

# PREMIER GLOBAL INFRASTRUCTURE TRUST PLC

(the "Company")

## AUDIT COMMITTEE

### Terms of Reference

(Issued by the Board as amended on 2 November 2020)

#### 1. DEFINITIONS

Reference to the "Committee" shall mean the Audit Committee.

Reference to the "Board" shall mean the board of directors of the Company.

Unless otherwise stated, reference to the "Chairman" shall mean the Chairman of the Committee.

Unless otherwise stated, reference to the "Secretary" shall mean the Secretary of the Committee.

#### 2. OBJECTIVES

- 2.1 The main objectives of the Audit Committee are to monitor the integrity of the financial statements of the Company; monitor the effectiveness of the Audit process and the relationships with the external auditor; review the effectiveness of the internal control systems; review the completeness of the Risk Register and the effectiveness of the attendant controls and mitigations; and review the performance of the key service providers.

#### 3. MEMBERSHIP

- 3.1 The Committee shall comprise all the directors.
- 3.2 At least one of the Committee members shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Chairman of the Board shall not chair the Committee.
- 3.3 The Committee shall be independent of the Company's investment manager.
- 3.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals (if not members of the Committee) such as the Company's investment manager, may be invited to attend all or part of any meeting as and when appropriate and necessary. The external auditors of the Company will be invited to attend meetings of the Committee on a regular basis.
- 3.5 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Chairman and/or an appointed deputy, the remaining members of the Committee present shall elect one of themselves to chair the meeting.

#### 4. QUORUM

- 4.1 The quorum necessary for the transaction of business 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.

## **5. NOTICE OF MEETINGS**

5.1 A meeting of the Committee may be called by any member of the Committee or by the Secretary.

5.2 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 not fewer 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.

5.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such way.

## **6. FREQUENCY OF MEETINGS**

6.1 The Committee will meet formally two times a year at appropriate times in the Company's reporting and audit cycle and otherwise as required.

6.2 Outside of the formal meeting programme, the Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the chairman of the Board, the external audit lead partner and key personnel employed by the Company's investment manager.

## **7. SECRETARY**

7.1 The Company Secretary or their nominee shall act as the Secretary of the Committee

## **8. MINUTES**

8.1 The Secretary shall keep appropriate records of all meetings of the Committee with appropriate minutes of the proceedings and resolutions.

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

8.3 Draft minutes of Committee meetings shall be agreed with the Committee Chairman and then circulated promptly to all members of the Committee.

## **9. ANNUAL GENERAL MEETING**

The Chairman shall attend the Company's annual general meeting to answer shareholder questions.

## **10. DUTIES**

10.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings (if any) and the group as a whole (if a group is in existence), as appropriate.

### **10.2 Financial reporting**

10.2.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to

its financial performance, reviewing significant financial reporting issues and judgments which they contain, before their submission to the Board.

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

- 10.2.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/group;
- 10.2.2.2 significant adjustments resulting from the review or audit carried out by the company's auditors in connection therewith;
- 10.2.2.3 the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
- 10.2.2.4 all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).
- 10.2.2.5 the going concern assumption;
- 10.2.2.6 compliance with applicable accounting standards and practices; and
- 10.2.2.7 compliance with applicable London Stock Exchange, legal and other regulatory requirements.

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

### 10.3 Narrative Reporting

The Committee should review the content of the annual and half year 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.

### 10.4 Internal Controls and Risk Management Systems

10.4.1 The Committee shall as appropriate given the nature of the Company:

- 10.4.1.1 keep under review the adequacy and effectiveness of the Company's internal financial controls and risk management systems;
- 10.4.1.2 review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement;
- 10.4.1.3 review and approve statements explaining how assets have been invested with a view to spreading investment risk;
- 10.4.1.4 liaise with the Board and ensure that other statements regarding the Company's investment manager, including relevant details of its remuneration and appointment and its continued appointment, are included in the annual report; and
- 10.4.1.5 ensure that the annual report includes:
  - 10.4.1.5.1 the full text of the Company's published investment policy;

- 10.4.1.5.2 a detailed and meaningful analysis of the Company's investment portfolio; and
- 10.4.1.5.3 a summary of the valuation of the Company's portfolio made in accordance with the Listing Rules published by the Financial Conduct Authority.

