



## **Audit and Risk Committee Charter**

H&G High Conviction Limited  
ACN 660 009 165  
(Company)

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## 1 Purpose

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The purpose of this Audit and Risk Committee Charter is to set out the role, responsibilities, membership and operation of the Audit and Risk Committee (**Committee**).

## 2 Definitions

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General terms and abbreviations used in this Policy have the meanings set out below:

**ASX** means ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited, as the case may be.

**ASX Listing Rules** means the listing rules of the ASX, as amended from time to time.

**Board** means the board of Directors of the Company.

**Chairperson** means the chairperson of the Board.

**Charter** means this "Audit and Risk Committee Charter".

**Company** means H&G High Conviction Limited ACN 660 009 165.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Employee** means executive Directors, Managers and all other staff engaged or employed by the Company either on a contract of employment or a salaried basis.

**Investment Manager** means the manager engaged by the Company to manage its investment portfolio from time to time.

**Management** means any management personnel engaged by the Company and **Managers** has a corresponding meaning.

## 3 Composition

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The Board carries out the functions that would ordinarily be carried out by the Committee.

The Board will monitor on an on-going basis whether formation of a separate sub-committee is required or otherwise in the best interests of the Company, and will form a separate sub-committee as applicable.

References to the Committee in this Charter shall be read to mean the Board convening in its capacity as the Committee under this Charter.

## 4 Role of the Committee

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The role of the Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of:

- (a) the integrity of the Company's financial reporting systems, internal and external financial reporting and financial statements;
- (b) communication between the Board, Investment Manager, the investment team engaged by the Investment Manager and any other Management in relation to audit, risk and compliance matters affecting the Company;

- (c) the appointment, remuneration, independence and competence of the Company's external auditors;
- (d) the performance of the external audit functions and review of their audits (including auditors engaged by the Investment Manager);
- (e) the effectiveness of the Company's system of risk management and internal controls; and
- (f) the Company's systems and procedures for compliance with applicable legal and regulatory requirements.

## **5 Audit and risk responsibilities**

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### **5.1 External reporting**

The Committee is responsible for:

- (a) reviewing the appropriateness of the accounting judgements or choices exercised by management in the composition and presentation of financial reports;
- (b) overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- (c) assessing significant estimates and judgements in financial reports by examining the processes used to derive material estimates and judgements and seeking verification of those estimates from external auditors;
- (d) reviewing and making recommendations in relation to the adequacy of the Company's corporate reporting processes;
- (e) reviewing Management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;
- (f) assessing (before publication) whether external reporting is consistent with the understanding of the Committee members and otherwise provide a true and fair view of, the financial position and performance of the Company;
- (g) reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on the Company and making recommendations to the Board on their approval or amendment;
- (h) ensuring that a comprehensive process is established to capture issues for the purpose of continuous reporting to ASX;
- (i) reviewing the completeness and accuracy of the Company's main corporate governance practices as required by the ASX Listing Rules;
- (j) assessing information from external auditors that affects the quality of financial reports;
- (k) asking the external auditor for an independent judgement about the appropriateness of the accounting principles used and the clarity of financial disclosure practices used by the Company;
- (l) assessing solvency and the going concern assumption;
- (m) assessing the management of non-financial information in documents to ensure that conflicts with financial statements and other documents do not occur; and
- (n) recommending to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them.

## 5.2 External audit

The Committee is responsible for:

- (a) making recommendations to the Board on the appointment and remuneration of the external auditor and, if appropriate, recommending that tenders be called to assist in deciding which external auditor should be recommended;
- (b) making recommendations to the Board on the rotation of the audit engagement partner;
- (c) agreeing the terms of engagement of the external auditor before the start of each audit and ensuring that the external auditor is required to attend the Company's AGM and is available to answer questions relevant to the audit from shareholders;
- (d) reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the external auditor's set fee;
- (e) monitoring the effectiveness and independence of the external auditor, and periodically assessing their performance;
- (f) reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations and assessing whether the provision of non-audit services impairs or, appears to impair, their judgement or independence;
- (g) making recommendations to the Board on the removal of the external auditor;
- (h) ensuring that any recommendation to replace the external auditor is carefully evaluated before the Board makes a final decision;
- (i) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (j) reviewing the scope and adequacy of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;
- (k) raising with the external auditor any specific points of divergence with the Company's management;
- (l) monitoring and examining Management's response to the external auditor's findings and recommendations;
- (m) reviewing all representation letters signed by Management and ensuring all information provided is complete and appropriate; and
- (n) meeting with the external auditor without Management present at least once a year.

## 5.3 Risk management

The Committee is responsible for:

- (a) preparing a risk profile which describes the material risks facing the Company including financial and non-financial matters;
- (b) regularly reviewing and updating the risk profile and ensuring that the Company has an effective risk management system;
- (c) reviewing the adequacy of the Company's insurance programs;
- (d) assessing and ensuring that there are internal controls for determining and managing key risk areas, such as, for example: non-compliance with laws, regulations and best practice guidelines, important judgements and accounting estimates, business

licences, disputes, fraud and theft, and relevant business risks not dealt with by other committees;

- (e) receiving reports concerning material and actual incidents within the risk areas above and ensuring that macro risks are reported to the Board at least annually;
- (f) conducting investigations of breaches or potential breaches of any internal controls, and incidents within the risk areas above, particularly in relation to accounts and financial reporting;
- (g) examining and evaluating the effectiveness of the external auditors and making improvements;
- (h) encouraging voluntary reporting by Employees to the Committee of breaches of Company policies, and incidents within the risk areas above;
- (i) assessing existing controls that management has in place for unusual transactions or transactions with more than an accepted level of risk;
- (j) meeting periodically with key management, external auditors and compliance staff to understand the Company's control environment;
- (k) overseeing the preparation of a summary of the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the directors report; and
- (l) ensuring that the Company has appropriate internal audit systems and controls.

#### 5.4 **Related party transactions**

The Committee is responsible for reviewing and monitoring the propriety of related party transactions.

#### 5.5 **Skills development**

If the Committee chairperson approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

### **6 Committee's performance evaluation**

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The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company. The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this Charter.

### **7 Review**

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The Committee will review this Charter periodically to keep it up to date and consistent with the Committee's authority, objectives and responsibilities and report to the Board any changes it considers should be made. The Charter may be amended by resolution of the Board.

The Charter is available on the Company's website. Key features are published in:

- (a) either the annual report or on the Company's website; and
- (b) in the Appendix 4G to be lodged with the ASX at the same time as lodgement of the annual report.

**Adopted by the Board on 8 August 2022**