

8IP Emerging Companies Limited

Tax Risk Management & Governance Policy

15 FEBRUARY 2019

1. OVERVIEW

8IP Emerging Companies Limited ("8EC" or "the Company") has an administration agreement in place with Link Fund Solutions Pty Limited ("Link"). The Company is also supported by a service agreement with Eight Investment Partners Pty Limited ("8IP") and registry and company secretarial services provided by Boardroom Pty Limited ("Boardroom").

The 8EC Board is committed to ensuring the Company complies with all applicable tax compliance and governance regulations on a continuous basis. The Board has contracted Link to provide accounting and taxation services to the Company. Link also assist with associated administrative tasks as and when required.

Under the service agreement for accounting and taxation services, Link employees are responsible for the preparation of the Company's monthly financial accounts, including taxation calculations, in addition to the half-yearly and annual reporting to shareholders, under the Company's Australian Securities Exchange obligations and requirements.

Link is a well-regarded provider of administration services, including for LIC's. Link services around 70 clients and has in excess of \$40 billion funds under administration.

In addition to the contract with Link, the Company also outsources taxation services to Pitcher Partners, a reputable accounting and taxation firm with specialist knowledge of tax compliance and regulations applicable to the funds management industry, and in particular, LIC's. Pitcher Partners also provides specialist advice to the Company as required.

2. TAX STRATEGY & GOVERNANCE

The Company's taxation policy and strategy is disclosed below.

The Board of Directors seek to meet their obligations with regards to current and future taxation on its activities in a manner that maintains its reputation as a responsible and secure vehicle for its shareholders' funds. The Company will prepare tax returns and disclose its tax positions based on its, and its advisers', interpretation of current taxation legislation and consistent with ATO guidance, where applicable.

The Company's strategy is to provide the best investment outcome for its shareholders consistent with its stated goals. This by necessity will not involve utilising high-risk taxation-driven strategies.

Unless a range of taxation outcomes are specifically provided for under the legislation, if there is a possibility that a transaction or range of transactions could be taxed in different ways, or if there is a difference of views, 8EC will usually guide Link to record the transaction in a conservative manner consistent with legislation and ATO guidance.

8IP and the 8EC's advisers in Pitcher Partners, will inform the Board either directly or through the Audit, Risk & Compliance Committee when such a disparity of outcomes exists, whilst being mindful of materiality and reputational risk.

8EC will meet its taxation obligations in a timely manner and will ensure that the policies, procedures and practices are maintained to meet this policy.

A standing item on the Board meeting agenda allows the Board to receive an update on taxation matters, consistent with the above policy. In addition, the Board's Audit, Risk & Compliance Committee receives reports from the external auditor (see below) on their review of the taxation

balances (including calculations) at the half-year and year-end and from 8IP when and if required throughout each period.

As an LIC that invests primarily in Australian listed assets, the Company's tax affairs are relatively simple, and relate to income tax payable on the investment income that it receives (whilst accounting for any attached franking credits) plus the net income on its trading activities with no investment positions being held on capital account by the Company.

Where available, much of the tax paid and franking credits received are passed onto 8EC's shareholders in the form of franked dividends.

3. TAXATION RISK MANAGEMENT

The Company's Board of Directors is ultimately responsible for overseeing the operations of the Company and ensuring that a sound system of internal controls are in place for risk management purposes.

The Company's Board of Directors has approved the overarching risk appetite of the Company and is assisted in its risk management activities by the Audit, Risk & Compliance Committee. Coordination of risk management activities is done by 8IP, which reports to the Audit, Risk & Compliance Committee on such matters throughout each year. This includes taxation risk, which is the risk that the Company takes a tax position that is not in accordance with its risk appetite and/or the risk that the amounts of tax due are incorrectly calculated, provisioned for and/or paid.

The Board of Directors receive assurances from 8IP regarding the operation and effectiveness of the Company's internal controls (see the Corporate Governance Statement available on the website) on an ongoing basis.

The Risk Management Framework is reviewed by the Audit, Risk & Compliance Committee on an annual basis. The framework has been developed to take into account the principles and guidelines outlined in AS/NZS ISO 31000: 2009 Risk Management – principles and guidelines. This approach involves establishing the context in which it operates, identifying the risks, analysing those risks, evaluating the risks, treating the risks where appropriate and monitoring, reviewing and reporting risks and the overall performance of the framework.

Link as the provider of administrative services to the Company, has its own risk management processes and controls, including taxation risk and taxation policies and procedures.

With regards to calculation of and provision for taxation, the Company and 8IP note the following controls that are in place to reduce the risk of material misstatement:

- Company tax returns are prepared by external advisers (Pitcher Partners, who are also the Company's auditors).
- Company provisions for tax payable are prepared by Link on a monthly basis. The provisions for tax payable are also reviewed twice a year by the taxation specialists and auditors as part of the annual and half-yearly audit and review. This includes franking credit balances.