SECRETARY**

- 3.1. The General Counsel and Company Secretary or their nominee shall act as the Secretary of the Committee. The Secretary 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**

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

### **5. MEETINGS**

- 5.1. The Committee shall meet at least three times a year at appropriate times in the financial reporting and audit cycle and otherwise as required.
- 5.2. At least once a year, without the presence of the Executive Directors or management, the Committee, or the Chair of the Committee acting on behalf of the Committee, shall meet separately with each of the external auditor, the external valuer(s) and the head of the internal audit function.
- 5.3. Outside the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals including the Chair of the Board, the Chief Executive, the Chief Financial Officer, the external auditor lead partner, the external valuers lead partners and the head of the internal audit function.

- 5.4. The Chair will meet with the external valuer(s) and the external auditor to discuss the half year and year end valuation process to ensure that there has been a full and open exchange of information and views.

## **6. NOTICE OF MEETINGS**

- 6.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair, or any of its members, or the Chief Executive or the Chief Financial Officer or head of the internal audit function 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 made available 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 or such other reasonable time considered adequate for the appropriate preparation for the business of the meeting. Supporting papers shall be made available to the Committee members and to other attendees as appropriate, at the same time. Notices, agendas and supporting papers can be circulated in electronic form unless the recipient has indicated otherwise to the Secretary.

## **7. MINUTES OF MEETINGS**

- 7.1. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interests and minute them accordingly. The Secretary 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 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. ENGAGEMENT WITH SHAREHOLDERS**

- 8.1. The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities and achievements over the year.
- 8.2. The Committee Chair shall seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **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 and Narrative Reporting**

The Committee shall:

- a. monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements and any other formal announcements relating to the Company's financial performance, reviewing

significant financial reporting issues and judgements which they contain before their submission to the Board, having regard to matters communicated to it by the external auditor.

- b. review and challenge where necessary or appropriate:
- the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;
  - the methods used to account for significant or unusual transactions where different approaches are possible;
  - whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor and the external valuer(s);
  - that the Company's financial statements should be prepared on a "going concern" basis;
  - the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
  - the completeness of the audit information provided to the external auditor;
  - the completeness of the property information provided to the external valuer(s);
  - the viability statement contained in the annual report;
  - the impact of climate risk to the financial statements;
  - the presentation of all material information on areas for which the Committee is responsible which is presented outside of the financial statements, such as in the strategic report and the corporate governance statements.
- c. Oversee the integrity of the Group's sustainability and ESG disclosures, including:
- reviewing the adequacy of processes and controls over ESG data;
  - monitoring compliance with applicable ESG reporting frameworks and emerging applicable legislation (e.g. Recommendations and Recommended Disclosures published by the Task Force on Climate-Related Financial Disclosures);
  - considering the need for assurance over ESG disclosures;
  - reviewing the disclosures and statements made in respect of ESG related matters
- d. report its views to the Board if it is not satisfied with any aspect of the proposed financial reporting by the Company.
- e. review any other announcement or statement which contains financial information and which requires approval by the Board, prior to such announcement or statement being circulated to the Board, where to do so is practicable and consistent with any reporting obligation under any applicable law or regulation.
- f. ensure the Committee Chair, or as a minimum, another member of the Committee, shall attend the Board meeting at which the accounts are approved.
- g. where required by the Board, review the content of the annual report and advise the Board whether the annual report, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

## 9.2. Internal Controls and Risk Management Systems

The Committee shall review and approve as necessary:

- a. at least annually, the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems including a review of the Company's Risk Management Framework and all material controls including operational and compliance controls;
- b. the project planning for significant changes in system controls and Information Technology;
- c. the Data Protection Policy, for recommendation to the Board;
- d. the contingent liabilities of the Company on a bi-annual basis;
- e. any material reputational and financial risk to the Company; and
- f. the statements to be included in the annual and half-yearly reports concerning the effectiveness of internal controls and risk management.

### **9.3. Cyber Security and Resilience**

The Committee shall review and monitor the adequacy and effectiveness of the Group's cyber security and resilience framework, including regular updates on cyber risk and controls, and any incidents.

