

# Investment Committee Terms of Reference

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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, 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. Investment and Divestment Strategy

The committee shall:

- 9.2.1. Assist the board in setting, guiding and overseeing the implementation of the investment and divestment strategy for the PIDG Group.
- 9.2.2. Assist the board to achieve the PIDG Group's strategic objectives and advise on how best to balance short, medium and long-term investment, divestment and development objectives (including financial and transformational impact and governance objectives).
- 9.2.3. Recommend investment, divestment and development approaches to the board.
- 9.2.4. Recommend any changes required to the Group's business model(s) to support the creation of financial, economic and developmental impact value in the short, medium and long term.

- 9.2.5. Advise the board on the appropriate level of investment and divestment risk to be taken, taking into account PIDG's capacity, capabilities and risk appetite and which is consistent with meeting the PIDG Group's strategic objectives.
- 9.2.6. Take into account the sustainable development impact of the investments submitted to the committee.
- 9.2.7. Take into account the potential impact of investment and divestment opportunities.

### 9.3. Monitoring Investment Performance and Governance

#### 9.3.1. The committee shall:

- a) Review the progress and performance of the portfolio and each investment opportunity that has been approved;
- b) Review the additionality and ex ante development and transformational impact of the Group's investment activity;
- c) Monitor, in consultation with the other committees of PIDG Ltd and the PIDG executive, as applicable, the use of and requirements for capital of the PIDG companies to ensure that the funding and expenditure needs of all PIDG companies and their projects are adequate and are met;
- d) Monitor and review the use of any funding commitments, collateral or other security arrangements in respect of credit risk exposures to third parties;
- e) Advise the board on the appropriate quantitative and qualitative information to use in assessing the Group's investment, divestment and development performance over time; and
- f) Working with the PIDG executive and/or the relevant PIDG company executive to monitoring the capacity and performance of the Group's investment staff and developers and advise the board on how to improve such capacity and performance.

9.3.2. Working with the PIDG executive and the relevant PIDG company executive, design and stipulate the form and items to be reported upon in relation to investment and divestment opportunities and the portfolio.

9.3.3. Where the committee is not satisfied with any aspect of the proposed investment or divestment reporting by the relevant PIDG company it shall report its views to the board.

### 9.4. Risk Monitoring

9.4.1. The committee shall, in conjunction with the other committees of PIDG Ltd and the **PIDG executive**, as applicable:

- a) Advise the board on the Group's investment, divestment and portfolio risk, including credit risk, market risk, financial risk, regulatory risk, reputational risk, legal risk, governance risk and HSES risk and mitigation strategies;
- b) Consult with the other board committees, the PIDG company board, the PIDG executive and the PIDG company executive, as applicable, on any investment, divestment and portfolio risk issues, including any breaches of policies or limits, where it deems this to be appropriate; and
- c) Contribute to the development of the principles of the system of internal control and risk management of the Group.

## 9.5. Investment and Divestment Decision Making

- 9.5.1. Any determination of the committee made in respect of any matter for which it is empowered under these terms of reference or the approved Delegation of Authorities shall be considered as final and binding and no such decision shall be referred for the purposes of an appeal or otherwise to the board).
- 9.5.2. The committee shall:
- a) Review and approve investment opportunities, which it deems are complex, contentious or novel, or which would result in a large exposure, as reflected in the approved Delegation of Authorities of the Project Development Arm ('PDA'), GMC and Ninety One.
  - b) Review and approve any divestment opportunities;
  - c) Review, evaluate and consider any recommendations and/or concerns raised to it in relation to decisions made in respect of investment opportunities, divestment opportunities and/or the portfolio, including the winding-down and/or impairment of an investment;
  - d) Review any material changes to the carrying value of investment exposures, including impairments, restructurings and disposals, and make recommendations to Audit Committee;
  - e) Be accountable for all decisions made within the committee's remit;
  - f) Monitor and advise the board on any recommended changes to these terms of reference;
  - g) Monitor and advise the relevant PIDG company Board on any changes required to the approved Delegation of Authorities;
  - h) Seek approval from the board of any proposed deviations from the Investment Policy; and
  - i) Review and monitor the measures and controls that have been put in place to manage any actual or potential conflicts of interest that could arise where more than one PIDG company is party to the same transaction. The committee shall request additional measures and controls where it deems necessary.

## 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. The scope needs to set out the parameters to which the policy applies.