## 10.5 Risk Register

10.5.1 The Committee shall review the completeness of the Risk Register and the effectiveness of the attendant controls and mitigations. In particular, it will ensure:

- 10.5.1.1 that the Risk Register reflects the up to date risks the Company faces;
- 10.5.1.2 that the ten most significant risks to the Company are identified; and
- 10.5.1.3 that, to the extent possible, the controls and mitigations are appropriate and sufficient for the individual risks.

## 10.6 Compliance, Whistleblowing and Fraud

10.6.1 The Committee shall obtain confirmation that appropriate procedures and arrangements have been established by the key service providers in respect of the following:

- 10.6.1.1 that enable their employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 10.6.1.2 procedures for detecting fraud;
- 10.6.1.3 systems and controls for the prevention of bribery and receive reports on non-compliance;
- 10.6.1.4 the adequacy and effectiveness of their anti-money laundering systems and controls; and
- 10.6.1.5 the adequacy and effectiveness of the compliance function.

## 10.7 Internal audit

10.7.1 The Committee shall:

- 10.7.1.1 Where there is no internal audit function within the Company, the Committee shall consider annually whether there is a need for an internal audit function and make a recommendation to the Board. The reasons for the absence of such a function should be explained in the relevant section of the annual report.

## 10.8 External audit

10.8.1 The Committee shall:

- 10.8.1.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Company's annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new external auditors

and if an external auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

- 10.8.1.2 ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- 10.8.1.3 oversee the relationship with the external auditor including (but not limited to):
  - 10.8.1.3.1 making recommendations on 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;
  - 10.8.1.3.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 10.8.1.3.3 assessing annually their independence and objectivity taking into account relevant UK law, professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services;
  - 10.8.1.3.4 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;
  - 10.8.1.3.5 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;
  - 10.8.1.3.6 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; and
  - 10.8.1.3.7 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 external auditor from the market in that evaluation.
- 10.8.1.4 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year to discuss their remit and any issues arising from the audit;
- 10.8.1.5 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement having regard, amongst other matters, to the seniority, expertise and engagement of the audit team; and

10.8.1.6 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

10.8.1.6.1 a discussion of any major issues which arose during the audit;

10.8.1.6.2 any accounting and audit judgements;

10.8.1.6.3 levels of errors identified during the audit; and

10.8.1.6.4 the effectiveness of the audit.

10.8.2 The Committee shall also:

10.8.2.1 review any representation letter(s) requested by the external auditor, if possible before such letters are signed;

10.8.2.2 review the management letter and management's response to the external auditor's findings and recommendations; and

10.8.2.3 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

## **11. REPORTING RESPONSIBILITIES**

11.1 The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within the Committee's duties and responsibilities and take into account any matters within its terms of reference that may be brought to its attention by the Board. Each report shall demonstrate how the Committee has discharged its responsibilities and include:

11.1.1 the significant issues considered by the Committee in relation to any financial statements of the Company; and

11.1.2 any consideration given to the effectiveness of the external audit processes of the Company (including where relevant the Committee's recommendation on appointment, reappointment or removal of the external auditor).

11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11.3 The Committee shall compile a report to shareholders on its activities, including its membership and the frequency of and attendance at its meetings, to be included in the Company's annual report.

## **12. OTHER MATTERS**

The Committee shall:

12.1 have access to sufficient resources in order to carry out its duties, including access to the secretary of the Company for assistance as required;

12.2 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;

12.3 give due consideration to applicable laws and regulations including the requirements of the Listing Rules, the Prospectus Rules and the Disclosure Rules and Transparency Rules and the

provisions of the UK Corporate Governance Code and the Association of Investment Companies' Code of Corporate Governance as such apply to the Company from time to time;

- 12.4 oversee any investigation of activities which are within its terms of reference; and
- 12.5 arrange for periodic 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.

### **13. AUTHORITY**

The Committee shall:

- 13.1 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;
- 13.2 The Committee is authorised to seek any information it requires to fulfil the above from:
  - 13.2.1.1 any director or employee of the investment manager to the Company (from time to time)and
  - 13.2.1.2 any other service provider;

in each case in order to perform its duties;
- 13.3 have the right to obtain outside legal help and any professional advice, at the Company's expense, which might be necessary for the fulfilment of its duties; and
- 13.4 to 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.