

## ONWARD OPPORTUNITIES LIMITED

### TERMS OF REFERENCE OF THE AUDIT AND RISK COMMITTEE

Adopted by resolution of the Board on 17 February 2023  
and reviewed and updated on 5 September 2024 and 5 September 2025

#### 1. DEFINITIONS

1.1 In this document:

- (a) reference to the **"Board"** shall mean the Board of Directors of the Company;
- (b) reference to the **"Chair"** shall mean the chair of the Board;
- (c) reference to the **"Committee"** shall mean the Audit and Risk Committee of the Board;
- (d) reference to the **"Committee Chair"** shall mean the member appointed as the chair of the Committee; and
- (e) reference to the **"Company"** shall mean Onward Opportunities Limited.

1.2 Reference to the **"Market Abuse Regulation"** shall mean the UK version of Regulation (EU) no 596/2014 of the European Parliament and of the Council on 16 April 2014 on market abuse, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by domestic law from time to time.

#### 2. MEMBERS

The members of the Committee shall consist of all of the independent non-executive directors of the Company.

#### 3. PURPOSE

The Committee is appointed by the Board to assist the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company.

#### 4. MEMBERSHIP

4.1 The Committee shall be made up of at least two (2) members who shall all be independent non-executive directors and at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from an internationally recognised professional accountancy body and with competence in accounting and / or auditing, or experience in internal audit and risk management and previous listed investment company audit and risk committee experience. The Committee as a whole should have competence relevant to the sector in which the Company operates. Members of the Committee shall be appointed by the Board in consultation with the Committee Chair.

4.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals (if not members of the Committee) such as other directors of the Company, representatives of the alternative investment fund manager, the portfolio manager, the administrator or other external advisers, may be invited to attend all or part of any meeting, as and when appropriate and necessary.

4.3 The external auditors will be invited to attend meetings of the Committee on a regular basis, as appropriate. At least once each year representatives of the Company's external auditors shall meet the Committee without the portfolio manager, the Company secretary, the alternative investment fund manager or any external advisers being present, to discuss the external auditor's remit and any issues arising from the audit.

4.4 Appointments to the Committee shall be for a period of up to three (3) years, which may be extended for further periods of up to three (3) years, provided the director still meets the criteria for membership of the Committee. Any member who fails to remain independent will step down from the Committee. The Board may fill vacancies in the Committee by appointment from amongst the Board.

4.5 The Board shall appoint the Committee Chair, who shall be an independent non-executive director, from among the members of the Committee and shall determine the period for which he/she shall hold office. 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.

4.6 The Chair may be a member of the Committee in addition to the independent non-executive directors, provided that he or she was considered independent on appointment as Chair, but shall not be Committee Chair. The Board should provide an explanation of why it believes that it is appropriate for the Chair to be a member of the Committee.

4.7 Each member of the Committee shall disclose to the Committee:

(a) any personal financial or other interest in any matter to be decided by the Committee; or

(b) any potential conflict of interest arising from a cross-directorship or otherwise,

and any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.

## **5. SECRETARY**

5.1 The secretary of the Company or its, his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to all issues.

5.2 The Committee shall have access to the services of the secretary on all Committee matters, including: assisting the Committee Chair in planning the Committee's work, drafting meeting agendas, maintaining minutes, drafting of material about its activities for the annual report and interim reports, collection and distribution of information and provision of any necessary practical support.

## **6. MEETINGS AND QUORUM**

6.1 The quorum necessary for the transaction of business shall be any two (2) members of the Committee. 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.

6.2 Members may participate in a meeting of the Committee by means of conference telephone or other communication equipment.

6.3 Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting of the Committee. Any action of the Committee may also be taken by an instrument or instruments in writing (including via email or other electronic means) signed (including via the use of electronic signatures) by all of the members of the Committee (including in counterparts) and any such action shall be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose.