### **9.4. Compliance, fraud and whistleblowing**

The Committee shall review:

- a. the Company's procedures for detecting and preventing fraud including the Group's Anti-Fraud Policy and Response Plan and fraud report;
- b. the Company's systems and controls for the prevention of bribery, including the Group's Anti-Bribery Policy (including Gifts and Entertainment Policy), and receive reports on non-compliance;
- c. the Company's procedures and systems and controls for identifying money laundering, including the Group's Anti-Money Laundering and Counter Terrorist Financing Compliance Policy, and receive reports relating to the same;
- d. the adequacy and security of the Company's arrangements for its employees 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; and
- e. the Company's procedures, systems and controls for ensuring compliance with relevant legal and regulatory requirements.

### **9.5. Internal Audit**

The Company conducts internal audit activities through a programme of reviews. The implementation of any recommendations is overseen by the Group Executive Committee. There is a separate Internal Audit Terms of Reference which defines the

role, responsibility, objectivity, independence and accountability of the Group's Internal Audit function, whilst this section sets out the work and responsibilities of the Audit Committee with regards to internal audit. The work of the Audit Committee in relation to internal audit includes:

- a. monitoring and reviewing the effectiveness of the Company's internal audit services and activities in the context of the Company's overall risk management system;
- b. approving the appointment and removal of the Risk and Assurance Manager and the external provider of internal audit services;
- c. considering and approving the remit of the internal audit function and ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and efficiently in accordance with the relevant professional standards. The Committee shall also ensure the internal audit function has adequate standing and is free from management or other restrictions;
- d. reviewing and approving the annual internal audit plan, ensuring it is aligned to the key risks of the business;
- e. reviewing reports addressed to the Committee from the Risk and Assurance Manager;
- f. reviewing and monitoring management's responsiveness to the findings and recommendations of the Risk and Assurance Manager;
- g. meeting the Risk and Assurance Manager 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 Risk and Assurance Manager shall be given the right of direct access to the Chair of the Board and to the Committee.
- h. annually assessing the effectiveness of the internal audit function including by:
  - meeting with the Risk and Assurance Manager without the presence of management to discuss the effectiveness of the function;
  - reviewing and assessing the execution of the annual internal audit work plan;
  - assessing the quality of reports addressed to the Committee setting out the results of the Risk and Assurance Manager's work;
  - considering whether the quality, experience and expertise of the internal audit function is appropriate for the business;
  - considering the actions management has taken to implement the recommendations of the internal audit function and whether these properly support the effective working of the internal audit function;
  - considering whether an independent, third party review of internal audit function's effectiveness and processes is appropriate; and
  - monitoring and assessing the role and effectiveness of the internal audit function in the overall context of the Company's risk management system
  - reviewing the terms of reference for the internal audit function to ensure they remain fit for purpose.

## 9.6. External Audit

The Committee shall:

- a. have primary responsibility for the appointment of the external auditor and shall consider and initiate the tender process for any new external auditor contract and determine and oversee the selection procedure for the appointment of the external auditor, ensuring that all tendering firms have access as necessary to information and individuals for the duration of the tendering process. In undertaking this process, the Committee shall have due regard to applicable provisions of the UK Corporate Governance Code, the FRC's Audit Committees and the External Audit: Minimum Standard and any other relevant regulations or guidelines that may apply at the time;
- b. annually consider and make recommendations to the Board, to be put to shareholders for approval in general meeting, in relation to the qualification, expertise and resources of the external auditor and the outcome and effectiveness of the audit process (including a report from the external auditor on their own internal quality procedures), and include in its assessment a recommendation on whether to propose the appointment, re-appointment or removal of the Company's external auditor.
- c. approve the appointment of the audit engagement partner;
- d. if the Board does not accept the Committee's recommendation set out in 9.6(b) on the appointment, reappointment or removal of the external auditor, the Committee shall include in the annual report, and in any papers recommending appointment or reappointment, a statement from the Committee explaining its recommendation and setting out the reasons why the Board has taken a different position;
- e. investigate the issues leading to any resignation of the external auditor and decide whether any action is required;
- f. in considering the recommendations set out in 9.6(b), monitor the auditor's compliance with the appropriate Ethical Standards for Auditors relating to the rotation of audit partners as recommended by the FRC;
- g. oversee the relationship with the external auditor including (but not limited to):
  - any recommendation on their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted;
  - approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - assessing annually their independence and objectivity and the effectiveness of the external auditor, 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 (see 9.6(p) below);
  - 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 external auditor's independence and objectivity;
  - agreeing with the Board on a case by case basis whether a former employee of the Company's auditor may subsequently be employed by / engaged by the Company, in particular monitoring whether there has been any impairment, or

- appearance of impairment, of the external auditor's independence and objectivity;
- monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners and staff, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
  - 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 and consideration of the audit firm's annual transparency reports; and
  - seeking to ensure co-ordination with the activities of the internal audit function.
- h. 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;
- i. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- j. review the audit report from the external auditor for the year end and interim results;
- k. review and approve the following year's meeting dates and proposed internal controls review programme; and
- l. review the findings of the audit with the external auditor. This shall include, but not be limited to, a discussion of any major issues which arose during the audit, including any accounting and audit judgements, levels of error identified during the audit, and the effectiveness of the audit.

