

HarbourVest Global Private Equity Limited
(the "Company")
Terms of Reference for the Audit and Risk Committee
Approved: 21 February 2022

DEFINITIONS

"Board"	board of directors of the Company
"HVP"	HarbourVest Partners

1 CONSTITUTION

- 1.1 The Board hereby resolves to establish a committee of the Board to be known as the Audit and Risk Committee (the "Committee").

2 FUNCTION

- 2.1 The function of the Committee is to ensure that the Company maintains high standards of risk management, integrity, financial reporting and internal controls.

3 MEMBERSHIP

- 3.1 Members of the Committee shall be appointed by the Board on the recommendation of the nomination committee, and shall consist of a Chairman and at least two other members, all of whom shall be independent non-executive directors of the Company with no links to the Company's external auditors. The chairman of the Board should not be a member. At least one member shall have recent and relevant financial experience and must have competence in accounting or auditing, or both. The Committee as a whole should have competence relevant to the sector in which the Company operates. A quorum shall be two members.

4 MEETINGS

- 4.1 The Committee shall meet no fewer than three times a year, held to coincide with key dates in the financial reporting and audit cycle.
- 4.2 A sufficient interval should be allowed between Committee meetings and main Board meetings to allow any work arising from the Committee meeting to be carried out and reported to the Board as appropriate.
- 4.3 Only members of the Committee shall have the right to attend Committee meetings, however, other individuals such as the chairman of the Board and other Directors may be invited to attend all or part of any meeting as and when appropriate.
- 4.4 The Committee may ask representatives of HVP, the Company Secretary, brokers and other service providers to attend meetings, either regularly or by invitation, but invitees shall have no right of attendance
- 4.5 The Committee will meet the external auditor at least once a year (by telephone or in person) without non-independent directors or HVP present.
- 4.6 The Guernsey-based employees(s) of the Company Secretary who act as Compliance Officer and Money Laundering Reporting Officer for client funds ("Compliance Staff") will be invited to attend meetings of the Committee at least once a year.

- 4.7 Meetings may be held more frequently if the Committee deem necessary or if requested by any member, or the Company's auditors or Compliance Staff.
- 4.8 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person invited and all other Directors, no later than five working days before the date of the meeting. Supporting papers shall be made available to Committee members and to other attendees as appropriate at the same time wherever possible to enable full and proper consideration to be given to issues.
- 4.9 The Company's auditors shall be advised of the timing of Committee meetings to consider the Company's annual accounts and at any meeting the Committee shall have access to the auditors if it so requires. The Committee shall meet with the external auditors at least twice each year, once at the planning stage, where the scope of the audit will be considered, and once post audit at the reporting stage, and shall ensure that any auditor's management letters and management's responses are reviewed. The Company's auditors may request further meetings if they consider necessary.
- 4.10 The Committee shall also have direct access to the compliance officers of all of the Company's service providers if deemed necessary or advisable.
- 4.11 The Company's Secretary shall be the secretary of the Committee and attend all meetings. The Company's Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 4.12 Minutes of Committee meetings shall be circulated promptly to the Chairman of the Committee and then made available to all members of the committee and any other independent directors of the Company. The Committee Chairman may authorise the circulation of the minutes or extracts thereof to other attendees of any meeting or third parties in his absolute discretion.
- 4.13 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 4.14 The Committee shall make whatever recommendation to the Board it deems appropriate on any area within its remit where action or improvement is needed.

5 ANNUAL GENERAL MEETING ("AGM")

- 5.1 The Chairman of the Committee, or, in his or her absence, a duly authorised representative of the Committee, shall be available at the AGM of the Company to answer questions on the separate section of the annual report describing the Committee's activities and matters within the scope of the Committee's responsibilities.

6 AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised at the Company's expense to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.

- 6.2 The Committee shall:
- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
 - (b) be provided with such training as shall be deemed appropriate, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - (c) give due consideration to laws and regulations, the provisions of the Association of Investment Companies (“AIC”) Code and the requirements of the UK Listing Authority’s Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate;
 - (d) to 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.

