

BLACKSTONE LOAN FINANCING LIMITED (the "Company")

Terms of Reference for the Audit Committee

Date adopted: 22 April 2021

1. CONSTITUTION

The audit committee (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.

2. FUNCTION

The function of the Committee is to ensure that the Company maintains high standards of integrity, financial reporting and internal controls.

3. AUTHORITY

3.1 The Committee is authorised by the Board at the expense of the Company to investigate any activity within its terms of reference. It is authorised to seek any information that it requires from any director of the Company or third party. It is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.

3.2 These terms of reference may be amended from time to time as required, subject to approval by the Board.

4. MEMBERSHIP

4.1 The Committee shall be appointed by the Board, on the recommendation of the Remuneration and Nomination Committee and shall consist of independent non-executive directors, at least one of whom shall have recent and relevant financial experience in accounting or auditing, or both. The Committee shall include at least one member of the Board Risk Committee. The Committee as a whole should have competence relevant to the sector in which the Company operates. Other directors who are not members of the Committee shall have the right of attendance.

4.2 The Chair of the Committee shall be appointed by the Board, but shall not be the Chair of the Board. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the board.

4.3 The Board shall regularly review the membership of the Committee to ensure that undue reliance is not placed on particular individuals.

5. QUORUM

A quorum shall be two Committee 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.

6. MEETINGS

6.1 The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle to review and consider the Company's half-yearly reports, annual report and financial statements which are to be considered by the Board and, where possible, shall precede such a Board meeting.

6.2 Meetings may be held more frequently if the Committee deem it necessary or if requested by the Company's external auditors.

6.3 Meetings shall be convened by the Company Secretary at the request of any of the members of the Committee or, where relevant, the Company's external auditors.

6.4 The Company's external auditors shall be advised of the timing of Committee meetings to consider the Company's annual report and financial statements and at any meeting the Committee shall have access to the external auditors if it so requires. The Committee shall also have direct access to the Company's Compliance Officer.

- 6.5 The Company Secretary shall:
- 6.5.1 be the secretary of the Committee and attend all meetings;
 - 6.5.2 assist the Chair in planning the Committee's work;
 - 6.5.3 shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance and circulate the minutes of meetings of the Committee to all members of the Board;
 - 6.5.4 draft material about its activities for the annual report; and
 - 6.5.5 support in the collection and distribution of information and provision of any necessary practical support.
- 6.6 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Committee, any other person required to attend and all other non-executive directors not later than 48 hours prior to the date of the meeting.

7. ANNUAL GENERAL MEETING

The Chair of the Committee, or, in his or her absence, a duly authorised representative of the Committee, shall be available at the annual general meeting of the Company to answer questions regarding the Committee's activities and its responsibilities.

8. DUTIES

The duties of the Committee shall be:

8.1 Financial reporting

- 8.1.1 to monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any informal reports, such as preliminary statements of annual accounts, analyst presentations, and to review, and report to the Board on, the significant financial reporting issues and judgments which they contain, having regard to matters communicated by the external auditor;
- 8.1.2 to report its views to the Board if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- 8.1.3 in relation to 8.1.1, in particular to review and challenge where necessary:
 - (A) significant accounting policies and practices, and any changes to them and any significant estimates or judgements;
 - (B) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (C) whether the Company has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (D) the clarity and completeness of disclosure in the company's financial statements and consider whether such disclosures made are properly set in context;
 - (E) all related information presented with financial statements, including the strategic report, long term viability and corporate governance statements relating to the audit and to financial risk management;
- 8.1.4 if requested to do so by the Board, to review the contents of the annual report and accounts and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's, position and performance, business model and strategy. This review will assess whether other information presented in the annual report is consistent with the financial statements;
- 8.1.5 to review any other statements containing financial information for which Board approval is required, including significant financial returns to regulators and financial information contained in certain other documents, such as announcements of a price sensitive nature;

8.2 Internal controls and risk management

- 8.2.1 to review the adequacy and effectiveness of the Company's internal financial controls (that is the systems established to identify, assess, manage and monitor financial risks) and the Company's other internal control and risk management systems;
- 8.2.2 consider the level of assurance it is getting on the risk management and internal control systems, including internal financial controls, and whether this is enough to help the Board in satisfying itself that they are operating effectively;
- 8.2.3 to review the Company's internal controls and risk management systems and approve any statements to be included in the annual report concerning such systems and the viability statement;

