

**PETERSHILL PARTNERS PLC**

**(the “Company”)**

**TERMS OF REFERENCE FOR THE MANAGEMENT ENGAGEMENT COMMITTEE (THE  
“COMMITTEE”)**

**Approved by the Board on 20 September 2021**

**1. THE COMMITTEE’S ROLE AND RESPONSIBILITIES**

The duties of the Committee shall be:

***Operator***

- 1.1 to review the contractual arrangements between the Company and the Company’s operator (the ***Operator***) including the Operator Agreement (together, the ***Investment Management Arrangements***) on at least an annual basis, and to ensure that the terms are competitive, fair and reasonable and conform with market and industry practice and remain in the best interests of the Company’s shareholders;
- 1.2 to review and make recommendations to the Board on any proposed amendment to any of the Investment Management Arrangements;
- 1.3 to monitor and evaluate the performance of the Operator and compliance with the terms of the Investment Management Arrangements;
- 1.4 to review the continuing appointment of the Operator and making appropriate recommendations to the Board as to whether the continuing appointment of the Operator are in the best interests of the Company and shareholders and the reasons for this recommendation;
- 1.5 to prepare an annual opinion to the Board as to the Operator’s performance, including the on-going suitability of the Operator to manage the assets of the Company;
- 1.6 to review the level and method of remuneration and the basis on which the performance fees (if any) are calculated, giving due consideration to general market practice, and review the notice period;
- 1.7 to evaluate whether the basis of any performance fee encourages excessive risk or rewards demonstrably superior performance in managing the portfolio against the Company’s stated objectives when compared to a suitable benchmark or peer group;
- 1.8 to consider the merit of obtaining, on a regular basis, an independent appraisal of the Operator’s services;
- 1.9 to ensure that sound risk management and internal controls are maintained and reviewed annually in order to safeguard shareholders’ investments and the Company’s assets.

***Third Party Service Providers***

- 1.10 with advice from the Operator as required, to review the contractual arrangements between the Company and all other third party service providers (including the Administrator but excluding the Operator and the external auditors) (together, the *Third Party Service Providers Arrangements*) on at least an annual basis, and to ensure that the terms are competitive, fair and reasonable and conform with market and industry practice and remain in the best interests of the Company's shareholders;
- 1.11 to review and make recommendations to the Board on any proposed amendment to any of the Third Party Service Providers Arrangements;
- 1.12 with advice from the Operator as required, to monitor and evaluate the performance of the third party service providers and compliance with the terms of the contractual arrangements between the Company and third party service providers;
- 1.13 to review and consider any amendments to the terms of appointment and remuneration of the third party service providers; and
- 1.14 to consider any points of conflict which may arise between the third party service providers and the Company.

## **2. COMPOSITION AND QUORUM**

- 2.1 The Committee shall be appointed by the Board and shall comprise all the independent non-executive directors of the Board.
- 2.2 The Board appoints the chair of the Committee. In the absence of the Committee chair and/or an appointed deputy, the remaining members present may elect one of the independent non-executive directors present to chair the meeting. Any member who is determined by the Board no longer to be independent shall cease to be a member of the Committee.
- 2.3 The quorum necessary at a meeting of the Committee for the transaction of business is two members of the Committee. Only members of the Committee have the right to attend Committee meetings, but the Committee may invite others (including representatives of the Operator and/or the Company's administrator (the *Administrator*) and other interested persons) to attend all or part of any meeting if it thinks it is appropriate or necessary but such others shall not count for quorum.
- 2.4 The secretary will ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee will not be counted towards the quorum and he/she must abstain from voting on any resolution of the Committee in which he/she and/or his/her associates have a material interest.
- 2.5 A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **3. MEETING ADMINISTRATION**

- 3.1 The Committee must meet as often as it deems necessary and at the request of any of its members, but in any case no less than once a year.

3.2 Meetings of the Committee must be held at such times and places as determined by the Committee chair. Additional meetings may be called by the Committee chair. The Committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when the chair considers this to be necessary or desirable.

3.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date (and dial-in details if required) of the meeting must be sent, with an agenda of the items to be discussed and any supporting papers, to each member of the Committee, any other person required to attend the meeting and all other non-executive directors as soon as practicable, and in any event no later than five business days before the date of the meeting.

#### **4. SECRETARY**

4.1 The company secretary or such person as the Committee nominates shall act as the secretary of the Committee and shall attend all meetings.

4.2 The secretary must ensure that the Committee receives information and materials in a timely manner to enable full and proper consideration to be given to them.

4.3 The secretary must minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

4.4 Draft minutes of Committee meetings must be sent promptly to all members of the Committee. Once approved, minutes must be sent to all members of the Board, unless the chair of the Committee thinks it is inappropriate to do so.

#### **5. SELF-EVALUATION**

5.1 The Committee must review its own performance and terms of reference at least once a year and recommend to the Board any changes it considers necessary or desirable.

#### **6. REPORTING RESPONSIBILITIES**

6.1 After each Committee meeting, the chair of the Committee must report formally to the Board on the Committee's proceedings.

6.2 The Committee may make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is desirable.

6.3 A report on the Committee's activities must be disclosed in the annual report. The annual report must explain the areas of decision making reserved for the Board and those over which the Operator has discretion. In particular the report should describe:

- (a) the Operator's overall performance (such as investment performance, portfolio risk and operational issues such as compliance); and
- (b) the Operator's remit regarding stewardship (such as voting and shareholder engagement and environmental, social and corporate governance issues in respect of holdings in the Company's portfolio).

- 6.4 The chair of the Committee must attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Committee's activities.

## **7. OTHER MATTERS**

7.1 The Committee must:

- (a) have access to sufficient resources to carry out its duties including access to the company secretariat for assistance as required on all Committee matters;
- (b) be given appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members. The induction programme is provided by the Administrator;
- (c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code/Association of Investment Companies Code of Corporate Governance, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- (d) oversee any investigation of activities which are within its terms of reference; and
- (e) work and liaise as necessary with all other Board committees.

## **8. AUTHORITY**

The Board authorises the Committee to:

- (a) undertake any activity within its terms of reference;
- (b) seek any information from any service provider to the Company that the Committee requires to perform its duties, and call any such person to be questioned at a Committee meeting, as and when required;
- (c) obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and invite persons giving such advice to attend Committee meetings; and
- (d) delegate any of its powers to one or more of its members or the secretary of the Committee.