

**INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED**  
(THE “**COMPANY**”)

**MANAGEMENT ENGAGEMENT COMMITTEE**  
**TERMS OF REFERENCE**

**1. Establishment and Purpose**

- 1.1 The Board established a committee of the Board to be known as the Management Engagement Committee (the “**Committee**”) at its meeting on 3 June 2010. The principal function of the Committee is to review annually the terms of the Investment Advisory Agreement between the Company and the Investment Advisor. Additionally, the Committee should review annually the performance and terms of engagement of any other key service providers to the Company as considered appropriate.

**2. Membership and Quorum**

- 2.1 The Committee shall be appointed by the Board from amongst the directors who are independent of the Investment Advisor and shall consist of not less than three members. A quorum shall be two members. The members of the Committee for the time being shall be:

Meriel Lenfestey (Chair)  
Julia Bond  
Mike Gerrard  
John Le Poidevin  
Sally-Ann David  
Stephanie Coxon

**3. Meetings**

- 3.1 At least one meeting shall be held each year and at such other times as required by the Board. Any Committee member or the secretary may call a meeting.
- 3.2 The Company secretary shall be the secretary of the Committee.

**4. Authority**

- 4.1 The Committee is authorised by the Board to investigate and review any matter within its terms of reference and to consider any matter the Committee deems relevant to the discharge of its duties.
- 4.2 The Committee is authorised by the Board to obtain legal or other independent professional advice in relation to the investment advisory agreement relating to the engagement of the Investment Advisor and any other key service providers to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

**5. Duties**

- 5.1 The duties of the Committee shall be to:
- 5.1.1 Review the terms of the investment advisory agreement, as well as any other key service providers, their remuneration, and satisfy itself that they are competitive and sensible for the Company and its shareholders;
- 5.1.2 propose any changes to the terms of the investment advisory agreement, or that of any other key service provider agreement that it considers necessary and desirable as a result of its review;

- 5.1.3 review the overall performance of the Investment Advisor and other key service providers.
- 5.1.4 satisfy itself that the duties of the parties as set out in the relevant agreements are being performed as required;
- 5.1.5 consider any changes proposed by the parties to the terms of the relevant agreements and to review, at the intervals provided for in the agreements, the amount and terms of payment of the parties' remuneration;
- 5.1.6 consider any specific matters relating to the engagement of the parties which the Board may request;
- 5.1.7 report to the Board on its conclusions and to make recommendations in respect of any matters within its remit; and
- 5.1.8 To ensure that service providers are not operating conflicts of interest in accordance with Authorised Closed Ended Investment Scheme Rules 2008 Section 3.

5.2 Amendments may be made to the duties of the Committee by the Board from time to time.

## **6. Reporting Procedures**

6.1 The secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Last updated: 15 November 2022

## APPENDIX A

### Purpose

This policy is in place to mitigate any risks threatening, or appearing to threaten, the independence and objectivity of the external audit firm for International Public Partnerships Limited ('the external audit firm' / 'the auditor') arising through the provision of non-audit services – namely services which:

- create conflicts of interest between the external audit firm and International Public Partnerships Limited and its subsidiaries ('the Group');
- result in the external audit firm functioning in the role of management;
- result in a fee which is material relative to the audit fee or to the compensation of the individuals performing the audit;
- place the external audit firm in the position of auditing its own work; or
- place the external audit firm in the position of being an advocate for the Group.

This policy is in line with the recommendations set out in the Financial Reporting Council's (FRC's) Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019). In line with these recommendations and requirements, an external audit firm is only appointed to perform a service when doing so would be consistent with both the requirements and overarching principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier. In addition, the Ethical Standard requires an assessment of whether it is probable that an objective, reasonable and informed third party would conclude independence is not compromised.

### Services

The potential services provided by an external audit firm can be broadly categorised as:

- Permitted audit and assurance services
- Permitted other non-audit services
- Prohibited non-audit services

The types of services covered by these broad categories above are detailed in Appendix A. Permitted services shall be procured and approved subject to the processes and limits below. Where permitted other non-audit services are being procured from the external audit firm, other than those that are clearly trivial, a thorough review and assessment of the audit firm's independence will be carried out.

