

Audit and Risk Committee Charter

Eildon Capital Group

1 INTRODUCTION

1.1 Purpose

The ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (**Recommendations**) recommend that the Group has formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting and that it has a sound risk management framework.

The Eildon Capital Group (**Group**) consists of Eildon Capital Limited ACN 059 092 198 (**Company**) and Eildon Capital Trust ARSN 635 077 753 (**Trust**). Eildon Funds Management Limited ACN 066 092 028 (**Manager**) is the responsible entity for the Trust. The Boards of the Company and the Manager (**Board**) have established an Audit and Risk Management Committee (**Committee**) in accordance with the constitutions of the Company and the Manager and Board Charter to assist the Board with the roles, and exercising the responsibilities, set out in this Charter or otherwise as requested by the Board.

This Charter aims to provide a framework within which the Committee will operate to bring transparency, focus and independent judgement in matters within the Committee's responsibility.

2 THE COMMITTEE'S ROLE AND RESPONSIBILITIES

2.1 The Committee's role

The Committee's role is to:

- (a) oversee the adequacy of the Group's corporate reporting processes. The processes should be formal and rigorous to safeguard the integrity of the Group's corporate reporting and facilitate independent verification;
- (b) oversee the external auditor's role in the corporate reporting process and making recommendations to the Board regarding the external audit;
- (c) ensure that Group management carry out their risk management roles in light of guidance from the Board; and
- (d) make recommendations to the Board regarding risks the Group faces, action it should take, the adequacy of the Group's risk management framework, and on disclosure of risk.

2.2 Committee responsibilities

The Committee is responsible for:

- (a) **(corporate reporting)**
 - (i) reviewing management's processes for compliance with laws, regulations and other requirements relating to the preparation of accounts and corporate reporting by the Group of financial and nonfinancial information;
 - (ii) making recommendations in relation to the adequacy of the Group's corporate reporting processes;

- (iii) overseeing the process that is implemented to capture issues for continuous reporting to ASX;
 - (iv) asking the external auditor for an independent judgment about the appropriateness of the accounting principles, and the clarity of financial disclosure practices, used by the Group;
 - (v) assessing information from external auditors which is significant for financial reports;
 - (vi) reviewing and assessing the appropriateness of material estimates, accounting judgments and significant choices exercised by management in preparing the Group's financial statements (including the solvency and going concern assumptions) by:
 - (A) examining the processes used; and
 - (B) seeking verification from external auditors;
 - (vii) assessing that the Group's financial statements reflect the Committee's understanding of, and provide a true and fair view of, the Group's financial position and performance;
 - (viii) overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
 - (ix) overseeing that appropriate risk management and internal control processes are in place to form the basis upon which the Managing Director and Chief Financial Officer make their declarations to the Board under section 295A of the Corporations Act 2001 (Cth) and Principle 4 of the Recommendations;
 - (x) reviewing the completeness and accuracy of the Group's Corporate Governance Statement as required by the ASX Listing Rules;
 - (xi) reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on the Group and making recommendations to the Board on their approval or amendment; and
 - (xii) recommending to the Board whether the financial statements, financial report, Directors' Report and Annual Report should be approved based on the Committee's assessment of them.
- (b) **(external audit):**
- (i) making recommendations to the Board on the selection process, appointment and remuneration of the external auditor;
 - (ii) agreeing the terms of engagement of the external auditor before the start of each audit;
 - (iii) reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the fee set;
 - (iv) monitoring the independence of the external auditor;
 - (v) reviewing the external auditor's independence based on the external auditor's relationships and services with the Group and other organisations;

- (vi) assessing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of external auditor and, if required, developing policies for Board approval in relation to this;
 - (vii) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
 - (viii) meeting with the external auditor without management present at least once a year;
 - (ix) raising with the external auditor any specific points of divergence with the Group's management;
 - (x) the effectiveness of the external auditor and assessing their performance;
 - (xi) the scope and adequacy of the external audit, including identified risk areas and any additional procedures with the external auditor on a periodic basis;
 - (xii) representation letters signed by management and assessing that information provided is complete and appropriate;
 - (xiii) monitoring management's response to the external auditor's findings and recommendations;
 - (xiv) making recommendations to the Board on the rotation of the audit engagement partner;
 - (xv) evaluating whether to recommend to the Board that an external auditor be removed;
- (c) **(risk management framework)** overseeing that Management designs and implements an appropriate and effective risk management framework which:
- (i) aims to identify, protect against, detect, respond to and recover from risks, and to review and improve the framework;
 - (ii) includes relevant matters set out in the schedule; and
 - (iii) is developed and reviewed with input from external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;
- (d) **(review of risk management framework)** the Committee will at least annually review the risk management framework to determine that it continues to be sound, and to identify any changes to material risks and whether they remain within the risk appetite set by the Board with input from Management, external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance. The Committee will report and make recommendations, if any, to the Board accordingly;
- (e) **(related party transactions)** the Committee will review and monitor the propriety of related party transactions; and
- (f) **(disclosure)** overseeing the preparation of summaries and making recommendations to the Board including:

