ACN: 001 746 710
(*ARC* or the *Company*)

Introduction
The Board of Directors of ARC Funds Limited ("ARC" or the "Company") is responsible for the corporate governance of the Company.
The practices outline in this statement are in accordance with the ASX Corporate Governance Council's (ASXCGC) Corporate Governance Principles and Recommendations (4th Edition) unless otherwise stated.

ASXCGC Principle 1
Lay solid foundations for management and oversight
A listed entity should clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.

ASXCGC Recommendation 1.1
A listed entity should have and disclose a Board Charter setting out:
(a) the respective roles and responsibilities of its board and management; and
(b)those matters expressly reserved to the board and those delegated to management

ARC Practice
The Board has the ultimate responsibility for oversight of the management and actions of ARC. It is responsible to shareholders for ARC's overall corporate governance.

The Board has adopted a Board Charter which formalises certain matters relating to the Board. The Charter addresses the purpose and role of the Board, its powers, Board membership, meeting formalities and appointment procedures.

The Managing Director is referred to as the Lead Executive in the Charter. The Board specifically delegates the day-to-day management of the Company's affairs to the Managing Director within the levels of authority specified by the Board along with the implementation of strategy, policy and financial initiatives.

The Board Charter can be viewed on the Company's website: https://www.arcfunds.com.au/investors

ASXCGC Recommendation 1.2
A listed entity should:
(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director**.**

ARC Practice
The Company seeks to appoint Board members and senior executives with the requisite experience and cultural fit. External advice is sought, and independent search firms are engaged where warranted.

All notices to shareholders for AGM's and general meetings of the Company where a decision is required to elect or re-elect a director contain relevant information regarding the individual(s) being considered for election or re-election.

ASXCGC Recommendation 1.3
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

ARC Practice

The Managing Director's responsibilities and terms of employment, including termination entitlements, are set out in a formal service agreement. Letters of appointment are prepared for non-executive Directors and senior executives appointed.

ASXCGC Recommendation 1.4
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

ARC Practice
The Company Secretary of the Company has a direct reporting line to the Chairman and is responsible to the Board for statutory compliance and administrative matters associates with the Board.

ASXCGC Recommendation 1.5
A listed entity should:
(a) have and disclose a diversity policy;
(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
(c) disclose in relation to each reporting period:
(1) the measurable objectives set for that period to achieve gender diversity;
(2) the entity's progress towards achieving those objectives; and
(3) either:
(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

ARC Practice
The Company has introduced a diversity policy in June 2025 if required to adopt in future. However, currently the Company has not complied due to its size although ARC seeks to ensure within diversity within the organisation.
Given the size of the Company and the nature if its business, a formal diversity policy was introduced only in June 2025.

The Board composition is reviewed on a need basis. In the event a vacancy arises, the Board will consider diversity as part of its nomination process. The Company is not a relevant employer under the Workplace Gender Equality Act.

ASXCGC Recommendation 1.6
A listed entity should:

a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period

ARC Practice
The Company does not comply. Under the leadership of the Board Chairman, the performance of the Board is subject to an informal review. Board Committees and individual Directors are considered as part of the overall functioning and governance of the Company. At this time the Board does not undertake a formal evaluation process.

ASXCGC Recommendation 1.7

A listed entity should:
a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

ARC Practice
The Company does not comply as the Board has not yet established a performance evaluation structure for executives. The Board will consider conducting a performance evaluation in FY27.

ASXCGC Principle 2
Structure the Board to be effective and value
The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

ASXCGC Recommendation 2.1
The board of a listed entity should:
a) have a nomination committee which:
    1) has at least three members, a majority of whom are independent directors; and
    2) is chaired by an independent director,

and disclose:

    3) the charter of the committee;
    4) the members of the committee; and
    5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

ARC Practice
The Company does not comply with 2.1(a) but complies with 2.1(b). As the number of Directors is small, the Board takes on the role of nominations and governance. Details of this role are set out in the Board Charter.

The Board has determined that the role of the nomination committee is appropriately carried.

ASXCGC Recommendation 2.2
A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

ARC Practice
The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. The Company has in place a formal skills matrix which sets out the relevant skills, experience and expertise of each Director. A copy of the Board Skills Matrix is attached as Annexure A to this Corporate Governance Statement.

ASXCGC Recommendation 2.3
A listed entity should disclose:

a) the names of the directors considered by the board to be independent directors;
b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and
c) the length of service of each director.