8.3 External audit

- 8.3.1 to assess annually, and report to the Board on, the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process (including a report from the external auditor on their own internal quality procedures and consideration of the audit firms' annual transparency reports) and to include in its assessment a recommendation on whether to propose to shareholders that the external auditor should be re-appointed;
- 8.3.2 the Committee shall assess the effectiveness of the audit process. As part of its assessment the Committee shall:
 - (A) ask the external auditor to explain the risks to audit quality that they identified and how these have been addressed;
 - (B) discuss with the external auditor the key audit firm and network level controls the external auditor relied on to address the identified risks to audit quality and enquire about the findings from internal and external inspections of their audit and their audit firm,
 - (C) review whether the external auditor has met the agreed audit plan and understand the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditors to address those risks;
 - (D) to consider the robustness and perceptiveness of the external auditors in their handling of key accounting and audit judgements identified;
 - (E) obtain feedback from the conduct of the audit from key people involved;
 - (F) to review and monitor the content of the external auditor's management letter (or equivalent) and other communications with the Committee, in order to assess whether it is based on good understanding of the Company's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon;
- 8.3.3 to meet regularly with the external auditor, including once at the planning stage before the audit, once after the audit at the reporting stage and at least once a year, without the Company's service providers being present, to discuss the external auditor's remit and any issues arising out of the audit;
- 8.3.4 at the start of each annual audit cycle, the Committee shall ensure that appropriate plans are in place for the audit. The Committee shall discuss with the external auditor the factors that could affect audit quality and consider and approve the external auditor's overall work plan, including planned levels of materiality and proposed resources to execute the audit plan, ensuring it appears consistent with the scope of the audit engagement, having regard also to the seniority, expertise and experience of the audit team;
- 8.3.5 to review, in a timely manner with the external auditor, the findings of their work and the external auditor's report. In the course of its review, the Committee shall:
 - (A) discuss with the external auditor major issues which arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved;
 - (B) ask the external auditor to explain how they addressed the risks to audit quality identified earlier;

- (C) weigh the evidence they have received in relation to each of the areas of significant judgement and review key accounting and audit judgements;
 - (D) ask the external auditor for their perception of their interactions with the Company's service providers; and
 - (E) review levels of errors identified during the audit, obtaining explanations from management and, where necessary, the external auditors as to why certain errors might remain unadjusted.
- 8.3.6 to review any representation letter(s) requested by the external auditor before they are signed by the Board and give particular consideration to matters where representation has been requested that relate to non-standard issues. The Committee shall consider whether the information provided is complete and appropriate based on its own knowledge;
- 8.3.7 to evaluate the risks of the withdrawal of the Company's external auditor from the market and to consider the need notify this risk to the Risk Committee for consideration;
- 8.3.8 to evaluate the quality and effectiveness of the financial reporting process, in light of the external auditor's communications with the Committee;

8.4 Independence of auditor, including non-audit services

- 8.4.1 to assess annually the independence and objectivity of the external auditor, taking into account relevant UK and Jersey law, the Ethical Standard, regulation and other professional requirements and the relationship with the external auditor as a whole together with any threats to the external auditor's independence and safeguards applied to mitigate those threats, including the provision of any non-audit services;
- 8.4.2 the Committee should consider the annual disclosure from the external auditor and discuss with the external auditor the threats to their independence and the safeguards applied to mitigate those threats. The annual assessments should involve a consideration of all relationships between the Company and the audit firm, including throughout the group and with the audit firm's network firms and any safeguards established by the external auditor. The Committee should consider whether, taken as a whole and having regard to the views, as appropriate, of the external auditor and management, those relationships appear to impair the external auditor's independence and objectivity.
- 8.4.3 to satisfy 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 auditor's independence and objectivity, taking into account the relevant Ethical Standard for Auditors;
- 8.4.4 to develop and recommend to the Board the Company's policy in relation to the provision of non-audit services by the external auditor, including prior approval of non-audit services by the Committee, taking into account the Ethical Standard and legal requirements and keep the policy under review in order to ensure that the provision of such services does not impair the external auditor's independence or objectivity and 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;
- 8.4.5 The Committee is responsible for approving non-audit services. The Committee's objective is to ensure that the provision of such services does not impair the external auditor's independence or objectivity. In the context of non-audit services that are permitted by law, the Committee should apply judgement concerning the provision of such services, including assessing:
- threats to independence and objectivity of the external auditor resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not comprise the external auditor's independence and objectivity;
 - the nature of the non-audit services;
 - whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;

