

Summit Properties Limited

Registered in Guernsey
Registration Number: 44692

(the "Company")

Terms of Reference for the Audit and Risk Committee

In these Terms of Reference the following terms shall have the following meanings:

Board shall mean the Board of Directors of the Company;

Committee shall mean the Audit and Risk Committee; and

1. Introduction

1.1 These Terms of Reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee and to assist the Committee in achieving best practice in corporate governance for the Company and its subsidiaries (the "**Group**").

2. Membership and Attendance

2.1 The Committee shall be appointed by the Board in consultation with the chairman of the Committee (other than in respect of the initial members of the Committee as set out in paragraph 2.2 below) and shall comprise at least two members, each of whom shall be non-executive directors of the Company.

2.2 The members of the Committee shall be Christopher Le Page, Quentin Spicer and Selwyn Jones. Itay Barlev will attend all meetings unless instructed otherwise and will specifically act as an advisor to the Committee.

2.3 The Board shall appoint the Committee chairman who shall be a non-executive director. The chairman of the Committee shall be Christopher Le Page with effect from 13 April 2022. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of them to chair any meeting of the Committee.

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- 2.4 Only members of the Committee shall have the right to attend and vote at Committee meetings. However, the external auditor and the Company's Chief Finance Officer will be invited to attend meetings of the Committee on a regular basis and other individuals may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 2.5 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 2.6 Notwithstanding any provisions to contrary in the Company's articles of incorporation, if a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

3. Secretary

- 3.1 The Company secretary or his or her nominee shall act as the secretary of the Committee ("**Secretary**") 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 also act as a co-ordinating intermediary between the Board and the Committee.

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. Frequency of Meetings

- 5.1 The Committee shall meet at least twice a year at appropriate intervals in the reporting and auditing cycle and at other such times as the chairman of the Committee shall require. Meetings should be organised so that attendance is maximised.

5.2 Outside of the formal meeting programme, the Chairman of the Committee will maintain a dialogue with key individuals involved in the Company's governance.

6. Notice of Meetings and Proceedings at Meetings

6.1 Meetings of the Committee shall be arranged by the Secretary at the request of any of its members or at the request of the Company's auditor 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 forwarded to each member of the Committee, any other person required to attend, no later than five working days prior to 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 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences.

6.4 All meetings of the Committee shall be held in Guernsey, meetings held elsewhere shall be invalid and of no effect.

7. Minutes of Meetings

7.1 The Secretary shall minute the proceedings and decisions of all Committee meetings (including the names of those present and in attendance).

7.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, to all other members of the Board, unless it would be inappropriate to do so in the opinion of the chairman of the Committee.

8. Annual General Meeting

8.1 The chairman or appointed representative of the Committee shall attend the Company's Annual General Meeting, to answer any shareholder questions on the Committee's activities.

9. Duties

9.1 The Committee shall, in conducting all of its duties in accordance with these Terms of Reference, act in a way it considers in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Committee must have regard (among other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between the members of the Company.

Financial Reporting

9.3 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports

9.4 In particular, the Committee shall review and challenge where necessary:

- (a) the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Group;
- (b) the methods used to account for significant or unusual transactions where different approaches are possible;
- (c) whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;
- (d) the clarity and completeness of disclosure in the Group's financial reports and the context in which statements are made; and

- (e) all material information presented with the financial statements, such as the business review/operating and financial review and any corporate governance statements relating to the audit and risk management.

9.5 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, it shall report its views to the Board.

Internal Controls and Risk Management Systems

9.6 Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

9.7 The Committee shall:

- (a) keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems; and
- (b) review and approve the statements to be included in the annual report concerning internal controls and risk management;
- (c) consider and agree upon mitigating or corrective actions to be undertaken in respect of key risks, including where existing actions or controls are considered inadequate relative to the relevant risk;
- (d) regularly review the Risk Register in order to:
 - (i) identify new risks and any existing or proposed mitigating or corrective actions or controls in respect of key risk areas;
 - (ii) reflect, in respect of existing risks, any corrective action undertaken in the intervening period between committee meetings and the results of such action;
 - (iii) forecast any changes to the Company's risk profile.

The board retains responsibility for the review of the effectiveness of the Company's systems of internal controls and risk management and must form its own opinion despite aspects of that review being delegated to the committee.

9.8 The Committee shall review and approve the statements to be included in the Company's annual report concerning internal controls and risk management.

External Audit

9.9 The Committee shall consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, as regards the appointment, re-appointment and removal of the Company's external auditor.

9.10 If an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.

9.11 The Committee shall oversee the relationship with the external auditor including (but not limited to):

- (a) recommendations on their remuneration, whether fees for audit or non-audit services, and ensure 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 their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- (d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) 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;
- (e) agreeing with the Board a policy on the employment of former employees of the Company's external auditor and monitoring the implementation of that policy;
- (f) monitoring the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

- (g) assessing annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- (h) evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of the Company's present auditor from the market in that evaluation.

9.12 The Committee shall meet the external auditor at least annually, such meeting may be via video conference.

9.13 The Committee shall review and approve the annual audit plan and ensure it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.

9.14 The Committee shall review the findings of the audit with the external auditor. This shall include but not be limited to discussing any major issues which arose during the audit, key accounting and audit judgements and levels of errors identified during the audit. The Committee shall also review the effectiveness of the audit process.

9.15 The Committee shall also review any representation letter(s) requested by the external auditor before they are signed by management and review the management letter and management's response to the external auditor's findings and recommendations.

10. Reporting Responsibilities

10.1 The Committee chairman 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 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.

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 make available to shareholders these Terms of Reference by placing them on the Company's website.

11. Other Matters

11.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required.

11.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

11.3 The Committee shall give due consideration to relevant laws and regulations as appropriate.

11.4 The Committee shall be responsible with the assistance of Mr Barlev for co-ordination of the internal and external auditors.

11.5 The Committee shall oversee any investigation of activities which are within these Terms of Reference.

11.6 The Committee shall work and liaise as necessary with all other committees of the Board.

11.7 The Committee should consider such other matters as the Board may from time to time refer to it.

12. Authority

12.1 The Committee is authorised by the Board to:

(a) examine any activity within its Terms of Reference;

(b) seek any information it requires from any employee or director of the Group, and all such employees or directors will be directed to co-operate with any request made by the Committee in order to perform its duties;

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- (c) call any employee or director to be questioned at a meeting of the Committee as and when required; and
- (d) have unrestricted access to the Company's external auditors and to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so and 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.

Approved by the Committee and adopted by the Board