ARC Practice
The Board presently consists of three Directors. Out of the two non-executive Directors, one director is considered independent.
The Board has a balanced composition with each current Director bringing to the Company a range of complementary skills and experience.

ASXCGC Recommendation 2.4
A majority of the board of a listed entity should be independent directors

ARC Practice
There are presently three Directors of the Company two of which are non-executive Directors. Only one Director is considered independent.

ASXCGC Recommendation 2.5
The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

ARC Practice
Mr Michael Walker as the Chairman of the Board is not considered independent. The Company believes that while the Chairman has a significant personal interest in the Company, his skills and investment expertise add considerable values to the Company to the benefit of all shareholders.

At this stage of its development, the Company regards this situation as enhancing its potential for growth, whilst maintaining a low-cost base.

Mr Michael Walker is not the CEO of the Company.

ASXCGC Recommendation 2.6
A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

ARC Practice
Due to the relatively complicated nature of the Company's operations and structure, the Board induction process is informal in nature. New Directors are fully briefed about the business, current issues, corporate strategy and expectations of the Company concerning performance of Directors. Directors are individually responsible for maintaining relevant and up to date skills and knowledge.

ASXCGC Principle 3
Instil a culture of acting lawfully, ethically and responsibly
A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

ASXCGC Recommendation 3.1
A listed entity should articulate and disclose its values.

ARC Practice
The Company has a statement or values approved by the Board. These values have been made publicly available on its website: https://www.arcfunds.com.au/investors

ASXCGC Recommendation 3.2
A listed entity should:
(a)have and disclose a code of conduct for its directors, senior executives and employees; and
(b)ensure that the board or a committee of the board is informed of any material breaches of that code

ARC Practice
The Board has approved a code of conduct, which applies to everyone employed by the Company, including Directors. The Company requires all its Directors to comply with the standards of behaviour and business ethics in accordance with the law and the code of conduct and including acting honestly and fairly in all dealings.

The company has made its code of conduct publicly available on its website: https://www.arcfunds.com.au/investors

ASXCGC Recommendation 3.3
A listed entity should:
a) have and disclose a whistleblower policy; and
b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

ARC Practice
The Company has adopted a whistleblower policy. A copy of the policy is available on the Company's website: https://www.arcfunds.com.au/investors

ASXCGC Recommendation 3.4
A listed entity should:
a) have and disclose an anti-bribery and corruption policy; and
b) ensure that the board or committee of the board is informed of any material breaches of that policy

ARC Practice
The Company has adopted an anti-bribery and corruption policy of which is available on the Company's website: https://www.arcfunds.com.au/investors

ASXCGC Principle 4
Safeguard the integrity of corporate reports
A listed entity should have appropriate processes to verify the integrity of its corporate reports

ASXCGC Recommendation 4.1
The board of a listed entity should:
a) have an audit committee which:
   1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
   2) is chaired by an independent director, who is not the chair of the board, and disclose:
   3) the charter of the committee;
   4) the relevant qualifications and experience of the members of the committee; and
   5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;
b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

ARC Practice
The Board has an Audit & Risk Committee, which plays a key role in assisting the Board with its responsibilities relating to accounting, developing internal control systems, reporting practices and risk management.

Details of the Director's qualifications and their membership and attendance at Committee meetings are set out in the Director's Report contained in the Annual Report.

Detailed terms of reference for the Committee have been adopted and are available at:
https://www.arcfunds.com.au/investors

ASXCGC Recommendation 4.2
The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

ARC Practice
The Board receives assurance from its Managing Director and the Chief Financial Officer, as in the form of a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give true and fair view of the financial position and performance of the entity and that the opinion is founded on the basis of a sound system of risk management and internal controls which is operating efficiently and effectively in all material respects and where not so operating, is being brought into compliance.

ASXCGC Recommendation 4.3
A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

ARC Practice
The Company has internal processes to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

ASXCGC Principle 5
Make timely and balanced disclosure.
A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASXCGC Recommendation 5.1
A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

ARC Practice
The Board has adopted a continuous disclosure policy to ensure compliance with ASX Listing Rule disclosure requirements.

The continuous disclosure policy is available on the Company's Website: https://www.arcfunds.com.au/investors/

ASXCGC Recommendation 5.2
A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

ARC Practice
All market announcements are reviewed and approved by the Board before release to the market. The Company has a process to ensure the Board receives copies of all material market announcements promptly after they have been made.

ASXCGC Recommendation 5.3
A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

ARC Practice
The Company releases all new and substantive investor or analyst presentation materials on the ASX Market Announcements Platform ahead of the presentation.