6.4 Except where he or share has a personal interest, the Committee Chair shall have a casting vote.

## **7. FREQUENCY OF MEETINGS**

- 7.1 The Committee shall meet at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required.
- 7.2 Outside of the formal meeting programmes, the Committee Chair, and to a lesser extent the other Committee members, shall maintain a dialogue with key individuals involved in the Company's governance, including the Chair and the external audit lead partner.
- 7.3 A sufficient interval shall be allowed between Committee meetings and main Board meetings to allow any work arising from the Committee to be carried out and reported to the Board as appropriate.

## **8. NOTICE OF MEETINGS**

- 8.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- 8.2 Unless otherwise agreed by the Committee, 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 required to attend and all other non-executive directors, no later than five working days before the date of the meeting, unless approval is required at short notice. The secretary of the Company or its, his or her nominee shall ensure that supporting information and papers shall be sent to Committee members and other attendees as appropriate at the same time.
- 8.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **9. MINUTES OF MEETINGS**

- 9.1 The secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 9.2 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 9.3 Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair.
- 9.4 A resolution in writing or via email and signed or otherwise approved via electronic signature by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **10. SHAREHOLDER ENGAGEMENT**

The Committee Chair shall attend the annual general meeting of the Company and any general meeting relating to the Committee's area of responsibility and be prepared to respond to any shareholder questions on the Committee's activities. The Committee Chair should seek engagement with shareholders on significant matters related to their areas of responsibility.

## **11. DUTIES**

The Committee should have oversight of, and carry out the duties below for, the Company and the group (if a group is in existence) as a whole, as appropriate.

## 11.1 Financial Reporting

- 11.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements and financial statements (including the regular NAV announcements), and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- 11.1.2 In particular, the Committee shall review and challenge where necessary the Company's financial statements taking into account:
- 11.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
  - 11.1.2.2 decisions requiring a major element of judgement;
  - 11.1.2.3 the methods used to account for significant or unusual transactions where different approaches are possible;
  - 11.1.2.4 whether the Company has followed appropriate accounting standards and, where necessary, made appropriate estimates and judgements, taking into account the views of the external auditor;
  - 11.1.2.5 any significant adjustments resulting from the audit;
  - 11.1.2.6 compliance with applicable regulatory and legal requirements;
  - 11.1.2.7 compliance with best practice in the area of corporate governance;
  - 11.1.2.8 the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
  - 11.1.2.9 all material information presented with the financial statements, such as the strategic report and the corporate governance statement (insofar as it relates to the audit and risk management).
- 11.1.3 The Committee shall review the half-yearly and annual report in their entirety.
- 11.1.4 The Committee shall review other published financial reports or data produced by the Company from time to time.
- 11.1.5 The Committee shall review press statements and advertisements relating to financial matters prior to their issue.
- 11.1.6 The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the AIM Rules for Companies (the "**AIM Rules**") or the Disclosure Guidance and Transparency Rules (the "**Disclosure Guidance and Transparency Rules**") made by the Financial Conduct Authority (the "**FCA**") under section 73A of the Financial Services and Markets Act 2000, as amended and the Market Abuse Regulation.
- 11.1.7 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

## 11.2 **Narrative Reporting**

Where requested by the Board, the Committee should 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 position and performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the AIC Code of Corporate Governance (the "**Code**"). Final approval of the annual report and accounts and half year report remains with the Board.

## 11.3 **Internal Controls and Risk Management Systems**

The Committee shall, as appropriate given the nature of the Company:

