

1. Role and Constitution

- 1.1 The role of the Audit and Risk Committee (“Committee”) is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:
 - a. The integrity of the financial and narrative statements and other financial information provided to shareholders;
 - b. The framework of internal controls and risk management applicable to the Company together with its subsidiaries (the “Group”) and maintaining the framework to ensure its effectiveness;
 - c. The external audit process and auditors;
 - d. The processes for compliance with laws, regulations and ethical codes of practice;
 - e. The Group's attitude to and appetite for risk and its future risk strategy; and
 - f. How risk is reported internally and externally.
- 1.2 The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

2. Membership and Attendance

- 2.1 The Committee shall comprise a Chair and at least two other members. The Committee as a whole shall have competence relevant to the Real Estate Sector. Each Committee member shall be an independent Non-Executive Director as determined by the Board (in accordance with the principles of the UK Corporate Governance Code (as amended from time to time) (the “Code”), at least one of whom shall have recent and relevant financial experience with competence in accounting and/or auditing. If any member of the Committee is deemed not to be independent, then the Board shall provide an explanation as to why they consider it appropriate for such Director to be a member of the Committee.
- 2.2 The Board shall appoint members of the Committee, on the recommendation of the Nomination Committee, in consultation with the Committee Chair. It is recognised that the number of members may fall below three (including the Chair) for temporary periods due to departures pending new appointments.
- 2.3 The Chairman of the Board shall not be a Committee member unless exceptional circumstances apply, such as when there is a vacancy among Non-Executive Directors, but may be invited to attend its meetings. The Chairman of the Board shall not chair the Committee.
- 2.4 The Board shall appoint the Chair of the Committee from among the independent Non-Executive Directors and shall determine the period for which the Chair will hold office. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.
- 2.5 The Committee Chair shall review membership of the Committee annually, as part of its annual performance evaluation.
- 2.6 Outside of the formal meeting programme, the Committee Chair shall maintain a dialogue with key individuals involved in the Group's governance, including the Board Chairman, the Chief Executive, the Chief Financial Officer and the external audit lead partner.

- 2.7 Only members of the Committee have the right to attend Committee meetings. However, the Chairman of the Board, Chief Executive, Chief Financial Officer, external audit lead partner and any relevant member of senior management shall be invited to attend meetings either regularly or by invitation.
- 2.8 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.

3. Secretary

The Company Secretary, or their nominee, shall act as the Secretary of the Committee (“Secretary”) and will provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to relevant issues.

4. Quorum

The quorum necessary for the transaction of business shall be two members (including at least one member with recent and relevant financial experience) present in person or by audio or video conference. If there is difficulty in achieving a quorum, independent Non-Executive Directors, who are not members of the Committee, may be co-opted as members for individual meetings. 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 and Notice 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 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 the Chief Financial Officer or external audit lead partner.
- 5.3 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.

6. Minutes of Meeting

- 6.1 The Secretary of the Committee, or their nominee, shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 6.2 The Chair should ascertain, at the beginning of each meeting, the existence of any conflicts of interest which shall be minuted accordingly.
- 6.3 Draft minutes of Committee meetings shall be agreed with the Committee Chair and then be circulated promptly to all members of the Committee, unless in the Committee Chair’s opinion it would be inappropriate to do so. Once approved, minutes shall be circulated to all other members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chair.
- 6.4 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

7. Annual General Meeting

All Committee members shall attend the Annual General Meeting and the Chair of the Committee (or other appropriate member) shall be available to respond to any shareholder questions on the Committee’s activities and areas of responsibility.

8. Duties

The Committee shall have oversight of the Group as a whole and (unless required otherwise by regulation) carry out the following duties for the Group as appropriate:

8.1 Financial Reporting

The Committee shall:

