

Terms of Reference: Audit Committee

Approved by the Board of Directors on 20 May 2015

Amended by the Board of Directors on 3 November 2015

Amended by the Board of Directors on 16 August 2017

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Amended by the Board of Directors on 13 February 2019

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References herein to the “Company” shall mean Apex Global Alpha Limited, a company incorporated in the Bailiwick of Guernsey with registered number 59939 and having its ordinary shares admitted to trading on the Main Market operated by the London Stock Exchange.

1. Composition and Meetings of Audit Committee

- 1.1. The Audit Committee shall comprise not less than three independent non-executive directors of the Company, to be selected by the board of directors of the Company (the "**Board**"), in consultation with the chairman of the Audit Committee. If circumstance provides that the Audit Committee is comprised of less than three independent non-executive directors of the Company, it shall not be less than two and the Board shall make reasonable efforts to ensure that one or more additional appointments are made to fill a vacancy in the Audit Committee, as soon as practically possible.
- 1.2. Members of the Audit Committee shall be independent in character and judgement and free from any relationships or circumstances which are likely to affect, or could appear to affect, the Audit Committee member's judgement.
- 1.3. At least one member of the Audit Committee shall have recent and relevant financial experience. The range and relevance of the skills, knowledge and/or expertise of the members of the Audit Committee or any proposed appointments to the Audit Committee shall be determined by the Board or (if appointed) its nomination committee.
- 1.4. The Chairman of the Company may be a member (but not chairman) of the Audit Committee, if he or she was considered independent on appointment.
- 1.5. If any member of the Audit Committee is unable to act for any reason, the chairman of the Audit Committee may appoint any other independent non-executive director of the Company to act as his alternate.
- 1.6. The chairman of the Audit Committee shall be appointed by the Board and shall be an independent non-executive director. In the absence of the chairman of the Audit Committee, the remaining members shall elect one of their number to chair the meeting.
- 1.7. Aztec Financial Services (Guernsey) Limited (the "**Administrator**") (or his or her nominee) shall be the secretary of the Audit Committee.
- 1.8. The quorum for meetings of the Audit Committee is any two of its members.
- 1.9. No one other than an Audit Committee member is entitled to attend meetings of the Audit Committee but others may attend by invitation.
- 1.10. The external auditor may be invited to attend meetings of the Audit Committee.
- 1.11. Meetings of the Audit Committee are to be held at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. A sufficient interval should be allowed between meetings of the Audit Committee and the Board to allow for proper consideration and review of any recommendations made by the Audit Committee.
- 1.12. Any of the Audit Committee members or the Company's external auditors may request a meeting of the Audit Committee if he or she considers it necessary, to be arranged by the Administrator.

2. Remuneration

- 2.1. The remuneration of the Audit Committee and its chairman shall be determined by the Board or (if appointed) its remuneration committee, and shall be set out in their letters of appointment.
- 2.2. The chairman of the Audit Committee shall be paid a fee of above the base fee for a non-executive director (subject to the deduction of appropriate withholdings as prescribed by law) commencing on the date of appointment as chairman, to be calculated on a pro-rata basis from the date of appointment to the end of the first financial quarter following appointment.
- 2.3. The members of the Audit Committee shall not receive any fee above the base fee for a non-executive director.

3. Authorisations

The Audit Committee is authorised by the Board:

- 3.1. to investigate any activity within its terms of reference;

- 3.2. to obtain any information it requires from any employee or any service provider (to the extent applicable) of the Company or a member of its group and to call any employee or any service provider to be questioned at a meeting of the Audit Committee as and when required (and all employees and service providers are directed to co-operate with any request made by the Audit Committee);
 - 3.3. to obtain, at the Company's expense, such legal or other independent professional advice as it deems necessary to fulfil its responsibilities;
 - 3.4. to secure the attendance of other persons at its meetings if it considers this necessary; and
 - 3.5. to have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Audit Committee and the Board.
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4. Duties of the Audit Committee

The duties of the Audit Committee are:

