

ELECTRA PRIVATE EQUITY PLC

VALUATIONS COMMITTEE

TERMS OF REFERENCE – 1 JUNE 2017

Reference to the “Committee” shall mean the Valuations Committee

Reference to the “Board” shall mean the Board of Directors

Reference to “independent non-executive directors” shall mean directors deemed by the Board to be independent

1. Membership and attendance at meetings

- 1.1. Members of the Committee shall be appointed by the Board, in consultation with the Chairman of the Valuations Committee. The Committee shall be made up of at least two members.
- 1.2. The members of the Committee shall be independent non-executive directors at least one of who shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.
- 1.3. Members of the Committee and other non-executive directors of the Company have the right to attend Committee meetings. However, other individuals such as executive directors, appropriate representatives of the AIFM or representatives of the external auditors may be invited to attend all or part of any meeting as and when appropriate.
- 1.4. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the director remains independent.
- 1.5. The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

- 2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

- 4.1. The Committee shall meet at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of 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 three 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 resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

7. Annual General Meeting

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

The Committee should carry out the duties below.

8.1. Investment Process

- 8.1.1. The Committee shall monitor the investment decisions made by the AIFM in order to gain an understanding of how the investment process works.
- 8.1.2. The Committee shall understand the rationale of why investments have been made.
- 8.1.3. The Committee shall be aware of which executives of the AIFM are responsible for the supervision of particular investments.

8.2. Valuation Process

- 8.2.1. The Committee shall ensure that the Company has a Valuation Policy, which is approved by the Board in conjunction with the AIFM. The Committee will ensure that the Valuation Policy complies with the obligations within any agreements in place, legislation, regulations, guidance and other policies of the Company. The Committee will review the Valuation Policy and the Valuations Procedures at least annually and approve any proposed changes to procedures or recommend any changes to policy to the Board and the AIFM.
- 8.2.2. The Valuations Committee will implement the valuation policy and procedures, by supervising the process to ensure that the valuation remains in accordance with the Board's policy, and by reviewing and approving the valuation prepared by the Valuations Working Group.
- 8.2.3. The Committee shall review the valuation papers produced by the Valuations Working Group as at each year end and half year and ensure these are prepared in accordance with the Valuations Procedures. The Committee will discuss the valuations papers with the Valuations Working Group and the AIFM and representatives of the auditors with a view to assessing the reasonableness of the valuations of the investments in the annual and half year accounts.

The Committee shall consider, inter alia:

- 8.2.4. the consistency of the Valuation Process both on a year on year basis and across the company's portfolio;

- 8.2.5. the methods used in the valuation of significant or unusual transactions particularly where different approaches are possible;
- 8.2.6. whether the AIFM has followed appropriate standards (including the International Private Equity and Venture Capital Valuation Guidelines) and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 8.2.7. any substantive differences that have legitimately occurred between the exit price and the previous Fair Value assessment (“backtesting”);
- 8.2.8. the clarity of valuation disclosure in the Company’s financial reports and the context in which statements are made.

8.3. Reporting Responsibilities

- 8.3.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.3.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3.3. The Committee shall ensure that a report on its activities is included in the Company’s Annual Report.

9. Other Matters

The Committee shall:

- 9.1. have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 9.2. 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;
- 9.3. give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority’s Listing Rules as appropriate;
- 9.4. oversee any investigation of activities which are within its terms of reference and act as a court of last resort; and
- 9.5. at least once a year, review its effectiveness and terms of reference and recommend any changes it considers necessary to the Board for approval.

10. Authority

The Committee is authorised:

- 10.1. to seek any information it requires from the Valuations Working Group, the AIFM of the Company or any other party in order to perform its duties; and
- 10.2. to obtain, at the Company’s expense, outside legal or other professional advice on any matter within its terms of reference.

11. Adoption of terms of reference

These terms of reference were first approved by the Committee in October 2007 and were reviewed and amended by the Committee at its meetings on 21 April 2016 and 22 May 2017.