

# Audit and Risk Committee Charter

VGI Partners Asian Investments Limited ACN 635 219 484

## 1. Introduction

- 1.1 The audit and risk committee is a committee of the board of directors of VGI Partners Asian Investments Limited ACN 635 219 484 (**Company** and, together with its controlled entities (if any), the **Group**) (**Audit and Risk Committee**).
- 1.2 The board of directors of the Company (**Board**) has established the Audit and Risk Committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Audit and Risk Committee's responsibilities in relation to the Company.

## 2. Objectives

The objectives of the Audit and Risk Committee are to:

- (a) assist the Board to achieve its governance objectives in relation to:
  - (i) financial reporting;
  - (ii) the application of accounting policies;
  - (iii) business policies and practices;
  - (iv) legal and regulatory compliance; and
  - (v) internal control and risk management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process;
- (c) promote a culture of compliance across the Group;
- (d) provide a forum for effective communication between the Board, the manager of the Company's assets, VGI Partners Asian Investments Management Pty Ltd ACN 635 179 538 (**Manager**, an authorised representative and wholly owned subsidiary of VGI Partners Limited ACN 129 188 450 (**VGI** or **Service Provider**)). The Manager has entered into a resourcing agreement with VGI pursuant to which VGI has provided the Manager with full access to VGI's staff, systems, premises, knowledge and experience, including its investment and operations teams, and back-office and compliance services), and the investment team and other personnel engaged by VGI or other management engaged by the Company in relation to audit, risk and compliance matters affecting the Company;
- (e) ensure effective internal audit (if any) and external audit functions and communication between the Board and the internal auditor (if any) and external auditor; and
- (f) review and comment on the Manager's plans for managing the material financial and reporting risks faced by the Group.

## 3. Audit and Risk Committee composition

- 3.1 The Audit and Risk Committee should comprise:
  - (a) at least three directors;
  - (b) all non-executive directors; and
  - (c) a majority of independent directors.

- 3.2 The Audit and Risk Committee will appoint its chair. The chair should be an appropriately qualified independent director and must not be the chair of the Board.
- 3.3 The Audit and Risk Committee will appoint a secretary.
- 3.4 The Audit and Risk Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 3.5 Each member of the Audit and Risk Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with appropriate experience of financial and accounting matters.
- 3.6 Each member of the Audit and Risk Committee should have an understanding of the industry in which the Company operates.
- 3.7 The Board will decide appointments, rotations and resignations within the Audit and Risk Committee having regard to the ASX Listing Rules, the 4th edition of the *ASX Corporate Governance Principles and Recommendations* (as amended from time to time) (**ASX Recommendations**) and the general law applicable to such matters.
- 3.8 A member of the Audit and Risk Committee may act by their alternate.

#### 4. External financial reporting

The responsibilities of the Audit and Risk Committee are:

- (a) engaging in the proactive oversight of, and assessing the adequacy of, the Company's financial reporting and disclosure processes and financial controls, overseeing and reviewing the outputs of that process and making recommendations to the Board in relation to those matters;
- (b) assessing the appropriateness and application of the Company's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- (c) obtaining an independent judgment from the external auditor about:
  - (i) the acceptability and appropriateness of accounting policies and principles put forward by the finance representatives of the Service Provider; and
  - (ii) the clarity of current or proposed financial disclosure practices as put forward by the finance representatives of the Service Provider;
- (d) assessing information from the external auditor that may affect the quality of the Company's financial reports;
- (e) reviewing all financial reports with the finance representatives of the Service Provider, advisers and the external auditors (as appropriate) prior to filing with the ASX, and recommending the applicable accounts' adoption by the Board if those financial reports reflect the understanding of the members of the Audit and Risk Committee of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
- (f) discussing any draft audit opinion letter and management representation letter with the external auditors before it is finalised;
- (g) assessing the appropriateness of any significant accounting estimates, judgments or choices in the financial reports of the Company;
- (h) reviewing and approving as required, documents and reports to regulators;
- (i) following up on any matter raised by the Board regarding financial reports, audit opinions and management representation letters;
- (j) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;

- (k) reviewing the Service Provider's processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices;
- (l) ensuring that procedures are in place which are designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management; and
- (m) any other responsibilities as determined by the Audit and Risk Committee or the directors from time to time,

and making recommendations to the Board in respect of these matters.