- 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 compensation.
- 8.4.6 if deemed appropriate, the Committee shall set and apply a formal policy specifying the types of non-audit service for which use of the external auditor is pre-approved.
- 8.4.7 the Committee shall set a policy for how it will assess requests for permitted non-audit services to be provided by the external auditor.
- 8.4.8 to monitor the level of fees paid by the Company in proportion to the overall fee income of the firm, office and partner and assess these in the context of the relevant legal, professional and regulatory requirements, guidance and the Ethical Standard;
- 8.4.9 seek annually from the external audit firm information about policies and processes for maintaining independence and monitoring compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including those regarding the rotation of audit partners and staff.
- 8.5 Appointment, resignation and fees of external auditor, and tendering**
- 8.5.1 to consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, on the appointment, reappointment and removal of the external auditors;
- 8.5.2 to consider when the external audit contract should be put out to tender (taking into account the requirement in the UK Corporate Governance Code for FTSE 350 companies to put the external audit contract out to tender at least once every ten years);
- 8.5.3 if and when the Company puts the external audit contract out to tender, to oversee the external audit tendering process and as part of that process to ensure that all tendering firms have access as necessary to information and individuals during the tendering process and to compare the quality and effectiveness of the services provided by the external auditor with those of other audit firms;
- 8.5.4 to approve or recommend to the Board the remuneration to be paid to the external auditor in respect of audit services provided and to satisfy itself that the level of fee payable is appropriate and that an effective, high quality audit can be conducted for such a fee;
- 8.5.5 to review and agree the external auditor's terms of engagement, including any engagement letter issued at the start of each audit, ensuring it has been updated to reflect changes in circumstances arising since the previous year. The scope of the audit should be reviewed by the Committee with the external auditor. If the Committee is not satisfied as to its adequacy it should arrange for additional work to be undertaken;
- 8.5.6 if the external auditor resigns, to investigate the issues surrounding the resignation and consider whether any action is required;
- 8.6 Other**
- 8.6.1 to have regard to the relevant provisions of Section 3 of the Codes of Practice issued by the JFSC for AIFs and AIF Services Business, in particular:
- (a) appropriate disclosures in the Annual Report of the Company and any prospectus or disclosure document that may be issued by the Company from time to time;
 - (b) reporting requirements of the FCA and JFSC.
- 8.6.2 to give due consideration to any applicable laws and regulation, including the provisions of the UK Corporate Governance Code and/or the AIC Code of Corporate Governance (as appropriate), the Financial Reporting Council's Guidance on Audit Committees and the requirements of the UKLA's Prospectus, Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;

- 8.6.3 at least once a year, the Audit Committee and the Board should review the Audit Committee's performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval;
- 8.6.4 be provided with an induction programme for new Committee members. This should cover the role of the Committee, including its terms of reference and expected time commitment by members; an overview of the Company's business model and strategy, identifying the main business and financial dynamics and risks;
- 8.6.5 Committee members are to be provided with training on an ongoing and timely basis and should include an understanding of the principles of and developments in corporate reporting and regulation;
- 8.6.6 work and liaise, as necessary, with all other Board committees ensuring interaction with the Board and other Board committees is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to other Board committees.

9. REPORTING

- 9.1 The Chair of the Committee or, as a minimum, another member of the Committee, shall attend the Board meeting at which the accounts are approved.
- 9.2 A separate section of the annual report shall describe the work of the Committee in discharging its responsibilities, signed by the Chair.
- 9.3 The Committee section shall include the following matters:
- 9.3.1 a summary of the role and work of the Committee;
- 9.3.2 how the Committee composition requirements have been addressed, and the names and qualifications of all members of the Committee during the period, if not provided elsewhere;
- 9.3.3 the number of Committee meetings;
- 9.3.4 how the Committee's performance evaluation has been conducted;
- 9.3.5 the significant issues that the Committee considered including
- issues in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the external auditors;
 - the nature and extent of interaction (if any) with the FRC's Corporate Reporting Review team; and
 - where the Company's audit has been reviewed by the FRC's Audit Quality Review team, the Committee should discuss the findings with their external auditor and consider whether any of those findings are significant and, if so, make disclosures about the findings and the actions they and the external auditors plan to take. This discussion should not include disclosure of the audit quality category.
- 9.3.6 The Committee needs to exercise judgement in deciding which of the issues it considered in relation to the financial statements were significant but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The Committee should aim to describe the significant issues in a concise and understandable form whilst reporting on the specific circumstances of the Company.
- 9.3.7 an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and of the approach taken to the appointment or re-appointment of the external auditor, the length of tenure of the current audit firm; the current audit partner name; and for how long the partner has

held the role; when a tender was last conducted; and advance notice of any retendering plans;

- 9.3.8 if the external auditor provides non-audit services, how the Committee's policy for approval of non-audit services; how auditor objectivity and independence is safeguarded; the audit fees for the statutory audit of the Company's financial statements paid to the external auditor and its network firms for related services and other non-audit services, including the ratio of audit to non-audit work; for each significant engagement, or category of engagements, explain what the services are and why the audit committee concluded that it was in the interests of the Company to purchase them from the external auditor;
- 9.4 The Committee should report to the Board on how it has discharged its responsibilities, including;
- The significant issues that it considered in relation to the financial statements and how these issues were addressed;
 - Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - Any other issues on which the Board has requested the Committee's opinion. In doing so it should identify any matters in respect of which it considers that action or improvement is needed, whether the subject of a specific request by the Board or not, and make recommendations on the steps to be taken.
- 9.5 Where there is disagreement between the Committee and the Board, adequate time will be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the Committee shall have the right to report the issue to the shareholders as part of the report on its activities in the annual report. If the Board has not accepted the Committee's recommendation on the external auditor's appointment, reappointment or removal, the annual report should include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.
- 9.6 The Committee shall consider key matters of their own initiative rather than relying solely on the work of the external auditor. The Committee shall discuss what information and assurance it requires in order to properly carry out its roles to review, monitor and provide assurance or recommendations to the Board and, where there are gaps, how these should be addressed. The Committee shall satisfy itself that these sources of assurance and information are sufficient and objective.