- i. monitor and discuss with management the integrity of the financial statements of the Group, including:
 - a. its annual and half-yearly reports;
 - b. interim management statements;
 - c. preliminary results announcements; and
 - d. any other formal announcement relating to its financial performance.
- ii. review and report to the Board on significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor;
- iii. review and challenge where necessary:
 - a. the application and appropriateness of significant accounting policies, and any changes to them both on a year on year basis and across the Company/Group including the application of new accounting policies in interim accounts, and the plan to communicate those changes to shareholders and the market;
 - b. management's assessment of the impact of new accounting policies on the distributable reserves of the Group;
 - c. the methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible;
 - d. whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - e. the clarity and completeness of financial reporting disclosures and any changes to those disclosures, including the review of any correspondence between the Group and the external auditor;
 - f. significant adjustments resulting from the external audit;
 - g. the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Group looking forward over an appropriate and justified period), including the robustness of stress-testing and scenario planning, and disclosures around such analysis; and
 - h. the legality of any proposed dividend and the company's ability to pay it and remain a going concern;
- iv. monitor compliance with financial reporting standards and any recognised investment exchange and other financial and governance reporting requirements;
- v. review all material information presented with the financial statements, including the strategic report and the corporate governance statements, insofar as it relates to audit and to risk management;
- vi. review first any other statements requiring Board approval which contain financial information, 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 or Disclosure Guidance and Transparency Rules sourcebook; and
- vii. where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, report its views to the Board.

8.2 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 Group's performance, business model and strategy and whether it informs the Board's statement in the Annual Report on these matters that is required under Provision 27 of the Code.

8.3 Internal controls and risk management systems

i. Risk assessment and management

The Committee shall:

- a. on behalf of the Board (which retains overall responsibility for establishing and maintaining the effectiveness of the risk management and internal control framework), review and monitor the Group's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems and overall risk framework and processes and, at least annually, carry out a review of their effectiveness;
- b. consider the appropriate risk appetite for the Group across all major activities, taking into account the overall strategy of the Group, its future plans and other internal information, as well as the external environment, including economic, political and industry information;
- c. request reviews of the Group's internal financial controls and internal control systems by the external auditors. At the date these terms of reference were agreed it was noted that a review every three years was considered appropriate;
- d. review and approve the statement to be included in the Annual Report concerning internal risk management, internal control and the viability statement;
- e. on behalf of the Board, ensure that a robust assessment of the emerging and principal risks facing the Group has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity and reputation), that procedures are in place to identify emerging risks and provide advice on the management and mitigation of those risks;
- f. oversee the current and prospective risks faced by the Group and its strategy in relation to future risks and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives;
- g. to take in order to achieve its long-term strategic objectives;
- h. ensure that risk management is properly considered in Board decisions;
- i. consider whether risks have been properly considered in relation to all major transactions by the Group, including but not limited to mergers and acquisitions, disposals, joint ventures, significant expenditure on property and material multi-year service contracts. This should involve consideration of whether all due diligence and/or procurement processes have been carried out, including obtaining external advice, as well as an assessment of whether the transaction meets the Group's risk appetite criteria and the implications for future risk tolerance; and
- j. oversee and advise the Board on, and annually, consider how the remuneration of executives shapes their view of risk.

ii. Internal controls

The Committee shall:

- a. Monitor and review the Group's internal financial controls and internal control systems and, at least annually, carry out a review of its effectiveness and approve the statement to be included in the Annual Report concerning internal control.

iii. On-going viability

The Committee shall:

- a. where requested by the Board, provide advice on how, taking into account the Group's position and principal risks, the Group's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary and taking into account relevant scenario planning and stress-testing.

iv. Management and internal and external audit reports

The Committee shall:

- a. review assurance reports from management on the effectiveness of the internal control and risk management systems and from the external auditor and others on the operational effectiveness of matters related to risk and control. The Committee should satisfy itself that these sources of assurance and information are sufficient and objective and are enough to enable the Board to satisfy itself that they are operating effectively; and
 - b. review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to any material external audit recommendation.
- v. Disclosures

The Committee shall:

- a. review and approve the statements to be included in the Annual Report concerning internal controls, risk management and the viability statement, and ensure that relevant disclosures are given in the directors' report as to the Group's risk management and strategy in relation to financial instruments;
- b. review the reporting of key risks in the annual report and accounts, ensuring it is consistent with the internal reporting of key risks;
- c. consider any necessary disclosure implications of the process that has been applied by the Board to deal with material internal control aspects of any significant problems disclosed in the Annual Report and Accounts; and
- d. consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate.

8.4 Internal Audit

Where the Group has no internal audit function, the Committee shall consider, at least annually, the need for an internal audit function, make any recommendation to the Board and explain to the Board for disclosure in the Annual Report the reasons for the absence of such a function, how internal assurance is achieved and how this affects the external audit work. The Committee shall assess whether the processes applied by management to ensure that the internal control systems are functioning as intended provide sufficient and objective assurance.