4.1. Financial Statements

- 4.1.1. To review and monitor the integrity of the financial statements of the Company including its half-year financial statements and annual accounts, preliminary results' announcements and reports to shareholders and any other formal announcement concerning the Company's financial position, reviewing any significant financial reporting issues and judgements which they contain. The Audit Committee shall also review summary financial statements, net asset value reports, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of price sensitive information;
- 4.1.2. The Audit Committee shall review and challenge where necessary:
 - (i) the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company and its group;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the external auditors;
 - (iv) the clarity of disclosure in the Company's financial reports and the context in which statements are made;
 - (v) 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 audit and risk management); and
 - (vi) the Company's ESG disclosure obligations in the annual report and shall actively consider emerging ESG-related issues.
- 4.1.3. To submit the documents referred to in paragraph 4.1.1 to the Board for its approval and to determine what information should be brought to the Board's attention in connection with that submission.

4.2. Narrative Reporting

- 4.2.1. Where requested by the Board, to review the content of the annual 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.

4.3. External Audit

In respect of external audit:

- 4.3.1. to consider and make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditors. The Audit Committee shall oversee the selection process for new

- auditors and if an auditor resigns, the Audit Committee shall investigate the issues leading to this and decide whether any action is required;
- 4.3.2. to consider and make recommendations to the Board in relation to the remuneration of the external auditors, whether for fees for audit or non-audit services (in accordance with the Company's policy on the provision of non-audit services), and that the level of fees is appropriate to enable an adequate audit to be conducted;
- 4.3.3. to consider and make recommendations to the Board in relation to the terms of engagement of the external auditors, including the engagement letter issued at the start of each audit and the scope of the audit and to discuss with the external auditors before the audit starts the nature and scope of the audit and to ensure co-ordination where more than one firm of external auditors is involved;
- 4.3.4. to meet regularly with the external auditors, including once at the planning stage before the audit and once after the audit at the reporting stage. The Audit Committee shall meet the external auditors at least twice a year to discuss their remit and any issues arising from the audit;
- 4.3.5. to review the findings of the audit with the external auditors and discuss any major issues which arose during the audit, including, but not limited to:
- (i) major issues arising from the audit, those that have been resolved and those that have been left unresolved;
 - (ii) the evidence received in relation to each of the areas of significant judgement and the key accounting and audit judgements;
 - (iii) the levels of errors identified during the audit, including any explanations from management and, where necessary, the auditors as to the reason for any unadjusted errors; and
 - (iv) the effectiveness of the audit.
- 4.3.6. to keep under review the scope and results of the audit, the audit fee and its cost effectiveness, taking into consideration relevant professional and regulatory requirements;
- 4.3.7. to review:
- (i) any representation letters requested by the external auditors before they are approved by the Board; and
 - (ii) the external auditor's management letter and response to the auditor's findings and recommendations;
- 4.3.8. to develop and implement a policy on the supply of non-audit services by the external auditors, considering any relevant ethical guidance on the matter, and to keep such policy under review;
- 4.3.9. to assess annually the external auditor's independence and objectivity considering relevant professional and regulatory requirements and the relationship with the external auditors as a whole, including the provision of any non-audit services;
- 4.3.10. to satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditors and the Company (other than in the ordinary course of business);
- 4.3.11. to agree with the Board a policy on the employment of former employees of the Company's external auditors and monitor the implementation of this policy;
- 4.3.12. to monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of external audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner (of the external auditor) and other related requirements;
- 4.3.13. to consider the rotation of the audit engagement partner and any other key audit partners of the external auditor every five years (from the date of the first engagement), if such rotation is deferred for no more than two further years from then, in order that no longer than seven years passes between rotations;

- 4.3.14. to conduct a tender in line with corporate governance best practices for the provision of audit services to the Company every 10 years (from the date of the first engagement with the incumbent external auditor) and, where the incumbent external auditor is re-appointed, that such re-appointment is kept under review and does not exceed (in total from the date of the first engagement) any number of years as set out in relevant legislation.
- 4.3.15. to assess annually the qualifications, expertise and resources of the external auditors and the effectiveness of the audit process which shall include a report from the external auditors on their own internal quality procedures, which should include information regarding compliance with relevant requirements, such as rotation of audit partners and staff;
- 4.3.16. where an internal audit function exists, to seek to ensure co-ordination of the external audit function with the activities of the internal audit function;
- 4.3.17. to consider the risk of the withdrawal of the Company's present auditor from the market;
- 4.3.18. to discuss problems and reservations arising from audits and any matters the auditors may wish to discuss;
- 4.3.19. to evaluate the risks to the quality and effectiveness of the financial reporting process, especially considering communications with the external auditor; and
- 4.3.20. if an auditor resigns, to investigate the issues leading to their resignation and consider whether any action is required.

