

BLUEFIELD SOLAR INCOME FUND LIMITED
AUDIT COMMITTEE – TERMS OF REFERENCE

There shall be established a Committee of the Board, duly constituted in accordance with the Company's Articles of Incorporation adopted prior to Admission (as defined below), to be known as the Audit Committee (the "Committee"). Any capitalised terms used in this document that are not otherwise defined shall have the same meaning as set out in the Prospectus for the admission of the Company's ordinary shares to the premium listing segment of the Official List and to trading on the London Stock Exchange.

Membership

The initial members of the Committee shall be all the Directors. A quorum shall be two members. 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 Chairman of the Committee shall be appointed by the Board; the first Chairman will be [TBC]. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

The Administrator shall act as Secretary to the Committee.

A representative of the external auditors 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.

Appointments to the Committee shall be for a period of up to three years, which may be extended for one or further three year periods. The Board shall satisfy itself that at least one member of the Committee has recent and relevant financial experience.

Authority

The Committee is authorised to 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 professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Frequency and Location of Meetings

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

The Chairman 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 at the same time.

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 all members of the Committee and, once agreed, to all members of the Board.

Terms of Reference

The terms of reference of the Committee shall be as follows:

A. Internal Controls and Accounts

The Committee shall:

- (i) make publicly available its terms of reference;
- (ii) keep under review the effectiveness of the accounting and internal control systems of the Company;
- (iii) reasonably satisfy itself that such systems meet relevant legal and regulatory requirements and initiate further investigations as it sees fit as to the effectiveness of the systems of control;
- (iv) review and approve the statements to be included in the Annual Report concerning internal controls and risk management;
- (v) confirm that there are no material omissions in the internal controls, reports and consolidated accounts;
- (vi) review final drafts of the Company's half-yearly and annual consolidated accounts and other financial statements to ensure that the Company's results and financial position are represented accurately and fairly to shareholders. The Committee shall receive such drafts with reasonable notice;
- (vii) review the Company's interim management statements;
- (viii) review the Company's operational risks at least biannually;

- (ix) submit to the Board a regularly updated record of the operations risks, their potential causes and impacts;
- (x) provide analysis of any mitigating steps or procedures adopted by the Company in regard to risk;
- (xi) monitor the Administrator to ensure that it maintains appropriate internal controls and processes to ensure 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;
- (xii) review compliance reports from the Investment Adviser;
- (xiii) 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 out in the Prospectus or as extended and amended from time to time by the Board with the approval of shareholders; and
- (xiv) 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.

The Committee shall review and challenge when necessary,

- (i) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
- (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, taking into account the views of the external auditor;
- (iv) the Company's valuation policy and methodology;
- (v) the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- (vi) 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 the Audit).

B. 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;
 - (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 and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
 - (f) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditors on their own internal quality procedures;
- (iii) meet regularly with the external Auditor, including 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 the effectiveness of the audit;
- (vii) 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 management;
- (viii) review the investment Adviser's response to the Auditor's findings and recommendations; and
- (ix) develop and implement a policy on the supply of non-audit services by the external Auditor, taking into account any relevant ethical guidance on the matter.

D. Reporting Responsibilities

The Committee Chairman 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 Committee shall compile a report to shareholders on its activities, including its membership and the frequency of, and attendance at, its meetings, to be included in the Company's Annual Report.

E. 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) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- (iii) give due consideration to laws and regulations, the provisions of the Companies (Guernsey) Law, 2008 (as amended), the Registered Collective Investment Scheme Rules 2008, the AIC Code of Corporate Governance and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- (iv) oversee any investigation of activities which are within its terms of reference;
- (v) 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 to the Board for approval; and

- (vi) review with representatives of the Investment Adviser, the Administrator and such other persons as it sees fit any matter within its terms of reference including matters of concern to the Internal Audit or Compliance Departments of the Investment Adviser.