

CIVITAS SOCIAL HOUSING PLC

TERMS OF REFERENCE OF THE AUDIT AND MANAGEMENT ENGAGEMENT COMMITTEE

Role

1. The role of the Audit and Management Engagement Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control.

The Committee will also ensure that the Company's Investment Advisor remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support.

Membership

2. The Committee shall be appointed by the Board and shall consist of not less than three members all of whom shall be independent non-executive Directors of the Company. At least one member of the Committee should be considered by the Board to have recent and relevant financial experience and with competence in accounting and/or auditing. A quorum shall be two members.
3. The Chairman of the Committee, who shall not be the Chairman of the Board, shall be appointed by the Board and an independent Director. In the absence of the Committee chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.
4. Membership of the Committee shall be reviewed by the Board from time to time.
5. The Committee may invite such persons as it deems appropriate to attend meetings.

Meetings

6. The Committee shall meet at least twice a year inter alia to consider the half year and annual reports.
7. Meetings may be held more frequently if the Committee deems necessary or if required by the Company's auditors.
8. The Company's auditors will be advised of the timing of Committee meetings and invited to meetings when appropriate and the Committee will have access to the auditors at any time if it so requires.

Secretary

9. The Company Secretary shall be the secretary of the Committee and shall attend all meetings of the Committee 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.

Authority

10. The Committee is authorised by the Board to investigate any activity within its terms of reference and seek any information it may require. It is authorised to obtain outside legal or other independent professional advice at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Role and Responsibilities

11. The responsibilities of the Committee shall be:-

11.1 Financial Statements

- 11.1.1 to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them. In particular, the committee shall review and challenge where necessary:
- (i) the application of significant accounting policies and any changes to them;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible; and
 - (iii) whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements.
- 11.1.2 to advise the Board on the contents of the annual report and accounts, in particular 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 and whether it informs the board's statement in the annual report on these matters that is required under the Code;
- 11.1.3 to review and, if appropriate, recommend to the Board, the Company's annual and half year reports; and
- 11.1.4 The Committee shall ensure that the annual report describes the activities of the Committee in discharging its responsibilities in accordance with the requirements of the Code and review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement;

11.3 Internal Control

- 11.3.1 to monitor and review annually whether an internal audit function is required;
- 11.3.2 to monitor the Company's accounting and financial internal control systems, and to review the internal control reports of the Investment Advisor, and / or Administrator and/or Depositary;
- 11.3.3 to monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements and its relationship with the relevant regulatory authorities;
- 11.3.4 to review the Investment Advisor's whistleblowing arrangements;
- 11.3.5 to review the company's procedures for detecting fraud; and
- 11.3.6 to review the company's systems and controls for the prevention of bribery and receive reports on non-compliance;

11.4 External audit and relationship with the external auditor

- 11.4.1 to discuss any matters arising from the audit and recommendations made by the auditors;

- 11.4.2 to meet annually with the Company's designated Audit partner without the presence of representatives of the Investment Advisor present;
- 11.4.3 to review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 11.4.4 to make recommendations to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- 11.4.5 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration the qualification, expertise and resources of the external auditor, which shall include a report from the external auditor on its own internal quality procedures, as well as relevant UK professional and regulatory requirements;
- 11.4.6 to review any representation letter(s) requested by the external auditor before they are entered into by the Board of Directors;
- 11.4.7 to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm and means of determining whether auditor independence and objectivity have been safeguarded, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- 11.4.8 to periodically review the need to tender audit services; and
- 11.4.9 to consider other topics, as requested and defined by the Board.

11.5 Management Services

- 11.5.1 to review the terms of the Investment Advisor agreement and to ensure that the terms are competitive, fair and reasonable for shareholders;
- 11.5.2 to review the performance of the Investment Advisor to ensure that the Investment Advisor remains suitable to manage the portfolio and that the continued appointment of the Investment Advisor is in the best interests of shareholders;
- 11.5.3 to review the adequacy of administrative and company secretarial services provided to the Company;
- 11.5.4 to review and make recommendations on any proposed amendment or material breach of the management contract; and
- 11.5.6 to review and make recommendations on the terms of appointment and remuneration of other service providers to the Company.

Reporting Procedures

- 12. The Committee Chairman, or in his absence the elected chairman of the relevant meeting, shall report on the issues raised at the meeting to the Board at the earliest opportunity and, at the meeting at which the annual report is considered, report to the Board on how it has discharged its responsibilities during the previous year.

13. The Secretary shall produce and circulate the minutes of meetings of the Committee to all members of the Board.
14. The Chairman of the Committee shall attend the Annual General Meeting and shall answer questions, through the chairman of the Board, on the Committee's activities and its responsibilities.

Other matters

15. The Committee shall:
 - 15.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
 - 15.2 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; and
 - 15.3 oversee any investigation of activities which are within its terms of reference.