7 DUTIES

7.1 Financial reporting

- 7.1.1 to monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any related formal statements, such as preliminary announcements, and to review, and report to the Board on, the significant financial reporting issues and judgments which they contain, having regard to matters communicated by the auditor;
- 7.1.2 to report its views to the Board if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- 7.1.3 in relation to 7.1.1, in particular to review and challenge where necessary:
- (a) significant accounting policies and practices, and any changes to them and any significant estimates or judgements;
 - (b) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (c) whether the Company has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements, taking into account the views of the auditor;
 - (d) the Company’s policy in relation to the valuation of investments including unquoted or other unusual investments;
 - (e) the clarity and completeness of disclosure in the Company’s financial statements and consider whether such disclosures made are properly set in context;
 - (f) all related information presented with financial statements, including the strategic report, long term viability and corporate governance statements relating to the audit and to financial risk management;
 - (g) significant adjustments resulting from the audit;
 - (h) the going concern assumption and any statement regarding the future prospects or longer-term viability of the Company;
 - (i) compliance with accounting standards, including whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (j) compliance with the Listing Rules, Disclosure Guidance and Transparency Rules, the provisions of the UK Corporate Governance Code and associated guidance, and other legal and regulatory requirements; and
 - (k) all material information presented with the financial statements, the corporate governance statement and the Company’s statement on internal control systems,

prior to endorsement by the Board, and the policies and process for identifying and assessing business risks and the management of those risks by the Company.

- 7.1.4 to review the contents of the annual report and accounts and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's, position and performance, business model and strategy. This review will assess whether other information presented in the annual report is consistent with the financial statements;
 - 7.1.5 to review any other announcements statements, returns or filings containing financial information to be issued by the Company that require board approval, where practicable. This review may be undertaken by the Chairman or another suitable Committee member.
- 7.2 **Internal controls and risk management**
- 7.2.1 to review the Company's internal financial controls, that is the systems established to identify, assess, manage and monitor financial risks as part of their expected roles and responsibilities in the UK Corporate Governance Code;
 - 7.2.2 to be responsible for establishing the risk assessment methodology employed by the Board to manage the risks faced by the Company. This shall include the nature and frequency of risk assessments, the identification of risks to be assessed including emerging risks, the identification of appropriate risk limits and tolerances for the Board to consider as well as aspects of risk appetite to be considered by the Board in formulating its overall investment strategy in accordance with its stated purpose, strategy, business model and values;
 - 7.2.3 to assess the effectiveness of risk mitigation factors or measures and make recommendations to the Board for changes thereto;
 - 7.2.4 to 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;
 - 7.2.5 to seek to ensure that the Company's procedures and those of its service providers properly reflect the risk appetite, limits and tolerances set by the Board and the mitigation measures identified;
 - 7.2.6 to conduct such additional reviews or focused deep-dives regarding specific risks that the Committee or Board determine is appropriate;
 - 7.2.7 to periodically review the Company's risk log and assess the effectiveness of the measures taken in response to each item by the Board and/or service providers;
 - 7.2.8 to review the way the Company's risks and the management thereof is 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;

