

B.P. MARSH & PARTNERS PLC

(the “Company”)

TERMS OF REFERENCE FOR INVESTMENT COMMITTEE

(Adopted by the board on 20th June 2018)

1. **The Investment Committee**

The Investment Committee:

- (a) is a sub-committee of the board and shall make recommendations via a detailed written report to the board which retains the right of final decision;
- (b) is composed of the Executive Directors of the Company and the Directors of the Company's operating subsidiary, B.P. Marsh & Company Limited;
- (c) all items other than 2.1(3), 2.2(2) and 2.2(4) shall require the attendance of at least three Executive Directors of the Company, one of which must be the Finance Director or the Chairman of the Board, in order to be quorate;
- (d) items discussed and agreed under 2.1(3), 2.2(2) and 2.2(4) shall require the attendance in person (or apologies sent with written comments or approval) of all members of the Committee;
- (e) shall meet sufficiently frequently and for long enough to perform its duties effectively.

2. **Main role and responsibilities**

2.1 New Business:

- (1) Consider new investment opportunities and new business submissions with a view to acquiring or subscribing for shares and/or making/entering loan arrangements or guarantees in/with the target companies, culminating in a recommendation to the board of the Company.
- (2) Review new investment opportunities accompanied by a satisfactory business plan and evaluate each proposition to establish:
 - (i) The *bona fides*, track record and experience of the management team including appropriate references;
 - (ii) The likely or anticipated return on investment;
 - (iii) The achievability of the business plan and financial forecasts;
 - (iv) The future prospects of the business and the likely exit route with suitable financial engineering in the deal to reflect expectations (of the target business);

- (v) The likely strengths, weaknesses, opportunities and threats that the target company may be subject to, and in the case of good businesses, where a positive recommendation is being made, any weaknesses which can be accepted or lived with;
 - (vi) The acceptability of shareholder directors' remuneration;
 - (vii) The dynamic of the market it is in;
 - (viii) An appropriate valuation of the business; and
 - (ix) The suitability of the investment in light of the composition of the Company's investment portfolio and the Company's investment strategy.
- (3) Agree and submit a draft indication of interest to a target company, setting out the basis upon which the Company may wish to proceed to investment, setting out the structure of the proposed investment, the terms and conditions of investment, the cost and fees associated with the investment and the scope of any due diligence required. Any such letter must be clearly marked as being subject to Due Diligence, Contract and BPMPL Board Approval.
- (4) Commence initial due diligence on the Target Company and instruct advisers in connection with due diligence and to commence legal drafting, and may incur reasonable professional costs in doing so.
- (5) Submit a written investment proposal to the board of the Company and make requests to the board for funding where required. Such proposal to include overview of inter alia, the due diligence findings, the legal documentation and (if applicable) a proposed 100 day plan.
- (6) Once approved by the board, draw up and issue offer letters (these letters having previously been circulated to the Board in draft form and obtained Board approval) to target companies

2.2 Existing Investments:

- (1) To review and monitor the performance and management of the Company's existing portfolio of investments.
- (2) To review and agree shareholder consent requests for acquisitions proposed to be made by investee companies.
- (3) To review, approve or decline requests for shareholder approval in accordance with the investment documentation (shareholder deeds, articles of association, loan documentation, etc) except cases where such requests

involve additional funding from the Company or could have a dilutive effect on the Company's shareholding.

- (4) In instances whereby such requests involve additional funding from the Company or could have a dilutive effect on the Company's shareholding, the Committee is authorised to consider and agree these up to £100,000 per annum.
- (5) To review requests for additional/follow on funding and matters which could have a dilutive effect on the Company's shareholding above the De Minimis Amount and to make recommendations to the board of the Company in respect of these and of requests for additional finance from investee companies.
- (6) To review and make recommendations to the board of the Company on the sale of investee companies, to include the terms of such sale and the anticipated exit price.

3. Minutes

- (1) Minutes shall be kept of Committee meetings and shall be circulated to the Board following each meeting together with a list of action points.
- (2) Minutes of Committee meetings will also be included in the next pack of board papers to be considered prior to each board meeting of the Company.

4. Chairman

The members of the Committee will elect one from their number to be Chairman of the Committee and he will be responsible for preparing and circulating the agenda and reporting to the board on issues and decisions made by the Committee.

5. Authorisation

The Committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees will be directed by the board to co-operate with any request made by the Committee.