- 11.3.1 keep under review the Company's internal financial controls and review the adequacy and effectiveness of the Company's internal financial controls and risk management systems and monitoring the proper implementation of such controls;
- 11.3.2 where requested by the Board, ensure that a robust assessment of the emerging and principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the identification, management and mitigation of those risks;
- 11.3.3 review and approve the statements to be included in the annual report concerning internal controls and risk management;
- 11.3.4 review and approve the statements explaining how assets have been invested with a view to spreading investment risk;
- 11.3.5 liaise with the Board and ensure that other statements regarding the alternative investment fund manager and portfolio manager including relevant details of their remuneration and appointment and their continued appointment, are included in the annual report;
- 11.3.6 ensure that the annual report includes:
  - 11.3.6.1 the **full** text of the Company's published investing policy;
  - 11.3.6.2 a statement (including a quantitative analysis) explaining how the Company has invested its assets with a view to spreading investment risk in accordance with its published investing policy;
  - 11.3.6.3 a detailed and meaningful analysis of the Company's investment portfolio;
  - 11.3.6.4 a statement, set out in a prominent position, as to whether in the opinion of the directors, the continuing appointment of the alternative investment fund manager and the portfolio manager on the terms agreed is in the interests of its shareholders as a whole, together with a statement of the reasons for this view; and
  - 11.3.6.5 the name of the Company's alternative investment fund manager and portfolio manager, and a summary of the principal contents of any agreements between the Company, the alternative investment fund manager and the portfolio manager, including but not limited to: (a) an indicative of the terms and duration of their appointment, (b) the basis for their remuneration; and (c) any arrangements relating to the termination of their appointment, including compensation payable in the event of termination;

11.3.7 if relevant, consider at least annually whether there is a need for an independent valuation of the Company's investment portfolio; and

11.3.8 consider annually whether there is a need for the Company to have its own internal audit function.

#### 11.4 **Compliance, whistleblowing and fraud**

The Committee shall as appropriate given the nature of the Company:

11.4.1 review the effectiveness and adequacy and security of the Company's arrangements for its contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

11.4.2 review the Company's procedures for detecting fraud;

11.4.3 review the Company's systems and controls for the prevention of bribery and tax-evasion and receive reports on non-compliance;

11.4.4 review the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and

11.4.5 review the adequacy and effectiveness of the Company's compliance function.

#### 11.5 **Internal Audit**

The Company has no internal audit function. The Committee shall consider at least annually the need for an internal audit function, make any recommendation to the Board and explain the reasons for the absence of such a function, how internal assurance is achieved and how this affects the external audit work to the Board for disclosure in the annual report. The Committee shall assess whether the processes applied by management to ensure that the internal controls systems are functioning as intended provide sufficient and objective assurance.

#### 11.6 **External Audit**

11.6.1 The Committee shall: consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting of shareholders, in relation to the appointment, re-appointment and removal of of the Company's external auditor. The Committee shall develop and oversee the selection process for new auditors and if any external auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required to remedy the situation;

11.6.2 ensure compliance with any applicable requirements as to audit tendering and, in any event, ensure that at least once every 10 years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent external auditor with those of other audit firms; and, in respect of such tender, lead and conduct such tender process and develop and oversee the selection process ensuring that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;

11.6.3 oversee the relationship with the external auditor including (but not limited to):

- 11.6.3.1 approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
- 11.6.3.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 11.6.4 assessing annually the external auditor's independence and objectivity, and the effectiveness of the audit process, taking into account relevant professional and regulatory requirements and applicable English law and the relationship with the external auditor as a whole, including any threats to the external auditor's independence and the safeguards applied to mitigate those threats and the provision of any non-audit services;
- 11.6.5 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business) which could adversely affect the external auditor's independence and objectivity;
- 11.6.6 monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm and assess these in the context of relevant legal, professional and regulatory requirements, guidance and ethical standards;
- 11.6.7 assessing annually the external auditor's qualifications, expertise and resources, independence, and the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements, which shall include a report from the external auditor on their own internal quality procedures;
- 11.6.8 evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their external auditor from the market in that evaluation;
- 11.6.9 develop and recommend to the Board the Company's formal policy and thereafter implement such policy on the provision of non-audit services by the external auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
  - 11.6.9.1 threats to the independence and objectivity of the external auditor and any safeguards in place, taking into account any relevant regulations and ethical guidance in this regard;
  - 11.6.9.2 the nature of the non-audit services;
  - 11.6.9.3 whether the audit firm is the most suitable supplier of the non-audit service;
  - 11.6.9.4 the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
  - 11.6.9.5 the criteria governing compensation;
- 11.6.10 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 management being present, to discuss the external auditor's remit and any issues arising from the audit;

