

# Credit Committee Terms of Reference

7 December 2023

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## **1. Membership**

- 1.1 The committee shall comprise at least three directors.
- 1.2 Appointments to the committee are made by the board on the recommendation of the Nomination, Governance and Remuneration Committee in consultation with the chair of the committee and shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the member still meets the criteria for membership of the committee.
- 1.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chair, CEO, CRO and external advisers or other individuals may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.4 The board shall appoint the committee chair. In the absence of the committee chair, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the board.

## **2. Secretary**

- 2.1. The company secretary, or their 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 issues.

## **3. Quorum**

- 3.1. The quorum necessary for the transaction of business shall be three.

## **4. Frequency of meetings**

- 4.1. The committee shall meet at least three times a year and otherwise as required.

## **5. Notice of meetings**

- 5.1. Meetings of the committee shall be called by the secretary of the committee at the request of the committee chair or any of its members.

- 5.2. Unless otherwise agreed, 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 and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

## **6. Minutes of meetings**

- 6.1. The secretary shall minute the proceedings and decisions of all committee meetings, including recording the names of those present and in attendance.
- 6.2. Draft minutes of committee meetings shall be circulated to all members of the committee. Once approved, minutes should be made available to all other members of the board and the company secretary unless, exceptionally, it would be inappropriate to do so.

## **7. Conflicts of Interest**

- 7.1. It is each member's responsibility to disclose any interests that could constitute an actual or perceived conflict of interest and, in such circumstances, they may absent themselves from voting. If the Chair decides in consultation with the other members (if necessary) that a member has an actual or perceived conflict of interest, the Chair may determine that the member absent themselves from a particular committee business and/or that a recommendation should be made to the board that such member be removed as a member. Any decision of the Chair (and/or of the board) shall be final and binding.

## **8. Engagement with Owners**

- 8.1. The committee chair should attend the Annual Owners Meeting to answer any questions on the committee's activities.

## **9. Duties**

- 9.1. The committee should carry out the duties below for the PIDG Ltd and the Group as a whole, as appropriate.
- 9.2. Strategy for the credit products

The committee shall:

- 9.2.1. Assist the board in implementing and setting the strategy for the Credit Solutions arm to achieve the Group's strategic objectives and on how best to balance short, medium and long term investment objectives;
- 9.2.2. Recommend lending and guarantee approaches to the board.
- 9.2.3. Recommend any changes required to Group's lending and guarantee business model to support the creation of value in the short, medium and long term.
- 9.2.4. Working with the Risk Committee, advise the board on the appropriate level of credit risk under the Credit Solutions arms' products to be taken consistent with meeting the Group's strategic objectives.

- 9.2.5. Take into account the additionality of the lending and guarantee opportunities being brought to the committee.
- 9.2.6. Take into account the sustainable development impact of the lending and guarantee opportunities being brought to the committee.
- 9.2.7. Review the credit policies and recommend any necessary changes to these to the board.
- 9.3. Monitoring investment performance and governance

The committee shall:

- 9.3.1. Review the performance of the Credit Solutions arms' company managers (GMC and Ninety One) under their delegated authority and make recommendations to the board on any required changes.
- 9.3.2. Review the additionality and ex-ante sustainable development impact of the Credit Solutions arms' products.
- 9.3.3. Monitor and review the use of any collateral or other security arrangements in respect of credit risk exposures to third parties in line with the credit policies.
- 9.3.4. Advise the board on the appropriate quantitative and qualitative information to use in assessing the performance of the Credit Solutions arms' products over time.
- 9.3.5. Working with the executive, monitor the capacity and performance of lending and guarantee staff and company managers, and advise the board on how to improve such capacity and performance over the short, medium and long-term.
- 9.3.6. In the event the committee is not satisfied with any aspect of the reporting in relation to EAIF, GuarantCo or PIDG TA in relation to the Credit Solutions arms' products, it shall report its views to the board.

#### 9.4. Risk Monitoring

The committee shall:

- 9.4.1. Advise the board on credit risk and mitigation strategies within its role.
- 9.4.2. Consult the Risk Committee and Audit Committee on lending and guarantee risk issues, including any breaches of policies or limits, where it deems this to be appropriate.
- 9.4.3. Contribute to the development of the principles of the system of internal control and the risk management system of the Group.

#### 9.5. Decision-Making

- 9.5.1. Any determination of the committee made in respect of any matter under the Delegation of Authorities shall be final and binding and no such decision shall be capable of being referred for the purposes of an appeal or otherwise to the board (subject to any exception as may be stated by the board when delegating its powers, functions and responsibilities to the committee).

The committee shall:

- 9.5.2. Review and approve proposed credit exposures incurred by PIDG Ltd which it deems are complex, contentious or novel, or which would result in a large exposures, as reflected in the approved Delegation of Authorities of GMC and Ninety One, or that have been referred to the committee by the credit committees of GMC or Ninety One.
- 9.5.3. Be accountable for all decisions on whether to approve a guarantee opportunity or a loan opportunity within the committee's remit as set out in 6.4.2 (i) above.
- 9.5.4. Delegate authority for credit-related decisions in respect of the Credit Products to the company managers under the approved Delegation of Authorities.
- 9.5.5. Review any material changes by the company managers to the carrying value of credit and guarantee exposures, including impairments, restructurings and disposals, and make recommendations to Audit Committee.
- 9.5.6. Monitor and advise the board on any changes required to the approved Delegation of Authorities for decisions on new business and approval of guarantee opportunities and loan opportunities.
- 9.5.7. Review and approve the processes and new business and credit proposal templates to be used by the company managers for the consideration of new Business and the approval of guarantee opportunities or of loan opportunities.
- 9.5.8. Evaluate and consider whether to approve any new business or guarantee opportunity or loan opportunity that meets the threshold criteria set out in the approved Delegation of Authorities.
- 9.5.9. Inform the board of any proposed deviations from the Investment Policy.

## **10. Reporting responsibilities**

- 10.1. The committee chair shall report to the board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 10.2. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for board discussion when necessary.
- 10.3. The committee shall compile a report of its activities to be included in the company's annual report, describing the work of the committee.

## **11. Other matters**

The committee shall:

- 11.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 11.2. Be provided by PIDG Ltd with appropriate funding to obtain advice and assistance from internal or external legal, accounting, or other advisors at PIDG Ltd's expense, without the prior approval of the board up to a maximum cost of £10,000.

- 11.3. 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.
- 11.4. Give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and associated guidance and any other applicable rules, as appropriate.
- 11.5. Ensure that a periodic evaluation of the committee's own performance is carried out.
- 11.6. At least annually, review the committee's terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

## **12. Authority**

The committee is authorised to:

- 12.1. Seek any information it requires from any employee of the company in order to perform its duties.
- 12.2. Call any employee to be questioned at a meeting of the committee as and when required.
- 12.3. Delegate any matter or matters to another committee or person(s) as it deems appropriate.
- 12.4. Publish in the PIDG Ltd's Annual Report details of any issues that cannot be resolved between the committee and the board.