- 7.2.9 to receive and review an annual controls reports from HVP and BNP Paribas which shall include the accounting and internal control systems applied by the Investment Manager and Company Secretary respectively in the operation of services provided to the Company;
 - 7.2.10 to consider the level of assurance it is getting on the risk management and internal control systems, including internal financial controls, and whether this is enough to help the Board in satisfying itself that they are operating effectively;
 - 7.2.11 to review the Company's systems and controls for the prevention and detection of fraud and bribery and receive reports on non-compliance;
 - 7.2.12 to review the continuing effectiveness and appropriateness of the Company's wider legal and tax structure;
 - 7.2.13 to consider annually whether there is a need for an internal audit function and make a recommendation to the Board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report.
- 7.3 **Compliance**
- 7.3.1 in consultation with the Compliance Staff, to satisfy itself that the Company's compliance policies and procedures fulfil the requirements of the Guernsey Financial Services Commission;
 - 7.3.2 in consultation with the Compliance Staff, to satisfy itself that the Company's Anti Money Laundering ("AML") policies and procedures fulfil the requirements of applicable AML legislation and regulation; and
 - 7.3.3 periodically review the effectiveness of the Compliance Staff and contribute to the process for reviewing the engagement of the Company Secretary.
 - 7.3.4 to satisfy itself that policies and procedures are in place to ensure compliance with all other statutory and regulatory provisions, applicable guidance and codes of practice.
- 7.4 **Appointment, resignation and fees of external auditor, and tendering**
- 7.4.1 to consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, on the appointment, reappointment and removal of the external auditors;
 - 7.4.2 to assess annually, and report to the Board on, the qualification, expertise, resources, and independence of the auditor and the effectiveness of the audit process (including a report from the auditor on their own internal quality procedures and consideration of the audit firms' annual transparency reports);
 - 7.4.3 if the auditor resigns, to investigate the issues surrounding the resignation and consider whether any action is required;
 - 7.4.4 to evaluate the quality and effectiveness of the financial reporting process;

- 7.4.5 to approve the terms of engagement and the remuneration to be paid to the external auditor in respect of the audit services provided;
 - 7.4.6 to review and agree the engagement letter issued by the external auditor at the start of each audit, ensuring it has been updated to reflect changes in circumstances arising since the previous year. The scope of the audit should be reviewed by the Committee with the auditor. If the Committee is not satisfied as to its adequacy it should arrange for additional work to be undertaken;
 - 7.4.7 to approve or recommend to the Board the remuneration to be paid to the external auditor in respect of audit services provided and to satisfy itself that the level of fee payable is appropriate and that an effective, high quality audit can be conducted for such a fee;
 - 7.4.8 to consider when the external audit contract should be put out to tender (taking into account the requirement in the UK Corporate Governance Code for FTSE 350 companies to put the external audit contract out to tender at least once every ten years);
 - 7.4.9 if and when the Company puts the external audit contract out to tender, to oversee the external audit tendering process and as part of that process to ensure that all tendering firms have access as necessary to information and individuals during the tendering process and to compare the quality and effectiveness of the services provided by the external auditor with those of other audit firms.
- 7.5 **Independence of auditor, including the provision of non-audit services**
- 7.5.1 to assess annually the independence and objectivity of the auditor, taking into account relevant UK and Guernsey law, the extant Ethical Standard issued by the FRC or successor regulatory body, regulation and other professional requirements. The Committee should consider the annual disclosure from the statutory auditor and discuss with the auditor the threats to independence and the safeguards applied to mitigate those threats;
 - 7.5.2 monitoring the auditor's compliance with the Ethical Standard, the level of fees that the Company pays in proportion to the overall fee income of the firm, or relevant part of it and other related regulatory requirements;
 - 7.5.3 annually seeking from the auditor information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding rotation of audit partners and staff;
 - 7.5.4 where the Committee has decided that it is necessary to extend the normal rotation period for the audit engagement partner and key audit partners from five years up to a maximum of seven years, in order to safeguard the quality of the audit, as long as it does not compromise the independence or objectivity of the external auditor, this should be disclosed by the Committee to shareholders as early as practicable;

- 7.5.5 to develop and recommend to the Board the Company's policy in relation to the provision of non-audit services by the auditor, taking into account the Ethical Standard and legal requirements and keep the policy under review. ;
- 7.5.6 The Committee is responsible for approving non-audit services. The Committee's objective is to ensure 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 will apply judgement concerning the provision of such services, including assessing
- (a) threats to independence and objectivity resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the auditor's independence and objectivity;
 - (b) the nature of the non-audit services;
 - (c) whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
 - (d) the fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee, including special terms and conditions (for example contingent fee arrangements); and
 - (e) the criteria which govern the compensation of the individuals performing the audit.