- 11.6.11 discuss with the auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 11.6.12 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 11.6.12.1 a discussion of any major issues which arose during the audit;
  - 11.6.12.2 any accounting and audit judgements;
  - 11.6.12.3 the external auditor's explanation of how the risks to audit quality were addressed;
  - 11.6.12.4 the auditor's view of their interactions with the Board, the alternative investment fund manager, the portfolio manager and the administrator, as applicable;
  - 11.6.12.5 levels of errors identified during the audit; and
  - 11.6.12.6 the effectiveness of the audit;
- 11.6.13 review any representation letter(s) requested by the external auditor before they are signed by the Board
- 11.6.14 review any response from the Board, the alternative investment fund manager, the portfolio manager and / or the administrator as to the auditor's findings and recommendations; and
- 11.6.15 review the effectiveness of the audit process, including and assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

## 11.7 **Valuations**

- 11.7.1 The Committee shall be responsible for recommending valuations of the Company's investments to the Board.
- 11.7.2 The Committee shall monitor the integrity of the recommended valuations made by the Company's portfolio manager. In particular, the Committee shall review and challenge where necessary:
  - 11.7.2.1 the consistency of, and any changes to, valuation policies both on a year on year basis and across the Company; and
  - 11.7.2.2 the methods used to account for significant or unusual valuations where different approaches are possible.
- 11.7.3 The Committee shall review the adequacy and security of the Company's arrangements for stakeholders to raise concerns, in confidence, about possible wrongdoing in valuation reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

## 11.8 **Reporting Responsibilities**

- 11.8.1 The Committee Chair shall report formally to the Board on the Committee's

proceedings after each meeting on all matters within its duties and responsibilities. The Committee Chair shall also report to the Board on how it has discharged its responsibilities, as set out herein.

- 11.8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.8.3 The Committee shall compile a report to shareholders on its activities including its membership and frequency of and attendance at its meetings, to be included in the Company's Annual Report. The report should include:
  - 11.8.3.1 an explanation of how the Committee has addressed the effectiveness of the external audit process (including the provisions of non-audit services and an explanation of how, if the external auditor provides non-audit services to the Company, external auditor objectivity and independence, is safeguarded);
  - 11.8.3.2 the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor;
  - 11.8.3.3 its recommendation on the appointment or reappointment of the external auditor, including the length of the incumbent external auditor's tenure, when a tender was last conducted, advance notice of any retendering plans, and any contractual provisions restricting the Committee's choice of external auditor,
  - 11.8.3.4 the amount of fees paid to the external auditor for any of its services; and
  - 11.8.3.5 all information requirements set out in the Code
- 11.8.4 In compiling the reports referred to above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

## 11.9 **Other Matters**

The Committee shall:

- 11.9.1 have access to sufficient resources in order to carry out its duties, including access to the Company's secretary or the external auditor for assistance as required;
- 11.9.2 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;
- 11.9.3 at all times give due consideration to laws and regulations, the Code and the requirements of the AIM Rules (including the AIM Note for Investing Companies) and the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the UK version of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010; the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended in the UK from time to time including by The Alternative Investment Fund Managers

(Amendment etc.) (EU Exit) Regulations 2019, the Market Abuse Regulation and any other applicable rules, as appropriate and any other applicable rules (as appropriate);

- 11.9.4 be responsible for co-ordination of the internal and external auditors;
- 11.9.5 oversee any investigation of activities which are within its terms of reference;
- 11.9.6 at least annually, arrange for periodic review of its own performance and review its 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
- 11.9.7 work and liaise as necessary with all other Board committees, taking particular account of the impact of any risk management and internal controls being delegated to different committees; and

## **12. AUTHORITY**

The Committee is authorised:

- 12.1 to seek any information it requires from any member of the Board or any director or employee of the alternative investment fund manager or the portfolio manager or any other adviser (from time to time) in order to perform its duties;
- 12.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference including to secure the attendance of such persons if it considers necessary;
- 12.3 to call any officers of the Company to be questioned at a meeting of the Committee as and when required; and
- 12.4 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, including issues relating to the appointment, reappointment or removal of the external auditor.