



**GCP INFRASTRUCTURE INVESTMENTS LIMITED
AUDIT & RISK COMMITTEE TERMS OF REFERENCE**

ADOPTED BY THE BOARD ON 1 NOVEMBER 2023

AUDIT & RISK COMMITTEE TERMS OF REFERENCE

1. Background

- 1.1 GCP Infrastructure Investments Limited (the “**Company**”) is a self-managed fund.
- 1.2 The board (the “**Board**”) of directors of the Company (the “**Directors**”) has established an audit and risk committee (the “**Committee**”) on these Terms of Reference for the purpose of ensuring that the Company’s financial performance is properly monitored, controlled and reported, including engagement with the Company’s external auditor (the “**Auditor**”), and reviewing and monitoring the Company’s risks and internal controls.

2. Members

- 2.1 Members of the Committee shall be appointed by the Board on the recommendation of its Nomination Committee, all of whom shall be independent non-executive directors (each a “**NED**”). The Committee shall comprise at least three members and as a whole should have competence relevant to the sector in which the Company operates.
- 2.2 Subject to the consent of the Board, only members of the Board, the Committee and representatives of the Investment Adviser may attend a Committee meeting (a “**Meeting**”) and participate in the wider business of the Committee.
- 2.3 The Auditor may be invited to attend Meetings with the prior notification or agreement of the Chair.
- 2.4 The Board shall appoint a chair, who shall be a NED and have recent and relevant financial experience (the “**Chair**”). In the absence of the Chair, the remaining members of the Committee present at the Meeting shall appoint one of the members of the Committee to chair the Meeting.
- 2.5 The Chair of the Board can be a member of, but not chair, the Committee provided he or she was considered independent on appointment.

3. Secretary

The Company Secretary shall act as the secretary of the Committee (the “**Secretary**”) and keep a record of the membership of the Committee. The Secretary shall prepare and keep minutes of all Meetings and at the beginning of each Meeting will ascertain the existence of any conflict of interests and minute them accordingly.

4. Quorum

- 4.1 The quorum necessary for the transaction of business at and Meeting shall be two Members, both of whom must be NEDs.
- 4.2 A duly convened Meeting 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. **Frequency of meetings**

The Committee shall meet at least three times a year at appropriate times in the financial reporting and audit cycle and at such other times as required at the discretion of the Chair or a majority of the Members.

6. **Notice of meetings**

6.1 Meetings shall be called by the Secretary at the request of any of its Members or the Auditor.

6.2 Unless otherwise agreed by all Members, notice of each Meeting confirming the venue, time and date shall be forwarded to each Member and any other person required to attend no later than ten business days in Jersey (each a “**Business Day**”) prior to the date of the Meeting. An agenda of items to be discussed shall be forwarded to the Chair in the first instance at least ten Business Days prior to the date of the Meeting unless otherwise agreed by the Chair, then circulated to each Member and any other person required to attend at least five Business Days prior to the date of the Meeting. Supporting papers shall be sent to Members and other attendees as appropriate, at the same time or at a reduced number of days if agreed with the Chair in-advance.

7. **Minutes of Meetings and Quarterly Reports**

7.1 The Secretary shall minute the proceedings and resolutions of all Meetings, including recording the names of those present and in attendance.

7.2 Draft minutes of Meetings shall be circulated promptly to the Chair within ten Business Days of the Meeting. Once comments are received from the Chair, the minutes should then be circulated to all other Members for their review and comment. Following receipt of comments (or confirmation of no comments) from all Members, the minutes should be tabled for approval at the next appropriate Meeting then made available on the online secure board papers portal.

7.3 The Committee actions/recommendations during the quarter shall be summarised by the Chair in a report format and tabled at the next quarterly Board meeting for incorporation in the Board’s decision making, monitoring and control.

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

8. **Annual General Meeting**

8.1 The Chair shall attend the Annual General Meeting of the Company prepared to respond to any shareholder questions on the Committee’s activities and matters within the scope of the Committee’s responsibilities.

9. **Duties**

9.1 The Committee should carry out the duties below for the Company, as appropriate, and have delegated responsibility for the functions as required under the UK Financial Conduct Authority (“**FCA**”) Disclosure Guidance & Transparency Rule 7.1 and as

recommended by The Association of Investment Companies (the “AIC”) Code of Governance.

