

BBBIL Investment Committee Terms of Reference



1. Definitions

For the purposes of these Terms of Reference:

“**BBB plc**” means the British Business Bank plc;

“**BBBIL**” means the British Business Bank Investments Ltd;

“**BBFL**” means the British Business Finance Ltd;

“**BBAHL**” means the British Business Aspire HoldCo Ltd;

“**BBFSL**” means the British Business Financial Services Ltd;

“**Executive Members**” means the Chairman of BBBIL and the Chief Executive Officer of BBBIL;

“**Executive Approvers**” means the Chief Risk Officer, the Chief Finance Officer and the General Counsel of BBB plc acting in their capacity as approvers on behalf of BBBIL;

“**Independent NED**” means a non-executive director of BBBIL, who is independent from BBB plc and the Shareholder of BBB plc; and

“**ShEx Attendee**” means a non-executive director, who is a Shareholder Executive Representative.

2. Introduction

2.1. BBB plc Group shall have four separate investment committees as follows:

- a) BBBIL Investment Committee which will be an executive committee making investment decisions for BBBIL (Commercial Co);
- b) BBFL Investment Committee which will be an executive committee making investment decisions for BBFL (Mandated Co);
- c) BBAHL Investment Committee which will be an executive committee making investment decisions for BBAHL (Aspire HoldCo); and
- d) BBFSL Investment Committee which will be an executive committee making investment decisions for BBFSL (Service Co).

2.2. These Terms of Reference apply to the BBBIL Investment Committee only.

3. Constitution



- 3.1. The Committee shall be known as the BBBIL Investment Committee which is an executive committee of BBBIL with the purpose of facilitating the approval process for individual investment proposals.
- 3.2. By approving these Terms of Reference, the BBBIL Board has approved the investment decision making process as set out in this document.

4. Membership

- 4.1. For making decisions on individual investments up to and including £10 million, the Committee shall comprise the Executive Members.
- 4.2. For making decisions on individual investments in excess of £10 million, the Chair shall elect one Independent NED as a member in addition to the Executive Members.
- 4.3. The Committee shall be chaired by the Chairman of the BBBIL Board or in his/her absence, an Executive Approver as nominated by the Chair.
- 4.4. If the Chief Executive Officer of BBBIL is unable to attend due to absence, illness or any other cause, he/she may delegate his/her membership at individual meetings to another staff within his/her team, provided that the Chair has agreed to such delegation in advance of the meeting.
- 4.5. The Chair of the Committee shall appoint a secretary to the Committee, who shall keep an accurate record of the proceedings and decisions of all Committee meetings.

5. Attendance

- 5.1. The Executive Approvers shall attend all Committee meetings.
- 5.2. Any other member of the BBBIL Board may attend the Committee meetings.
- 5.3. If any Executive Approver is unable to attend due to absence, illness or any other cause, he/she may delegate his/her attendance at individual meetings to another staff within his/her team, provided that the Chair has agreed to such delegation in advance of the meeting.

6. Meetings of the Committee

- 6.1. The Committee shall schedule monthly meetings. In the event that no investment matters need to be considered, this monthly meeting will be cancelled.
- 6.2. Meetings of the Committee shall be held at one of the British Business Bank offices either at the Foundry House, 3 Millsands, Sheffield S3 8NH or on the 3rd floor, Fleetbank House,



2-6 Salisbury Square, London EC4 8JX or any other suitable location at the Chair's discretion.

6.3. A quorum shall be:

- a) At least **two** members of the Committee [including two Executive Members] for making decisions on individual investments up to and including £10 million; or
- b) At least **three** members of the Committee, including one Independent NED, for making decisions on individual investments in excess of £10 million (save in exceptional circumstances referred to in 6.5 below and where the Chair has confirmed in advance that 6.5 will apply).

6.4. Provided that all Committee members and Executive Approvers have been invited to participate in the meeting and have been sent papers electronically, the Committee members and Executive Approvers are permitted to participate either in person, by video conference, by telephone or, in extraordinary circumstances, by submitting written comments in advance. Where comments are submitted in writing, they should include opinions on the individual investment proposals.