ASXCGC Principle 6
Respect the rights of security holders
A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

ASXCGC Recommendation 6.1
A listed entity should provide information about itself and its governance to investors via its website.

ARC Practice
The Company's website https://www.arcfunds.com.au/ contains particulars regarding its activities and operations as well as relevant documents pertinent to its governance regime.

ASXCGC Recommendation 6.2
A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

ARC Practice
The Company encourages regular and timely communication with its shareholders and other stakeholders. Communication channels used by the Company include the Half Year Report, Annual Report, the Annual General Meeting (AGM) and shareholder access to communications through the use of information technology such as the Company's website where all key notices, policies and documents are posted.

ASXCGC Recommendation 6.3
A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

ARC Practice
The Board encourages full participation at the AGM during which they are invited to raise questions or make comments regarding the operations and performance of the Company.

ASXCGC Recommendation 6.4
A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

ARC Practice
All resolutions put to shareholders at a general meeting are decided by a poll.

ASXCGC Recommendation 6.5
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

ARC Practice
The Company, and its share registry service provider, gives shareholders the option to receive communications electronically.

ASXCGC Principle 7
Recognise and manage risk
A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

ASXCGC Recommendation 7.1
The board of a listed entity should:

a) have a committee or committees to oversee risk, each of which:
    1) has at least three members, a majority of whom are independent directors; and
    2) is chaired by an independent director, and disclose:
    3) the charter of the committee;
    4) the members of the committee; and

5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

ARC Practice
The Board takes a proactive approach to the Company's risk management and internal compliances and control systems.

The Audit & Risk Committee terms of reference include a requirement for the Committee to review and monitor the risk management practices and activities of the Company.

ASXCGC Recommendation 7.2
The board or a committee of the board should:

a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and
b) disclose, in relation to each reporting period, whether such a review has taken place.

ARC Practice
The Board and the Audit & Risk Committee consider risk management in making all of their decisions at meetings throughout the year.

ASXCGC Recommendation 7.3
A listed entity should disclose:

a) if it has an internal audit function, how the function is structured and what role it performs; or
b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.

ARC Practice
The Company does not have an internal audit function. The Company has undertaken a review of risk and implemented mechanisms appropriate to the size and complexity of its operations to manage risk without the requirement of a separate internal audit function. The Board works collectively to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives.

ASXCGC Recommendation 7.4
A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

ARC Practice
The Company does not have any significant exposure to environmental regulation under Australian Commonwealth or State Law.

The Company has identified certain risks that could materially impact the Company's performance and growth strategies. A summary of risks and actions taken to mitigate these risks including in relation to capital, interest rates, credit, liquidity, financial market and net fair values are included in the Annual Report.

ASXCGC Principle 8

Remunerate fairly and responsibly

A listed entity should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

ASXCGC Recommendation 8.1

The board of a listed entity should:

a) have a remuneration committee which:
   1) has at least three members, a majority of whom are independent directors; and
   2) is chaired by an independent director, and disclose:
   3) the charter of the committee;
   4) the members of the committee; and
   5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

ASXCGC Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

ARC Practice

The details of the remuneration paid to Directors is included in the Remuneration Report of the Annual Report. The aggregate amount payable to non-executive Directors must not exceed the maximum annual amount approved by the Company's shareholders. Further details of non-executive Directors' remuneration are contained in the Remuneration Report of the Annual Report.

ASXCGC Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
b) disclose that policy or a summary of it.

ARC Practice

This Recommendation is not applicable to the Company.

ANNEXURE A

BOARD SKILLS MATRIX

ARC Funds Limited
ACN: 001 746 710

Introduction

This Board Skills Matrix ("Matrix") provides a guide as to the skills, knowledge, experience, personal attributes and other criteria appropriate that ARC Funds Limited ("Company") has or is looking to achieve in its Board membership. The template designed to capture the skills of the current Board, assist in the recruitment of future Directors if necessary and provide guidance for the Board in its succession planning.

Skill Category	Michael Walker	Scott Beeton	Peter Hasrouni
Leadership	3	3	3
Strategic Planning	3	3	3
Financial Services	3	3	3
Financial Acumen	3	3	3
Governance, Legal and Risk	2	2	3
Customer Experience and Marketing	3	2	3
Information Technology	3	2	3
Health, safety and environment	2	2	3
Crisis Management	2	2	3
People and Remuneration	3	3	3

Rating Criteria:

3 = Strong Skills and Experience
2 = Medium Skills and Experience
1 = Low Skills and Experience