9.2 Financial and narrative reporting

The Committee shall:

- 9.2.1 monitor the integrity of the financial statements of the Company, including its annual and half-yearly financial reports, interim management statements, preliminary announcements and any other formal announcement relating to its financial performance.
- 9.2.2 review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company’s financial statements (having regard to matters communicated to it by the Auditor). The Committee shall also monitor the integrity of summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- 9.2.3 review the content of the annual report, including the narrative report, and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders and other users to assess the Company’s position and performance, business model and strategy.
- 9.2.4 review and challenge where necessary:
 - (a) the appropriateness, consistency of, and any significant changes to, accounting policies both on a year-on-year basis and across the Company;
 - (b) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the Auditor;
 - (d) the basis on which the Company has been determined as a going concern;
 - (e) for the purposes of the viability statement:
 - i. assessing the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, and how they are managed and mitigated;
 - ii. assessing the prospects of the Company over such period deemed appropriate (but longer than 12 months); and
 - iii. determining and reporting to shareholders in the annual report whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment;

- (f) the clarity and completeness of disclosures in the Company's financial statements and the context in which the statements are made;
- (g) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);
- (h) the Company's compliance with the applicable legal and regulatory requirements; and
- (i) ensure that the annual and half-yearly financial reports include a summary detailing shareholder voting results and how shareholder concerns (where there has been over 10% votes cast against (a PIRC requirement, AIC Code is 20%) a particular resolution) were addressed.

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.

9.3 Risk

The Committee shall:

- 9.3.1 be responsible for establishing the risk assessment methodology employed by the Board to manage the risks (including emerging risks) faced by the Company. This shall include the nature and frequency of risk assessments, the identification of risks to be assessed, the identification of appropriate risk limits and tolerances for the Board to consider as aspects of the risk appetite to be considered by the Board in formulating its overall investment strategy;
- 9.3.2 assess the effectiveness of risk mitigation factors or measures and make recommendations to the Board for changes thereto;
- 9.3.3 seek to ensure that the established risk appetite, limits, and tolerances are internally consistent and properly reflected in any strategy or policy determined by the Board;
- 9.3.4 periodically review the Company's procedures and those of its service providers to ensure they properly reflect the risk appetite, limits and tolerances set by the Board;
- 9.3.5 periodically review the Company's risks and the management thereof as identified and reported in the Company's financial statements to ensure that it is appropriate given specific disclosure obligations and the general obligation for the financial statements to be fair, balanced and understandable.

9.4 Internal controls and risk management systems

The Committee shall:

- 9.4.1 monitor and keep under review the adequacy and effectiveness of the Company's internal financial controls (being the systems established to identify, assess, manage and monitor financial risks) and risk management systems;

- 9.4.2 review and recommend to the Board the statements to be included in the annual report concerning internal controls, risk management and the viability statement; and
- 9.4.3 receive from the Investment Adviser and other key third-party service providers confirmation that they have complied with all relevant regulatory requirements each year.

9.5 External audit

The Committee shall:

- 9.5.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting of the Company, in relation to the appointment, re-appointment and removal of the Auditor. The Committee shall be responsible for conducting the tender process and making recommendations to the Board about the appointment, reappointment, and removal of the Auditor. If an Auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- 9.5.2 oversee the relationship with the Auditor including (but not limited to):
 - (a) approval of their remuneration, whether fees for audit or non-audit services, and satisfying itself that the level of fees is appropriate to enable an effective, high-quality audit to be conducted;
 - (b) approval of their terms of engagement, including any engagement letter issued at the start of each audit, and reviewing the scope of the audit;
 - (c) assessing annually their independence and objectivity, taking into account relevant law, regulation, ethical standards and other professional and regulatory requirements. This assessment 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;
 - (d) reviewing and monitoring the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements;
 - (e) seeking information annually about the Auditor's policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding the rotation of audit partners and staff;
 - (f) agreeing with the Board a policy on the employment of former employees of the Auditor and monitoring the application of this policy;
 - (g) monitoring the 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;

- (h) assessing annually, and reporting to the Board on, the Auditor's qualifications, expertise, resources and independence and the effectiveness of the audit process, which shall include obtaining a report from the Auditor on their own internal quality procedures and consideration of the audit firm's annual transparency reports, where available; and
- (i) considering the need to include the risk of the withdrawal of the Auditor from the market in their risk evaluation and planning.

9.5.3 meet regularly with the Auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the Auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;

9.5.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, including planned levels of materiality and proposed resources, having regard to the seniority, expertise and experience of the audit team;

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

- (a) a discussion of any major issues which arose during the audit, including those that have been resolved and those that remain unresolved;
- (b) an explanation from the Auditor as to how they addressed any risks to audit quality previously identified;
- (c) a review of the evidence received in relation to each area of significant judgement and of key accounting and audit judgements; and
- (d) levels of errors identified during the audit and the reasons for any that remain unadjusted.

