

easyHotel plc
Audit Committee ('Committee') Terms of Reference

Role	<p>The Audit Committee is a committee of the Board of Directors of easyHotel plc (the Board), from which it derives its authority and to which it regularly reports on matters related to financial reporting, internal controls and risk management systems, ethical policies and whistleblowing, the need for internal audit, and external Audit.</p>
Membership	<p>The Committee comprises of at least two independent Non-executive Directors. At least one of these shall have recent and relevant financial experience and competence in accounting and/or auditing.</p> <p>Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee.</p> <p>Appointments to the Committee will be for a period of up to three years, which may be extended for a maximum of two additional three year periods, provided the director still meets the criteria for membership of the Committee and at the Board's discretion.</p> <p>The Board will appoint the Committee Chairman who will be an independent Non-executive Director.</p>
Members	<ol style="list-style-type: none">1. Scott Christie (Committee Chairman)2. Jonathan Lane
Secretary	<p>The Company Secretary will act as Secretary to the Committee.</p>
Attendees	<p>Only members of the Committee have the right to attend Committee meetings. However the Chief Executive Officer and Chief Financial Officer and external auditor representatives will be invited to attend meetings of the Committee on a regular basis.</p> <p>Other colleagues and executives may be invited as the Committee feels appropriate and necessary.</p>
Frequency	<p>The Committee will normally meet three times per year at appropriate times in the reporting and audit cycle and otherwise as required. A timetable of meetings and scheduled items for consideration will be agreed each year.</p> <p>Meetings of the Committee will be called by the Secretary of the Committee at the request of any of its members or at the request of the external auditor if they consider it necessary. The Secretary will ensure Committee members receive information and papers in a timely manner to enable full and proper consideration to be given to the issues.</p> <p>Draft minutes of Committee meetings will be circulated promptly to all members and attendees of the Committee. Draft minutes will also be circulated to other members of the Board unless, in the opinion of the Committee Chairman, it would be inappropriate to do so.</p> <p>Outside of the formal meeting programme the Committee Chairman, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Group's governance.</p>
Quorum	<p>Two members of the Committee shall constitute a quorum.</p> <p>The quorum should include a member who has recent, relevant financial experience and competence in accounting and/or auditing.</p>
Written resolutions	<p>The Committee may pass a resolution in writing provided that the written resolution has the unanimous consent of all members of the Committee. Consent may be given in any written form, including electronically, for example by email.</p>
Mandate	<p>The Committee is authorised:</p> <ol style="list-style-type: none">1. to seek any information it requires from any employee of the Group in order to perform its duties.2. to obtain, at the Group's expense, outside legal or other professional advice on any

matter within its terms of reference.

3. to call any employee to be questioned at a meeting of the Committee as and when required.
4. to have the right to publish in the Company's Annual Report & Accounts details of any issues that cannot be resolved between the Committee and the Board.

- Responsibilities**
5. Paying due regard to all relevant statutory, regulatory and best practice requirements, in particular the QCA Code with which the Board has elected to comply, the Committee will carry out the following duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate:

Financial reporting

- a. The Committee will monitor the integrity of the financial statements of the Company, including its annual and half yearly reports, interim management statements, and any other formal announcement relating to its financial performance (including any prospectus and other published documents that include financial statements), reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor.
- b. The Committee will report to the Board on whether it considers the information reviewed under 5a. presents a fair, balanced and clear assessment of the Group's position and prospects.
- c. In particular, the Committee will review and challenge where necessary:
 - 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 followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - The clarity of disclosure in the Company's financial reports and the context in which statements are made;
 - All material information presented with the financial statements, such as the Strategic Report, the Audit Committee Report and other Corporate Governance statements including those around Risk; and
 - The appropriateness of any going concern and/or viability statement to be made by the Board.

Internal controls and risk management systems

- d. The Committee will keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems and processes taking cognisance also of the Group's development strategy;
- e. The Committee will receive regular reports from management which enable the Committee to assess the risks involved in the Group's business, to consider the principal risks identified by management and to evaluate how they are controlled and monitored, including the effectiveness of mitigating action taken;
- f. Taking account of relevant internal and external factors, the Committee will

oversee, and advise the Board on, current risk exposures and future risk strategy and the Group's overall risk appetite and tolerance;

- g. The Committee will review and approve the statements to be included in the Annual Report concerning internal controls and risk management; and
- h. The Committee will consider the level of assurance it is getting on risk management and internal control systems, including internal financial controls, and whether it is enough to help the Board in satisfying itself that they are operating effectively.

Ethical Policies and Whistleblowing

- i. The Committee will meet with the Chief Executive Officer (or his representative) to hear a report on compliance with ethics and bribery act requirements and the Company's systems and controls for the prevention of bribery and to review the on-going compliance policies.
- j. The Committee will review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee will ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

Internal Audit

- k. The Committee will monitor and review the need for an internal audit function.
- l. Where an internal audit function is established, the Committee will oversee the appointment and remit of the Head of Internal Audit (or external provider if outsourced) and will periodically review the effectiveness of the internal audit function, including satisfying itself that the quality, experience, expertise and budget of the function is appropriate for the Group.
- m. Where an internal audit function is established, the Committee will review and approve the internal audit plan, to ensure that the plan is aligned to the Group's key strategic objectives and risks, and ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards.
- n. Where an internal audit function exists, the Committee will review reports addressed to the Committee from Internal Audit and will review and monitor management's response to the findings and recommendations of Internal Audit. The Committee will meet the Head of Internal Audit at least once a year, without management being present, to discuss their remit and any issues arising from reviews performed. In addition, the Director of Internal Audit shall be given direct access to the Chairman of the Board and to the Committee.

External Audit

- o. The Committee will consider and make recommendations to the Board, to be put to members for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's External Auditor. The Committee will oversee any selection process for a new auditor and if an auditor resigns the Committee will investigate the issues leading to this and decide whether any action is required.
- p. The Committee will oversee the relationship with the external auditor including (but not limited to):
 - approval of 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 taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including any threats to the auditors' independence;
 - monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner;
 - 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;
 - seeking to ensure co-ordination with the activities of the internal audit function (if any);
- q. The Committee will meet regularly with the external auditor, including once at the planning stage before the audit to review and approve the annual audit plan and once after the audit at the reporting stage to review the findings of the external audit including the audit process itself. The latter will include but not be limited to, the following:
- a discussion of any major issues which arose during the audit;
 - any accounting and audit judgements;
 - levels of errors identified during the audit;
 - the effectiveness of the audit.
- r. The Committee will meet the external auditor at least once a year, without management being present;
- s. The Committee will review any representation letter(s) requested by the external auditor before they are signed by management and management's response to the auditor's findings and recommendations.

**Reporting
Responsibilities**

6. The Committee Chairman will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
7. The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
8. The Committee will report to the Board on how it has discharged its responsibilities which will be included in the Group's Annual Report. This report will specifically cover: significant issues that the Committee considered in relation to the financial statements and how these issues were addressed; the matters discussed in relation to the systems of internal controls; an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment of or reappointment of the external auditor; information on the length of tenure of the current audit firm and when a tender was last conducted; and If the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.
9. The Committee Chairman will attend the annual general meeting to answer member

questions on the Committee's activities.

Other matters

10. The Committee will:
 - a. have access to sufficient resources in order to carry out its duties, including access to the Company Secretary;
 - b. 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;
 - c. oversee any investigation of activities which are within its terms of reference; and
 - d. Annually arrange for 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 for approval.

These terms of reference were approved by the Board on 14 December 2018.