### Approval process

The approval of the Committee should be obtained before the external audit firm is engaged to provide any services above certain thresholds. The committee has set pre-clearance levels for the use of the external audit firm subject to the following limits:

- up to £10k – Clearly trivial (subject to aggregation) and pre-approval required from the IPP Holdings 1 Board
- from £10k up to £50k – Pre-approval required from the Committee Chair
- above £50k – Pre-approval required from the Committee

### Procurement

When reviewing requests for non-audit services the Committee will assess:

- Whether the provision of such services impairs the auditor's independence or objectivity and any safeguards in place to eliminate or reduce such threats
- The nature of the non-audit services.
- Whether the skills and experience make the auditor the most suitable supplier of the non-audit service
- The fee to be incurred for non-audit services, both for individual non-audit services and in aggregate, relative to the Group audit fee

## Fees

Any arrangement with the auditor that includes contingent fee arrangements is not permitted. The total fees for non-audit services provided by the auditor to the Group shall be limited to no more than 70% of the average of the fees paid in the prior three consecutive financial years for the statutory audits of the Group.

## Confirmation of independence

The Committee should seek annually from the audit firm information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding the rotation of audit partners and staff.

## Permitted audit and audit related services

- Statutory audit of the Group's consolidated financial statements.
- Statutory audits of the financial statements of subsidiary companies.
- Review of the group's half-year report and interim financial statements.
- Reporting required by law or regulation to be performed by the auditor.
- Reporting on internal financial controls where required by law or regulation.
- Reports on regulatory returns
- Extended audit work performed on financial information and/or financial controls where it is integrated with the statutory audit and performed on the same principal terms and conditions.
- Reports on government grants.

Audit related services (which are the services listed above other than the audit of the financial statements of the Group, parent company and subsidiaries), are still considered non-audit services and are subject to the approval requirements set out in this policy. It is expected that these will be approved as part of the audit committee review of the external audit plan.

In addition, other non-audit services may be engaged where:

- they are closely related to the work performed in the external audit process and are largely carried out by members of the audit team; or
- for reasons of effectiveness or efficiency, it is advantageous to use the external auditors because of their knowledge and expertise.

## Permitted other non-audit services

- Due diligence related to mergers and acquisitions.
- Accounting consultations and audits in connection with acquisitions and disposals of businesses or in relation to proposed transactions.
- Investment circular reporting accountant engagements, including comfort letters and consents in relation to documents issued in connection with securities offerings.
- Attestation in relation to matters not required by statute or law (e.g. controls reports).
- Consultations concerning financial accounting and reporting standards not relating to the audit of the group, parent or subsidiary undertakings.
- Other reports required by regulators or assurance services relating to regulatory developments.
- Sustainability audits.
- IT security audits (where this does not extend to designing and implementing internal control or risk management procedures).
- Other non-audit services not prohibited by the Ethical Standard.

## Prohibited non-audit services

The following non-audit services cannot be provided by the external auditor.

- Tax services relating to:
  - preparation of tax forms.
  - payroll tax.
  - customs duties.
  - identification of public subsidies and tax incentives unless support from the audit firm in respect of such services is required by law.
  - support regarding tax inspections by tax authorities unless support from the statutory auditor or audit firm in respect of such inspections is required by law.
  - calculation of direct and indirect tax and deferred tax.
  - provision of tax advice.
- Services that involve playing a part in the management or decision-making of the audited entity.
- Bookkeeping and preparing accounting records and financial statements.



- Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems
- Valuation services, including valuations performed in connection with actuarial services or litigation support services
- Legal services, with respect to:
  - the provision of general counsel
  - negotiating on behalf of the audit entity
  - acting in an advocacy role in the resolution of litigation;
- Services related to the audit entity's internal audit function.
- Services linked to the financing, capital structure and allocation, and investment strategy of the audit entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity.
- Promoting, dealing in, or underwriting shares in the audited entity