



# Governance

## Audit Committee Charter

This Audit Committee Charter (the "Charter") was adopted by the Board of Directors (the "Board") of Safety, Income and Growth, Inc., a Maryland corporation (the "Company"), effective as of June 22, 2017.

## Functions and Responsibilities of Directors

### I. Purposes:

The purposes of the Audit Committee (the "Committee") of the Board are as follows:

A. To assist the Board with its oversight responsibilities regarding (1) the integrity of the Company's financial statements and financial reporting process, (2) the Company's compliance with financial, legal and regulatory requirements, (3) the independent auditor's qualifications and independence, (4) the performance of the independent auditors and the Company's internal audit function, (5) the Company's system of disclosure controls and procedures and internal control over financial reporting, (6) the Company's overall risk profile, and (7) the fulfillment of the other responsibilities set forth in this Charter.

B. To prepare the report of the Committee for inclusion in the Company's annual proxy statement, in accordance with applicable rules and regulations of the Securities and Exchange Commission ("SEC").

### II. Membership:

The Committee shall be comprised of not less than three (3) members of the Board. The Committee shall be organized in compliance with the rules and standards established by the New York Stock Exchange, Inc. ("NYSE") from time to time and applicable SEC rules. The members of the Committee, including the Chair (as defined below), shall be appointed by the Board on the recommendation of the Nominating and Governance Committee for one-year terms and may be removed from the Committee, with or without cause, by the Board. Committee members shall serve until their successors are duly elected and qualified by the Board, or until their earlier resignation or removal. No member of the Committee may receive any compensation from the Company other than Director's fees. The Board shall designate one of the



Committee members to serve as chair of the Committee (the "Chair"). If the Board shall fail to designate a Chair, or should the Chair be absent or unavailable, the members of the Committee may designate a chair by majority vote of the full Committee membership. Committee members shall have the following qualifications:

- A. Each member of the Committee shall be "independent" as determined by the Board in its business judgment in accordance with standards established by the NYSE from time to time.
- B. Each member of the Committee shall be "financially literate" (or become so within a reasonable time after his or her appointment to the Committee), as such qualification is interpreted by the Board in its business judgment in accordance with standards established by the NYSE from time to time.
- C. At least one member of the Committee shall have "accounting or related financial management expertise," as such qualification is interpreted by the Board in its business judgment in accordance with standards established by the NYSE from time to time.
- D. At least one member of the Committee shall have such other attributes relating to financial expertise as the Board determines in its business judgment satisfy standards set forth in rules and regulations established by the SEC from time to time.

### III. Powers and Responsibilities:

The Committee has the following powers and responsibilities:

- A. To be directly responsible for the appointment, compensation, retention and oversight over the work of independent auditor(s) (including resolution of any disagreements between Company management and the independent auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company. The independent auditor(s) shall report directly to the Committee. The Committee shall also be responsible for the appointment, compensation, retention and oversight over the work of any service provider engaged to perform services relating to the Company's internal audit function.
- B. To ensure that procedures are established for the receipt, retention and treatment of complaints received by the Company and its external manager regarding accounting, internal accounting controls or auditing matters. The Committee shall also ensure that procedures are established for the confidential and anonymous submission of "whistleblower" reports by



employees of the Company and its external manager regarding questionable accounting or auditing matters.

C. At least annually, to obtain and review a report by the independent auditors describing (1) the auditing firm's internal quality-control procedures, (2) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues, and (3) all relationships between the independent auditor and the Company in order to assess the auditing firm's independence.

D. To review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors and present the Committee's conclusions with respect to the independent auditors to the full Board.

E. To ensure that the lead audit partner does not serve in that capacity for more than five years and consider whether the audit firm itself should be changed periodically.

F. To meet with management and the independent auditor, either together or separately, to review and discuss the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

G. To receive reports from the Company's Chief Executive Officer and Chief Financial Officer of (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and identify any material weakness in internal controls, and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

H. To review analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative GAAP methods on the Company's financial statements; the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the Company; and earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies.



- I. To review any accounting adjustments that were noted or proposed by the auditor but were "passed" (including similar adjustments that were passed because individually they were not material); any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter issued, or proposed to be issued, by the auditing firm to the Company
- J. To review and approve the Company's hedging policy and review the status of hedging transactions on a quarterly basis.
- K. To review and approve the Company's credit loss reserve policy and establishment of reserves on a quarterly basis.
- L. On behalf of the Board, to authorize such capital markets transactions or other transactions, and such other matters, as the Board may request.
- M. As the Committee determines necessary to carry out its powers, to obtain advice and assistance from outside legal, accounting or other advisors.
- N. To discuss policies with respect to risk assessment and risk management.
- O. To discuss with the Company's general counsel or outside counsel any legal matters brought to the Committee's attention that could reasonably be expected to have a material impact on the Company's financial statements.
- P. To review the adequacy of management information systems, internal accounting and financial controls.
- Q. To meet separately, on a periodic basis, with management, with internal auditors or personnel of the Company and the external manager responsible for the internal audit function, and with the independent auditors.
- R. To review with the independent auditor any audit problems or difficulties and management's response.
- S. To ensure that policies are established by the Company and its external manager regarding hiring employees or former employees of the independent auditors.



- T. To review annually internal and external audits, if any, of employees benefit plans and pension plans of the Company (including subsidiaries).
- U. To review annually adequacy of the Company's insurance.
- V. To review annually adequacy of protection of technology, including physical security, patent and trademark program and proprietary information.
- W. To review annually the policies and procedures relating to compliance with legal and regulatory requirements and the Company's compliance therewith.
- X. To report regularly to the Board.

#### IV. Performance Evaluation Report:

The Committee shall provide to the Board an annual performance evaluation of the Committee, including an assessment of the performance of the Committee based on the powers and responsibilities set forth in this Charter and such other matters as the Committee may determine. The evaluation to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make the report.

#### V. Delegation to Subcommittee:

The Committee may, in its discretion, delegate all or a portion of its powers and responsibilities to a subcommittee of the Committee.

#### VI. Resources and Authority of The Committee:

The Committee shall have the resources and authority appropriate to discharge its powers and responsibilities, including the authority to retain counsel and other experts and consultants. The Committee shall have the sole authority to approve all audit engagement fees and terms, as well as significant non-audit engagements with independent auditors. The Committee's responsibilities are limited to oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements as well as the Company's financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures. The independent auditor is responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted



accounting principles and reviewing the Company's quarterly financial statements. Risk oversight is the responsibility of the full Board. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and in accordance with generally accepted accounting principles and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts (including the Company's internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services)) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts. The Company will provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of compensation (a) to the public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services; (b) to any advisors employed by the Committee; and (c) for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its powers.

#### VII. Minutes:

Minutes will be kept of each meeting of the Committee and will be available to each member of the Board. Any action of the Committee (other than actions for which the Committee has sole authority as set forth herein) shall be subject to revision, modification, rescission, or alteration by the Board, provided that no rights of third parties shall be affected by any such revision, modification, rescission, or alteration.

#### VIII. Amendments:

This Charter may be amended in whole or in part with the approval of a majority of the Board. This Charter and any amendments to this Charter shall be posted on the Company's website.