8.5 External Audit

The Committee shall follow the Financial Reporting Council's Audit Committees and the External Audit: Minimum Standard 2023 and the Financial Reporting Standard's Revised Ethical Standard 2024 ("Ethical Standard"), taking into account any applicable law and legislation or other professional requirements. Appointment, reappointment and resignation

The Committee shall:

- i. consider and make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, resolutions relating to the appointment, re-appointment and removal of the Group's external auditor, and shall ensure that key partners within the appointed firm are rotated in accordance with relevant professional guidance and other regulations;
- ii. 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, conduct such tender process and develop and oversee the selection process in accordance with applicable regulatory requirements and the Code, ensuring that all tendering firms have such access to information and individuals as is necessary for the duration of the tendering process;
- iii. if the auditor resigns, investigate the issues leading to this and decide whether any action is required; and
- iv. evaluate the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's communications with the Committee and consider the need to include the risk of withdrawal of the external auditor from the market in that evaluation.

Terms of Engagement

- i. oversee the relationship with the external auditor and negotiate and agree their terms of engagement, including any engagement letter issued at the start of each audit, the scope of the audit and, in consultation with Executive Directors, agree and approve their remuneration (including fees for both the audit and non-audit services) to ensure that the level of fees is appropriate to enable an effective and high-quality audit to be undertaken.

Independence and Expertise

- i. review and assess on an annual basis:
 - a. the external auditor's independence and objectivity taking into account relevant UK law, the Ethical Standard and other professional and regulatory requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards to mitigate those threats including the provision of any non-audit services; and
 - b. the qualifications, expertise and resources of the external auditor and, taking into account relevant UK professional and regulatory requirements, the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- ii. seek reassurance from the external auditor and their staff and satisfy itself that there are no pre-existing relationships (such as family, employment, investment, financial or business) in place with the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- iii. annually, seek information from the external audit firm about, and monitor, the external audit firm's policies and processes for maintaining independence and its compliance with the relevant UK law, regulation and other professional requirements and the Ethical Standard, including guidance on the rotation of the audit partner and staff; and
- iv. agree with the Board the Group's policy on employment of former employees of the Group's external auditor, taking into account the Ethical Standard and legal requirements and monitor the application of this policy.

Fees of the external auditor

- i. monitor the level of fees paid by the Group to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of the legal, professional and regulatory requirements, guidance and the Ethical Standard.

Non-Audit Services

- i. develop and recommend to the Board, the Group's policy on the external auditor's provision of non-audit services, including the Committee's approval of non-audit services and 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 assessment of:
 - a. threats to the external auditor's independence and objectivity and any safeguards in place to eliminate or reduce threats;
 - b. the nature of the non-audit services;
 - c. in light of the external audit firm's skills and experience, whether it is the most suitable supplier of the non-audit service;
 - d. the fees for the non-audit services, both for individual services and in aggregate, relative to the audit fee, including special terms and conditions; and
 - e. the criteria governing compensation of the individuals performing the audit.
- ii. ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, satisfying itself that there are no relationships between the auditor and the Group outside the ordinary course of business (including the level of non-audit fees) that could adversely affect the auditor's independence and objectivity, or the audit process; and
- iii. keep the policy for the provision of non-audit services under review.

Audit Cycle

- i. review and approve the annual audit plan at the start of the audit cycle 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;
- ii. 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 the executive directors or management being present, to review and discuss the auditor's remit and the findings of the audit including (but not limited to) any major resolved or unresolved issues that arose during the audit, the auditor's explanation of how risks to audit quality were addressed, key accounting and audit judgements, the auditor's view of their interactions with senior management and levels of errors identified during the audit;
- iii. consider communications from the external auditor on audit planning and findings on material weaknesses in accounting and internal control systems that come to the auditor's attention, including a review of material items of correspondence between the Group and the external auditor;
- iv. review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate;
- v. review, before its consideration by the Board, the external auditor's report to the directors and their management letter, including management's response to the auditor's findings and recommendations;
- vi. at the end of the audit cycle, assess the effectiveness of the audit process including:
 - a. reviewing whether the auditor has met the agreed audit plan and whether the external auditor identified any risks to audit quality and, if so, how these were addressed;
 - b. understanding reasons for changes to the audit plan;
 - c. considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions;
 - d. obtaining feedback from key people on the conduct of the audit; and
 - e. reviewing and monitoring the content of the external auditor's management letter and reporting to the board on the effectiveness of the audit process.

