

BLUEFIELD SOLAR INCOME FUND LIMITED
AUDIT AND RISK COMMITTEE – TERMS OF REFERENCE

Constitution and Purpose

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

The Committee does not hold any executive authority save as expressed herein. The purpose of the Committee is to ensure that the Company maintains high standards of risk management, integrity, financial reporting and internal controls.

The Chair of the Committee shall report to the Company's Board (the 'Board') on any relevant issue that in the opinion of the Committee, should be brought to the attention of the Board members. In accordance with the AIC Code of Corporate Governance the Committee should make available its terms of reference explaining its role and the authority delegated to it by the Board. This requirement is met by including the information on the Company's website.

Membership

Members of the Committee shall be appointed by the Board in consultation with the Audit and Risk Committee Chair and shall consist of a Chair and at least two other members, all of whom shall be non-executive directors of the Company who are considered to be independent by the Board and shall normally include the Chair of the Company. The Chair of the Committee shall be appointed by the Board (and shall not at any time also be the Chair of the Board). In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

A quorum shall be two members, neither of whom should be present in the United Kingdom at the time of the meeting. A duly convened meeting of the Committee 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.

The Administrator shall act as Secretary to the Committee.

A representative of the external auditor and representatives of the Investment Adviser, the Administrator and any Director who is not a member of the Committee shall be invited to attend meetings as the Directors deem appropriate.

The Board shall satisfy itself that at least one member of the Committee has 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.

Authority

The Committee is authorised to investigate any activity within its terms of reference and seek any information it requires from any Director of the Company or any of its subsidiary companies as well as from any Director or employee of the Investment Adviser or the Administrator, and all such Directors and employees are directed by the Board to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent professional advice at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee shall 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.

Meetings

The Committee shall meet not less than three times a year at appropriate times in the Company's reporting and auditing cycle and otherwise as requested. The external auditor or the Investment Adviser may request a meeting if they consider it necessary.

The Chair of the Committee may, and the Secretary on the requisition of any member of the Committee shall, convene a meeting of the Committee at any time. The Secretary shall ensure that adequate notice of meetings together with an agenda of items to be discussed is given to each member of the Committee. Supporting papers shall be sent to Committee members and to other attendees as appropriate, no later than five working days before the date of the meeting.

All meetings of the Committee shall take place in the Bailiwick of Guernsey or at any other location outside of the UK as the Board may from time to time decide.

Minutes

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

The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

Minutes of Committee meetings shall be circulated promptly to the Chair of the Committee and then made available to all members of the Committee and, once agreed, to all members of the Board. The Committee Chair may authorise the circulation of the minutes or extracts thereof to other attendees of any meeting or third parties at their discretion.

Annual General Meeting ('AGM')

The Chair of the Committee or, in their absence, a duly appointed 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.

Duties

The duties of the Committee shall be as follows:

A. Internal Controls and Risk Management

The Committee shall:

- (i) reasonably satisfy itself that the Company's internal financial control systems meet relevant legal and regulatory requirements and initiate further investigations as it sees fit as to the effectiveness of the systems of control;
- (ii) consider the level of assurance it is getting on the risk management and internal control systems, including financial, operational, reporting and compliance controls, and whether this is enough to help the Board in satisfying itself that they are operating effectively;
- (iii) receive and review the annual controls report from Ocorian which shall include the accounting and internal control systems applied by the Administrator/Company Secretary in the operation of services provided to the Company to ensure compliance with statutory and regulatory provisions, applicable guidance, and codes of best practice;
- (iv) review the Company's systems and controls for the prevention and detection of fraud and bribery and receive reports on non-compliance;
- (v) review the continuing effectiveness and appropriateness of the Company's wider legal and tax structure;
- (vi) review the possible effects of any proposed changes to applicable accounting standards, the tax status of the Company or legislation relating to regulatory and accounting matters relevant to the Company;
- (vii) 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;
- (viii) 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 as well as overall consideration of the risk appetite to be considered by the Board in formulating its investment strategy in accordance with its stated purpose, strategy, business model and values;
- (ix) submit to the Board a regularly updated record of the risks, their possible causes and potential impacts, as well as assess the effectiveness of any mitigating steps or procedures adopted by the Company and/or service providers;
- (x) review the way the Company's risks and the management thereof are 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;
- (xi) seek to ensure that the Company's procedures and those of its service providers properly reflect the risk appetite set by the Board and the mitigation measures identified;