9.5.6 at the end of the annual audit cycle, the Committee should assess the effectiveness of the audit process. In the course of doing so, the Committee should:

- (a) ask the Auditor to explain the risks to audit quality that they identified and how these have been addressed;
- (b) discuss with the Auditor the key controls the Auditor relied on to address the identified risks to audit quality and enquire about the findings from inspections of their audit and the audit firm;
- (c) review whether the 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 Auditor to address those risks;
- (d) obtain feedback about the conduct of the audit from key people of the Investment Adviser and/or the Administrator involved;

- (e) review and monitor the content of the Auditor's management letter, in order to assess whether it is based on a 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.

9.5.7 review any representation letters requested by the Auditor before they are signed by the Board; and

9.5.8 review the management letter and the Board's response to the Auditor's findings and recommendations.

9.6 Non-audit services

The Committee shall:

9.6.1 develop and implement policy on the engagement of the Auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required;

9.6.2 monitor the level of fees payable to the Auditor in respect of non-audit services, taking into account any relevant regulations and ethical guidance on the matter;

9.6.3 approve any non-audit services, ensuring that the provision of such services does not impair the Auditor's independence or objectivity. In the context of non-audit services that are not prohibited by law, the Committee should apply judgement concerning the provision of such services; and

9.6.4 develop a policy for how the Committee will assess whether non-audit services have a direct or material effect on the audited financial statements, how the Committee will assess and explain the estimation of the effect on the financial statements and how the Committee will consider the Auditor's independence.

9.7 Compliance, Whistle blowing, and Fraud

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

- 9.7.1 in consultation with the Company's designated Compliance Officer ("CO"), satisfy itself that the Company's compliance policies and procedures fulfil the requirements of the Jersey Financial Services Commission, specifically the Jersey Codes of Practice for Certified Funds and Listed Fund Guide;
- 9.7.2 in consultation with the Company's designated Money Laundering Compliance Officer ("MLCO") and Money Laundering Reporting Officer ("MLRO"), satisfy itself that the Company's Anti Money Laundering ("AML") policies and procedures fulfil the requirements of applicable AML legislation and regulation;
- 9.7.3 recommend to the Board from time to time the approval of employees of the Administrator to be the Company's designation CO, MLCO and MLRO.
- 9.7.4 receive quarterly confirmations from the Investment Adviser (via the Administrator) that they have not breached any of the Company's borrowing or investment limits which are in place from time to time.
- 9.7.5 review the adequacy and security of the Company's arrangements by which staff of the Administrator or the Investment Adviser (or any other service provider of the Company) may raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- 9.7.6 ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 9.7.7 review the Company's procedures for detecting fraud;
- 9.7.8 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 9.7.9 review the adequacy and effectiveness of the Company's AML systems and controls; and
- 9.7.10 review the adequacy and effectiveness of the Company's compliance function.

9. Committee Report

- 9.1 A separate section of the annual report should describe the work of the Committee in discharging its responsibilities and be signed by the Chair. The report should include, inter alia:
 - 9.1.1 a summary of the role and work of the Committee;
 - 9.1.2 how any Committee composition requirements have been addressed and the names and qualifications of all Members during the period;
 - 9.1.3 the number of Committee meetings;

- 9.1.4 the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
- 9.1.5 an explanation of how it has assessed the independence and effectiveness of the external audit process;
- 9.1.6 the approach taken to the appointment or re-appointment of the Auditor;
- 9.1.7 the length of tenure of the current audit firm;
- 9.1.8 when a tender was last conducted and advance notice of any re-tendering plans;
- 9.1.9 if the auditor provides non-audit services, the Committee's policy for approval of non-audit services and an explanation of how auditor objectivity and independence is safeguarded; and
- 9.1.10 the audit fees for the statutory audit of the Company's consolidated financial statements paid to the Auditor and its network firms for audit-related services and other non-audit services, including the ratio of audit to non-audit work. For each significant engagement, the report should explain what the services are and why the Committee has concluded that it was in the interests of the Company to purchase them from the Auditor.

10. Other matters

- 10.1 The Committee shall:
 - 10.1.1 have access to sufficient resources in order to carry out its duties; including access to the Secretary and external advisers for assistance as required;
 - 10.1.2 be provided with appropriate timely training, both in the form of an induction programme for new Members and on an ongoing basis for all Members if deemed to be appropriate;
 - 10.1.3 give due consideration to laws and regulations and any other applicable rules, as appropriate;
 - 10.1.4 review its constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
 - 10.1.5 consider every three years whether a cyber security risk assessment should be carried out on the Company's key service providers (Investment Adviser, Administrator & Registrar).

11. Authority

- 11.1 Subject to these Terms of Reference, the Committee shall be generally authorised by the Board to:
 - 11.1.1 seek any information it requires from any Director or adviser of the Company in order to perform its duties;

- 11.1.2 obtain, at the Company's expense, outside legal or other professional advice on any matter within these Terms of Reference;
- 11.1.3 request any Director or adviser to attend a Meeting as and when required; and
- 11.1.4 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.