7.6 **Annual audit cycle**

- 7.6.1 at the start of each annual audit cycle, the Committee shall ensure that appropriate plans are in place for the audit. The Committee shall consider whether the auditor's overall work plan, including planned levels of materiality and proposed resources to execute the audit plan, appears consistent with the scope of the audit engagement, having regard also to the seniority, expertise and experience of the audit team;
- 7.6.2 to review, in a timely manner with the auditor, the findings of their work and the auditor's report. In the course of its review, the Committee shall:
- (a) discuss with the auditor major issues which arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved;
 - (b) ask the auditor to explain how they addressed the risks to audit quality identified earlier;
 - (c) weigh the evidence they have received in relation to each of the areas of significant judgement and review key accounting and audit judgements;
 - (d) ask the auditor for their perception of their interactions with the administrator and HVP; and
 - (e) review levels of errors identified during the audit, obtaining explanations from management and, where necessary, the external auditors as to why certain errors might remain unadjusted.
- 7.6.3 to review any representation letter(s) requested by the auditor before they are signed by the Board and give particular consideration to matters where representation has been requested that relate to non-standard issues. The Committee shall consider whether the information provided is complete and appropriate based on its own knowledge.

- 7.6.4 to assess the effectiveness of the audit process. An assessment of external audit quality in the particular circumstances of the Company requires consideration of the mind-set and culture; skills, character and knowledge, quality and control; and judgment, including the robustness and perceptiveness of the auditors in handling key judgements, responding to questions from the Committee and in their commentary where appropriate on the systems of internal control.
- 7.6.5 In the course of its assessment of effectiveness, 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 audit firm and network level controls the auditor relied on to address the identified risks to audit quality and enquire about the findings from internal and external inspections of their audit and their 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 external auditors to address those risks;
 - (d) obtain feedback about the conduct of the audit from key people involved; and
 - (e) review and monitor the content of the external auditor's management letter, and other communications with the Committee, 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.

7.7 **Communication with Shareholders**

The annual report shall include a separate section describing the work of the Committee in discharging its responsibilities, signed by the chairman.

- 7.7.1 The Committee section should include the following matters:
- (a) a summary of the role and work of the Committee;
 - (b) how the Committee composition requirements have been addressed, and the names and qualifications of all members of the Committee during the period, if not provided elsewhere;
 - (c) the number of Committee meetings;
 - (d) how the Committee's performance evaluation has been conducted;
 - (e) an explanation of how the Committee has assessed the effectiveness of the external audit process and of the approach taken to the appointment or reappointment of the external auditor; the length of tenure of the current audit firm; the current audit partner name, and for how long the partner has held the role; when a tender was last conducted; and advance notice of any retendering plans;
 - (f) if the external auditor provides non-audit services, the Committee's policy for approval of non-audit services; how auditor objectivity and independence is safeguarded; 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; and for each significant engagement, or category of engagements, explain what the services are and why the Committee concluded that it was in the interests of the Company to purchase them from the external auditor; and
 - (g) the significant issues that the Committee considered, including:

- issues in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the auditors;
- the nature and extent of interaction (if any) with the FRC's Corporate Reporting Review team; and
- where the Company's audit has been reviewed by the FRC's Audit Quality Review team, the Committee should discuss the findings with their auditors and consider whether any of those findings are significant and, if so, make disclosures about the findings and the actions they and the auditors plan to take. This discussion should not include disclosure of the audit quality category.

7.7.2 The Committee should exercise judgement in deciding which of the issues it considered in relation to the financial statements were significant. The Committee should aim to describe the significant issues in a concise and understandable form whilst reporting on the specific circumstances of the Company.

7.7.3 The section need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

8 OTHER

- 8.1 At least once a year, the Committee should review the Committee's performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

Last reviewed and approved by the Committee: [21 February 2021]

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