9. Reporting Responsibilities

- 9.1 The Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities (including any matters on which the Board has requested the Committee's opinion) 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 and how these were addressed;
 - b. its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - c. any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall prepare a formal report on its activities and how the Committee has discharged its responsibilities to be included in the Group's Annual Report, which shall describe the work of the Committee including:
 - a. details of the membership of the Committee, number of meetings held and attendance over the course of the year;
 - b. a summary of the role and work of the Committee;
 - c. how the Committee's performance review has been conducted;
 - d. the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed and actions planned by the Committee and the external auditor, having regard to matters communicated to it by the external auditor, the nature and extent of any interaction with the Financial Reporting Council's Corporate Reporting Review team and any significant findings of a review of the Group's audit conducted by the Financial Reporting Council's Audit Quality Review team's review of the Group's audit; confirmation that the Board has carried out a robust assessment of the principal and emerging risks facing the

- Group, a description of its principal risks, the procedures in place to identify emerging risks and an explanation as to how they are being managed and mitigated;
- e. an explanation of its assessment of the independence and effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditors provide non-audit services to the Company/Group, auditor objectivity and independence is safeguarded) and its approach taken to the appointment or reappointment of the external auditor, length of incumbent auditor's tenure, when a tender was last conducted, advance notice of any retendering plans (and reasons why completing the process in that proposed financial year is in the best interests of the Company's members) and any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services;
 - f. the Committee's policy for approval of non-audit services, how auditor objectivity and independence is safeguarded, the audit fees for the statutory audit for audit related services and other non-audit services, including the ratio of audit to non-audit work, and for each significant engagement, or category of engagements, what the services are and why the Committee concluded that it was in the Group's interests to purchase them from the external auditor;
 - g. an explanation of how the Committee has addressed the effectiveness of the internal audit process and where there is no internal audit function, an explanation for the absence, how internal assurance is achieved and how this affects the work of external audit;
 - h. all other information requirements set out in the Code; and
 - i. any other issues on which the Board has requested the Committee's opinion.
- 9.3 In compiling the above report, exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but include at least those matters that have informed the Board's assessment of whether the Group is a going concern and the longer term viability statement (the report need not repeat information disclosed elsewhere in the annual report and accounts, but could provide signposts to that information).
- 9.4 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.5 Where disagreements between the Committee and the Board cannot be resolved, report the issue to the shareholders as part of the report on the Committee's activities in the Annual Report.
- 9.6 If the Board does not accept the Committee's recommendation regarding the appointment, re-appointment and removal of the external auditors, include a statement explaining its recommendation and reasons why the Board has taken a different stance in the Annual Report.
- 9.7 Make available to shareholders these terms of reference by placing them on the Group's website.

10. Other Matters

The Committee shall:

- 10.1 consider other duties determined by the Board from time to time;
- 10.2 have access to sufficient resources to carry out its duties, including access to the Company Secretary for assistance and advice, as required;
- 10.3 work and liaise as necessary with all other Board committees, taking particular account of any delegation of the impact of risk management and internal controls to different committees, and ensure that interaction between committees and between the Committee and the Board is reviewed regularly.
- 10.4 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. Any individual training shall be discussed and agreed with the Company Secretary;
- 10.5 give due consideration to all applicable laws and regulations, in particular the Directors' duties contained in the Companies Act 2006, the provisions of the Code and the requirements of the UK Listing Rules,

Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules as appropriate;

- 10.6 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 recommend any changes it considers necessary to the Board; and
- 10.7 oversee any investigation of activities which are within its terms of reference.

11. Engagement with shareholders

- 11.1 The Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

12. Authority

The Committee is authorised by the Board to:

- 12.1 carry out all duties set out in these terms of reference, to have unrestricted access to the Group's documents and information;
- 12.2 seek any information it requires from any employee of the Group in order to perform its duties;
- 12.3 call any employee of the Group to be questioned at a Committee meeting as and when required and all such employees are directed to co-operate with any request made by the Committee;
- 12.4 obtain, at the Group's expense, outside legal or other professional advice on any matters within its terms of reference and such advisers may attend meetings as necessary;
- 12.5 have the right to publish in the Group's Annual Report, details of any issues that cannot be resolved between the Committee and the Board; and
- 12.6 collectively and individually have direct access to the Chief Financial Officer and the Group's external auditors.

Last approved by the Board of Directors of Helical plc on 8 February 2024.