## 5. Risk management and internal control

The responsibilities of the Audit and Risk Committee are:

### **Risk management and internal compliance and control systems**

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- (b) reviewing and/or evaluating the effectiveness of the Company's risk management and internal control processes, and reviewing the Company's risk management plan framework at least annually and ensuring that the Company discloses in relation to each reporting period whether such a review has taken place, as well as any insights gained and any changes made to the risk management framework as a result;
- (c) approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - (i) identifying, assessing, monitoring and managing risk; and
  - (ii) disclosing any material change to the Group's risk profile;
- (d) reviewing any material incident involving fraud or a breakdown of the Group's risk controls and considering the implications for the Group of such incidents;
- (e) receiving reports from the Service Provider concerning the Company's material risks and the risk controls and mitigation measures that the Manager has put in place for the Company, in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Company;
- (f) if the Company has established an internal audit function:
  - (i) determining how the function is structured and what role it performs,
  - (ii) appointing or removing the head of internal audit;
  - (iii) determining the scope and adequacy of the internal audit work plan;
  - (iv) receiving reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;
  - (v) ensuring the independence, objectivity and performance of the internal audit function,

or if the Company does not have an internal audit function, disclosing that fact and the process that it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes;

### **Disclosure and financial reporting**

- (g) ensuring that the Service Provider establishes a comprehensive process to capture all financial information that must be disclosed to ASX; and
- (h) reviewing the Company's financial risk management procedures to ensure that the Group complies with its legal obligations, including to assist the chief financial officer engaged by the Service Provider to provide the declarations in relation to the Company's financial reports required by Recommendation 4.2 of the ASX Recommendations,

and making recommendations to the Board in respect of these matters.

## 6. External audit

The responsibilities of the Audit and Risk Committee are, among other things:

- (a) approving the terms of engagement with the external auditor at the beginning of each financial year;
- (b) regularly reviewing with the external auditor:
  - (i) the scope of, plan for and adequacy of the external audit;
  - (ii) identified risk areas; and
  - (iii) any other agreed procedures;
- (c) approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation;
- (d) recommending to the Board for approval, the appointment, reappointment or removal of an external auditor;
- (e) approving the remuneration of the external auditor;
- (f) regularly reviewing the performance, effectiveness and independence of the external auditor, including annual receipt of an independence report from the external auditor;
- (g) approving the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (h) meeting periodically with the external auditors and inviting them to attend Audit and Risk Committee meetings to:
  - (i) review their plans for carrying out internal control reviews; and
  - (ii) consider any comments made in the external auditor's letter, and in particular, any comments about material weaknesses in internal controls and the response to those matters;
- (i) reviewing all management representation letters signed by representatives of the Service Provider who have been engaged to provide services to the Company and assessing the management processes, which support external reporting;
- (j) considering significant matters raised during the audit process and receiving and reviewing the reports of the external auditor;
- (k) ensuring that the external auditor attends the annual general meeting of the Company and is available to answer questions from shareholders of the Company relevant to the audit; and
- (l) any other responsibilities as determined by the Audit and Risk Committee or the directors from time to time.

## 7. Other responsibilities

The responsibilities of the Audit and Risk Committee are:

- (a) assessing and recommending to the Board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers' liability, company reimbursement and professional indemnity;
- (b) if it considers appropriate, investigating any complaint or allegation made to it;
- (c) verifying the information included in the Company's annual directors' report and other corporate reports to ensure that the information contained in such reports is, in the reasonable opinion of the Audit and Risk Committee, accurate, balanced and understandable and provides investors with appropriate information to make informed investment decisions;

- (d) ensuring that the Company discloses whether, and if so how, it has regard to, and manages, economic, environmental (including climate change) and social sustainability risks;
- (e) reviewing and monitoring any related party transaction and recommending its approval; and
- (f) any other responsibilities as determined by the Audit and Risk Committee or the directors from time to time.

## **8. Audit and Risk Committee meetings**

- 8.1 The Audit and Risk Committee will meet as often as it considers necessary.
- 8.2 A quorum for an Audit and Risk Committee meeting is two Audit and Risk Committee members.
- 8.3 Audit and Risk Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 8.4 The Audit and Risk Committee may invite other persons it regards appropriate to attend and contribute to Audit and Risk Committee meetings.
- 8.5 The Audit and Risk Committee must disclose at the end of each reporting period the number of times that it met during the period and the individual attendances of its members at those meetings.

## **9. Minutes of Audit and Risk Committee meetings**

- 9.1 The Audit and Risk Committee must keep minutes of its meetings.
- 9.2 Minutes of each Audit and Risk Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Audit and Risk Committee, except if there is a conflict of interest.
- 9.3 Minutes must be distributed to all Audit and Risk Committee members, after the Audit and Risk Committee chair has approved them.
- 9.4 The agenda and supporting papers are available to all directors upon request to the Audit and Risk Committee secretary, except if there is a conflict of interest.

## **10. Access to information and independent advice**

- 10.1 The Audit and Risk Committee may seek any information or advice it considers necessary to fulfil its responsibilities.
- 10.2 The Audit and Risk Committee has access to:
  - (a) representatives of the Service Provider, to seek explanations and information from them; and
  - (b) internal (if any) and external auditors to seek explanations and information, without representatives of the Service Provider being present.
- 10.3 The Audit and Risk Committee may seek professional advice from appropriate external advisers, at the Company's cost. The Audit and Risk Committee may meet with these external advisers without any representatives of VGI or the Manager being present.

## **11. Review and changes to this charter**

- 11.1 The Audit and Risk Committee will review this charter every two (2) years or more frequently as it considers necessary.
- 11.2 The Board may change this charter from time to time by resolution.

## **12. Approved and adopted**

This charter was last reviewed and approved by the Board on 19 August 2020.