- (i) the main internal and external risk sources that could adversely affect the Group's prospects for future financial years, for inclusion in the operating and financial review section of the Directors' Report; and
- (ii) the corporate governance statement in the Group's Annual Report or on the Group's website, including in relation to each reporting period:
 - (A) whether the review of the Group's risk management framework has taken place and, if appropriate, insights gained from the review and changes made as a result; and
 - (B) whether the Group has any material exposure to economic, environmental and social sustainability risks and if so how they intend to manage those risks.
- (g) **(other areas of responsibility)**
 - (i) overseeing the process for the receipt, retention and treatment of information received under Whistleblower Policy, and procedures for complaints regarding matters relating to audit, financial statements, internal controls, misbehaviour, possible fraud or conduct that is in breach of the Group's Code of Conduct;
 - (ii) reviewing and assessing the adequacy of the Group's insurances, including directors' and officers' liability insurance at least annually;
 - (iii) holding individual executive sessions with the Chief Financial Officer or other senior management to discuss matters with the Committee, as appropriate; and
 - (iv) performing any other duty or undertaking that the Board may request from time to time.

3 MEMBERSHIP

3.1 Composition and size

The Committee will consist of:

- (a) only non-executive directors;
- (b) a majority of independent directors; and
- (c) at least three members.

The Group will disclose the relevant qualifications and experience of the members of the Committee.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

3.2 Chairperson

The Chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee Chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a Chairperson for the meeting.

3.3 Expertise

The Committee is intended to be structured so that between them, the members of the Committee should have the accounting and financial expertise and a sufficient understanding of the industry and the circumstances in which the Group operates, to be able to discharge the Committee's duties effectively.

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

3.4 Commitment

Committee members should devote the necessary time and attention for the Committee to carry out its responsibilities.

At the first Committee meeting after their appointment and when the Board reviews Committee membership, each Committee member must confirm that they intend to devote sufficient time and attention to the Committee for the coming year.

3.5 Secretary

The Company Secretary is the Secretary of the Committee.

4 COMMITTEE MEETINGS AND PROCESSES

4.1 Meetings

Meetings and proceedings of the Committee are governed by the provisions in the constitution of the Company regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this Charter.

The Board will disclose the number of times the Committee met throughout that financial year and the individual attendance of each Committee member at those meetings.

4.2 Frequency and calling of meetings

The Committee will meet as frequently as required to undertake its role effectively, but not less than twice a year. The Chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor, or the Chairperson of the Board.

4.3 Quorum

Two members constitute a quorum for meetings of the Committee.

4.4 Attendance by non-members

The Managing Director and Chief Financial Officer are expected to attend each scheduled meeting of the Committee and the external auditor may be invited, each as an observer, to provide input and advice as required by the Committee.

The Committee chairperson may also invite directors who are not members of the Committee, other senior managers and external advisors to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as is required.

4.5 Notice

The Chairperson of the Committee determines the meeting agenda after appropriate consultation. The Secretary will distribute the notice of meeting, the agenda of items to be discussed and related material to all Committee members and other attendees not less than five business days before each proposed meeting of the Committee.

4.6 Access to information and advisors

The Chairperson of the Committee receives all reports between the external auditor and management. The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access the Group's documents and records;
- (c) obtain advice and input from counsel, accountants and other experts (eg risk consultants), without seeking approval of the Board or management (where the committee considers that necessary or appropriate); and
- (d) access and interview management and external auditors (with or without management present).

Relevant information will be distributed to Committee members as it becomes available.

4.7 Minutes

The Secretary will keep minute books to record the proceedings and resolutions of its meetings. The Chairperson of the Committee, or their delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

5 EVALUATION OF COMMITTEE

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

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

5.1 Review and publication of Charter

The Board will review this Charter from time to time to assess whether it remains relevant to the current needs of the Group. This Charter may be amended by resolution of the Board.

This Charter will be available on the Group's website and the key features will be published in the annual report.