The Committee shall also:

- m. review any representation letter(s) requested by the External Auditor before they are signed by management;
- n. review the management letter and management's response to the auditor's findings and recommendations;
- o. develop, implement and confirm compliance with a policy on the engagement of the External Auditor to supply non-audit services, taking into account any relevant ethical guidance on the matter and to report to the Board as appropriate, identifying any matters in respect of which it considers that action or improvement is needed including recommendations as to steps to be taken;
- p. in relation to the provision of non-audit services, to consider in particular:
- whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit services;
  - whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity and independence in the conduct of the external audit resulting from the provision of such services by the external auditor;
  - the nature and extent of the non-audit services;

- the fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee; and
  - the criteria which govern the compensation of the individuals performing the audit.
- q. ensure that, if the external auditor provides non-audit services, an explanation is provided for the shareholders in the annual report on how the external auditor's objectivity and independence is safeguarded, setting out the Committee's policy on the provision of non-audit services and disclosing the details set out in the FRC's Guidance on Audit Committees in relation to each significant engagement;
- r. ensure that the External Auditor is not placed in a position to audit its own work;
- s. review a report from the External Auditor describing its arrangements to ensure objectivity and to identify, report and manage any conflicts of interest; and
- t. In considering the recommendations set out in 9.6(b), review the FRC's annual report on the external auditor, and, if relevant, discuss the findings of the report with the external auditor to obtain an understanding of how any issues identified are being addressed.

#### **9.7. Insurance**

The Committee shall review annually the Group Insurance Report.

#### **9.8. Tax Strategy**

The Committee shall review the Group's tax activities and approve annually the Group's tax strategy statement for publication on the Company's website.

### **10. REPORTING RESPONSIBILITIES**

- 10.1. The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 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 produce and review a report on its activities to be approved by the Board and included in the Company's annual report including the following matters:
- a. how the Committee composition requirements have been addressed;
  - b. an explanation of how the Committee has addressed the independence and effectiveness of the external audit process and the approach taken for the appointment or reappointment of the external auditor;
  - c. 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 and/or consulted on by the external auditor;
  - d. an explanation of how the performance evaluation of the Committee has been conducted;

- e. an explanation, if the external auditor provides non-audit services, regarding the safeguarding of auditor objectivity and independence; and
- f. all other information requirements as set out in the UK Corporate Governance Code, the FRC's Audit Committees and the External Audit: Minimum Standard and other related guidance as appropriate.

10.4. The Committee shall make available on the Company's website its terms of reference explaining clearly its role and the authority delegated to it.

## **11. OTHER MATTERS**

The Committee shall:

- 11.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.2. 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;
- 11.3. give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules, the FRC's Audit Committees and the External Audit: Minimum Standard; and any other applicable Rules or guidance, as appropriate;
- 11.4. be responsible for co-ordination of internal audit services and of the external auditors;
- 11.5. oversee any investigation of activities which are within its terms of reference;
- 11.6. 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 report such results and recommend any changes it considers necessary to the Board for approval; and
- 11.7. review any payment practices report required to be prepared by the Company or its subsidiaries pursuant to The Reporting on Payment Practices and Performance Regulations 2017 or such equivalent legislation that may be amended or introduced.

## **12. AUTHORITY**

The Committee is authorised by the Board to:

- 12.1. investigate any matter within its terms of reference;
- 12.2. seek any information it requires from any employee or director of the Group in order to perform its duties and all employees and directors are directed to cooperate with any requests made by the Committee;
- 12.3. obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and

12.4. call any employee, or third party with relevant experience and expertise, to be questioned at a meeting of the Committee as and when required.

**Adopted by the Board on 4 December 2025**

Updated on 5 January 2026 to reflect resignation of Rita-Rose Gagné effective 1 January 2026, and appointment of Rob Wilkinson.