

# **ASHOKA WHITEOAK EMERGING MARKETS TRUST PLC (the "Company")**

## **Terms of Reference - Audit Committee (the "Committee")**

### **1. Composition of the Committee**

The Committee shall be comprised of three or more independent non-executive Directors. The chair of the Board may be a member of the Committee if they were independent on appointment but may not act as the Committee Chair. At least one member of the Committee shall have recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates.

The Committee Chair shall be appointed by the Board. Other members of the Committee shall be appointed by the Board in consultation with the Chair of the Committee.

The Chair of the Committee shall be paid a fee in recognition of the additional duties involved.

### **2. Meetings**

The Committee will meet at least twice each year, to review drafts of the Annual and Half Year Reports of the Company, for audit planning purposes and at such other times as may be required. A quorum shall be any two members of the Committee. In the absence of the Committee Chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting. The Secretary shall minute the proceedings and resolutions of all Committee meetings and minutes of each meeting of the Committee shall be circulated to all members of the Committee and, once agreed by the Committee, to the other Directors of the Company. Any Director, upon request to the Secretary, may obtain copies of the Committee's agenda and minutes provided that there is no conflict of interests.

Any action of the Committee may also be taken by an instrument or instruments in writing, including via email or other electronic means, including via the use of electronic signatures by all members of the Committee and any such action shall be as effective as if it had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

### **3. Attendance**

The Committee may invite other Board members to attend meetings and may request representatives of the Auditor, the Investment Manager, the Investment Adviser, the Secretary and the Administrator or any other relevant person to attend meetings, but such invitees shall have no right of attendance.

### **4. Resources**

The Company Secretary of the Company shall act as Secretary to the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **5. Authority**

The Committee is authorised to:

- investigate and review any matter within its terms of reference and consider any matter the Committee deems relevant to the discharge of its duties;
- seek any information it reasonably requires from a representative of any third-party service provider in order for the Committee to perform its duties;
- request a representative of a third-party service provider to attend any meeting of the Committee;
- obtain at the Company's expense outside legal or other professional advice on any

- matters within its terms of reference; and
- have timely and unrestricted access to relevant documents relating to the affairs of the Company.

## **6. Shareholder engagement**

The Chair of the Committee, or their nominated delegate, shall attend the annual general meeting of the Company in each year and be prepared to respond to any shareholder questions on the Committee's activities.

The Chair of the Committee should seek engagement with shareholders on significant matters related to their area of responsibility.

## **7. Main roles and responsibilities**

The main roles and responsibilities of the Committee are:

- monitoring the integrity of the financial statements of the Company and its Group and any formal announcements relating to the Company's and its Group's financial performance, and reviewing significant financial reporting judgements contained in them;
- providing advice (where requested by the Board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- consider reports from any independent valuer appointed by the Company to value its investments;
- reviewing the Company's internal financial controls and internal control and risk management systems, unless expressly addressed by a separate Board risk committee composed of independent non-executive directors, or by the Board itself;
- conducting the tender process and making recommendations to the Board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's scope, results, cost effectiveness, independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements; and
- developing and implementing policy on the engagement of the external 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.

The Committee shall work and liaise as necessary with all other Board committees. The Committee shall report to the Board after each meeting of the Committee on how it has discharged its responsibilities and its decisions and recommendations.

## **8. Going concern status**

The Committee shall review the position and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-yearly financial statements, and identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

## **9. Viability assessment**

The Committee shall review the position and make recommendations to the Board in relation to viability assessment and related disclosures in the Company's annual report.

In making its recommendations, the Committee will take into account the Company's current position and principal risks. The Committee will make recommendations with regards to the explanation in the annual report as to how the Board has assessed the prospects of the Company, over what period it has done so, why it considers that period to be appropriate and whether the Board has 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 their assessment, drawing attention to any qualifications or assumptions as necessary.

#### **10. Internal controls and risk management systems**

The Committee shall:

- establish a process for identifying, assessing, managing and monitoring emerging and principal risks of the Company;
- ensure that there is a robust assessment of the Company's emerging and principal risks and that a confirmation from the Board of directors of the Company in its annual report that this assessment has been completed, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated;
- monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls;
- review, on at least an annual basis, the reports on internal controls provided by the Company's key service providers;
- review any reports by the external Auditor concerning internal controls and risk management systems; and
- review the statements included in the Annual Report in relation to internal controls and risk management.

#### **11. Whistleblowing**

The Committee shall, from time to time, review the arrangements by which staff of the Investment Manager, the Investment Adviser, the Company Secretary and Administrator and other service providers as the Committee sees fit may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and satisfy itself that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

#### **12. Internal Audit**

The Committee, annually, shall monitor and review the need for an internal audit function, and make an appropriate recommendation to the Board.

#### **13. External Audit**

The Committee shall:

- review the audit plan prepared by the Auditor ahead of the commencement of the audit;
- meet with the Auditor to review reports from the Auditor to the Committee and to discuss any significant issues that arose during the course of any audits;
- satisfy itself that the level of fees payable in respect of the audit services provided is appropriate for an effective audit to be conducted;
- review and, if necessary, seek amendments to the letter of representation to be given by the Board to the Auditor;
- review engagement letters issued by the Auditor;
- oversee the selection process when conducting audit tenders and appointing new external auditors following relevant industry guidance; and

- at the end of the annual audit cycle, assess the effectiveness of the audit process and make a recommendation to the Board regarding the re-appointment of the Auditor.

#### **14. Reporting**

The Committee shall ensure that the Terms of Reference for the Committee are generally available upon request or on the Company's website.

The Committee shall ensure that the Annual Report includes disclosures in relation to:

- the Company's investment objective and investment policy and the Company's investments;
- those areas of decision-making reserved to the Board and those over which the Investment Manager and/or the Investment Adviser have discretion including, but not limited to, the level of gearing set by the Board and if the fund manager operates within pre-set limits and the Investment Manager's and/or Investment Adviser's remit regarding voting and corporate governance in respect of the UK Stewardship Code.
- the performance of the Company;
- the ongoing charges figure of the Company;
- any alternative performance measures used by the Company; and
- details of borrowing covenants indicating the consequences of any material breach.

The Committee will prepare a separate section of the Annual Report to describe the work of the Committee in discharging its responsibilities. This report will include:

- the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;
- an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external Auditor, and information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
- in the case of a Board not accepting the audit committee's recommendation on the external Auditor appointment, reappointment or removal, a statement from the Committee explaining its recommendation and the reasons why the Board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment);
- an explanation of how auditor independence and objectivity are safeguarded, if the external Auditor provides non-audit services; and
- if the chair of the Board is a member of the Committee, an explanation as to why the Board believes this is appropriate.

#### **15. Definitions**

In these Terms of Reference, unless the context requires otherwise, the following definitions shall apply:

"**Administrator**" means the administrator of the Company from time to time;

"**Auditor**" means the external auditor of the Company from time to time;

"**Board**" means the board of Directors;

"**Chair**" means the chair of the Committee;

"**Company Secretary**" means the company secretary of the Company from time to time;

"**Directors**" means the non-executive directors of the Company from time to time;

"**Group**" means the Company and its subsidiaries from time to time;

**"Investment Adviser"** means White Oak Capital Partners Pte. Ltd., or such other investment adviser appointed by the Company or the Investment Manager to provide advisory services in connection with the Company's portfolio of investments from time to time;

**"Investment Manager"** means Acorn Asset Management Ltd, or such other investment manager appointed by the Company from time to time; and

**"Secretary"** means the secretary of the Committee.

Date issued: 17 April 2023