- (xii) in consultation with the compliance staff of the Administrator, satisfy itself that the Company's compliance policies and procedures fulfil the requirements of the Guernsey Financial Services Commission and all applicable AML legislation and regulation;
- (xiii) monitor the Administrator to ensure that it maintains appropriate internal controls and processes to ensure compliance with all other statutory and regulatory provisions, applicable guidance and codes of practice and that its company secretarial, accounting and administration services, and its systems that are required to maintain and monitor those services, are accurate at all times;
- (xiv) receive and consider an annual report from the Investment Adviser confirming that the Company's affairs have been conducted in compliance with the regulations applying to it, and in adherence to the investment policy set by the Board with the approval of shareholders;
- (xv) monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any related formal statements, and review and report to the Board on the significant financial reporting issues and judgements which they contain, having regard to matters communicated by the auditor;
- (xvi) report its views to the Board if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- (xvii) 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;
- (xviii) where practicable, review any other announcement statements, returns or filings containing financial information to be issued by the Company that require Board approval. This review may be undertaken by the Chair or another suitable Committee member.

The Committee shall review and challenge, when necessary,

- A. the consistency of, and any 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 external auditor;
- D. the Company's valuation policy and methodology;

- E. the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
- F. all material information presented with the 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 statements regarding the future prospects or longer-term viability of the Company;
- I. 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
- J. 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 risk and the management of those risks by the Company.

External Audit

The Committee shall:

- (i) consider and make recommendations to the Board, to be put to shareholders (where appropriate) for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns, the Committee shall investigate the issues leading to such resignation and decide whether any action is required;
- (ii) oversee the relationship with the external auditor including (but not limited to);
 - (a) approval of their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - (b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (c) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services. 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;

- (d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
 - (e) monitoring the auditor's compliance with relevant ethical standards' overarching principles of integrity, objectivity and independence, and professional guidance on the rotation of audit partners/directors, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner/director and other related requirements;
 - (f) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
 - (g) to consider when the external audit contract should be put 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.
- (iii) meet regularly with the external auditor, including (but not limited to) once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year without the Investment Adviser or the Administrator being present, to discuss their remit and any issues arising from the audit;
- (iv) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- (v) 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,
 - (b) any accounting and audit judgements, and
 - (c) levels of errors identified during the audit;
- (vi) review any representation letter(s) in connection with the audit report and the review of the half yearly reports requested by the external auditor before they are signed by the Board;
- (vii) review the Investment Adviser's response to the auditor's findings and recommendations; and
- (viii) develop and recommend to the Board a policy on the supply of non-audit services by the external Auditor, taking into account any relevant ethical guidance on the matter.

Reporting Responsibilities

The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and take into account any matters within its terms of reference that may be brought to its attention by the Board.

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

The annual report shall include a separate section describing the duties and activities of the Committee in discharging its responsibilities, signed by the Chair.

The Committee should exercise judgement in deciding which of the issues 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 circumstance of the Company.

In the event of a material disagreement between the Committee and the Board, the Committee shall have the right to report on the issues to shareholders in the Company's Annual Report.

Other Matters

The Committee shall:

- (i) have access to sufficient resources in order to carry out its duties, including access to the Administrator for assistance as required;
- (ii) give due consideration to laws and regulations, the provisions of the Companies (Guernsey) Law, 2008 (as amended), the Registered Collective Investment Scheme Rules 2018, the AIC Code of Corporate Governance, the Anti-Bribery Act 2010 and the requirements of the UK Listing Authority's Listing Rules as appropriate; and
- (iii) annually review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Last reviewed and approved by the Committee: 12 May 2025