4.4. Audit Plan

- 4.4.1. To review and make recommendations to the Board in relation to the annual audit plan and ensure that it is consistent with the scope of the audit engagement
 - (i) consider whether the overall work plan, including planned levels of materiality and proposed resources to execute the plan, appears consistent with the scope of the audit engagement;
 - (ii) request explanation from the auditor as to how they have addressed any risks to audit quality; and
 - (iii) request insight from the auditor as to their interactions with senior management and other relevant individuals.

4.5. Internal Controls and Risk Management

- 4.5.1. To keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management framework, as follows:
 - (i) at least annually conducting a review of the Company's policies and procedures adopted by the Board, including, but not limited to, the schedule of matters reserved for the Board and its 'board management policy'; and
 - (ii) the monitoring and review of all material controls, including financial, operational, reporting and compliance controls.
- 4.5.2. To monitor the procedures in place to identify and manage emerging risks; and
- 4.5.3. To provide to the Board the statement to be included in the annual report concerning internal controls and risk management in line with Provision 34 of the AIC Code of Corporate Governance.

4.6. Whistleblowing, Compliance and Fraud

- 4.6.1. To review the Company's procedures by which advisers may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 4.6.2. To review the Company's procedures for detecting fraud;

- 4.6.3. To review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance; and
- 4.6.4. To review and keep under review the adequacy and effectiveness of the Company's compliance function.

4.7. Recommendations, Reports and Actions

- 4.7.1. To consider the major findings of internal investigations and the Board's response;
- 4.7.2. To make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- 4.7.3. To prepare a report to shareholders on its activities to be included in the Company's annual report, which will include an explanation of how the Committee has addressed the effectiveness of the external audit process, the significant issues that the Committee has considered in relation to the financial statements and, if any, how they were addressed, considering matters communicated to the Committee by the external auditors and relevant guidance;
- 4.7.4. To review the annual financial statements of any material investment funds held by the Company, which have not been reviewed by the Board as a whole following publication;
- 4.7.5. To oversee any investigation of activities which are within its terms of reference;
- 4.7.6. To, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary for Board approval;
- 4.7.7. To consider other matters as referred to the Audit Committee by the Board ;and
- 4.7.8. To exercise judgement when compiling reports to the Board and shareholders, in deciding which of the issues it considers in relation to the financial statements are significant, but including at least those matters that have informed the Board's viability assessment and whether the Company is a going concern.

5. Other Matters

The Audit Committee Shall:

- 5.1. have access to sufficient resources to carry out its duties, including access to the Administrator for assistance as required;
- 5.2. 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;
- 5.3. give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the AIC Code of Corporate Governance, the Financial Reporting Council Minimum Standard on Audit Committees and the External Audit and the requirements of the UK Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and
- 5.4. make available to shareholders, upon request, and on the Company's website, a copy of this terms of reference and any amendments to it.

6. Audit Committee Chairman

The Audit Committee Chairman shall:

- 6.1. report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, including:
 - 6.1.1. on how the Committee has discharged its responsibilities;
 - 6.1.2. the significant issues the Committee has considered in relation to the financial statements and, if any, how these were addressed;

- 6.1.3. the Committee's assessment of the effectiveness of the external audit process;
 - 6.1.4. the Committee's recommendation on the appointment, re-appointment or removal of the external auditors; and
 - 6.1.5. any other issues to which the Board has requested the Committee's opinion.
- 6.2. attend the Company's annual general meeting and be prepared to answer shareholders' questions on the Audit Committee's activities.
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7. Administrator

The Administrator shall:

- 7.1. minute the proceedings and resolutions of all meetings of the Audit Committee, including recording the names of those present and in attendance;
- 7.2. ascertain, at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly; and
- 7.3. promptly circulate minutes of Audit Committee meetings to all members of the Audit Committee and once agreed, to all members of the Board, unless a conflict of interest exists.