6.5. Any decisions on individual investments in excess of £10 million must be endorsed by at least one Independent NED. If no Independent NED is in attendance at the meeting whether in person, by video conference or by telephone, then the Chair of the Committee shall seek to obtain the required endorsement within 24 hours of the meeting. [This endorsement shall have the effect that a decision is deemed to have been taken at a duly quorate meeting, notwithstanding the fact that the Independent NED was not in attendance at the meeting]. If the Chair is unable to contact any of the Independent NEDs, despite taking reasonable steps to do so, the Chair shall be entitled to proceed without obtaining such endorsement.

6.6. Unless otherwise agreed, all members of the Committee and Executive Approvers shall be given at least 10 working days' notice of Committee meetings confirming the venue, date and time. Investment proposal papers for discussion shall be circulated at least 3 working days ahead of the meeting.

6.7. In addition, the Chair of the Committee will be able to call for an ad hoc meeting of the Committee at any time, provided that all Committee members and Executive Approvers agree.

6.8. The papers to be presented to the Committee shall be in the format approved from time to time by the BBBIL Investment Committee. The proposer of any paper shall ensure that all Committee members and Executive Approvers are content with the information that they have received and have been given sufficient time to analyse the information and discuss issues with colleagues in advance of any formal Committee meetings.



7. Duties of the Committee

7.1. The Committee shall make decisions or recommendations on behalf of:

- a) BBBIL; and
- b) Funds, partnerships and other entities which have appointed BBBIL,

in respect of: (i) investment proposals moving forward to incur due diligence costs in excess of £50,000; and (ii) the approval of the individual investments.

7.2. The Committee shall make decisions or recommendations on individual investment proposals within the scope of the programmes, BBBIL's regulatory status and the risk appetite agreed by the BBBIL Board and acknowledged by the Board of BBB plc. When advising on individual investment proposals, the Committee shall have regard to any due diligence undertaken by the project team.

8. Decision making

8.1. The Chair of the Committee shall ensure that every individual investment proposal is pre-approved by all Executive Approvers prior to the Committee reaching its final decision.

8.2. The Committee shall make decisions in accordance with the approval requirements set out in Annex A.

8.3. For decisions on [investment decisions] in excess of £50 million, approval must be sought from the BBBIL Board.

8.4. For decisions on individual investments in excess of £75 million, approval must be sought from the Boards of BBBIL and BBB plc.

8.5. All decisions of the Committee shall be made by consensus comprising unanimity with collective responsibility. If such consensus cannot be achieved, the Chair can escalate to the BBBIL Board who may then, at their discretion, escalate to the BBB plc Board. For a vote taken by the BBBIL Board in these circumstances only the Independent Non-Executive Directors of BBBIL will be entitled to vote

8.6. Where an Executive Approver does not grant his/her pre-approval, such dissent shall be recorded in the minutes. Following any dissent from the Executive Approvers, the Chair of the Committee shall escalate the decision to the Board of BBBIL who may at their discretion seek the advice of the Board of BBB plc. If such escalation to the BBBIL Board takes place, each dissenting Executive Approver will provide advice in writing prior to a BBBIL Board decision being taken.



8.7. The BBB plc Board must be notified of any decisions escalated to the BBBIL Board pursuant to 8.5 and 8.6 above where the BBBIL Board takes a decision contrary to the advice of the Chief Risk Officer, The Chief Finance Officer or the General Counsel (or their respective delegates as Executive Approvers) and elects not to escalate the decision to the BBB plc Board.

9. Management of the Committee

9.1. As set out in paragraph 7 above, the Committee shall make decisions and recommendations on individual investment proposals. In respect of each Committee meeting, the Chair of the Committee shall:

- a) Solicit questions and comments from all Committee members and Executive Approvers;
- b) Give the Committee opportunity to discuss the proposals and ask questions of the project team or others as appropriate;
- c) Summarise the conclusions of the discussion, highlighting those factors which have led the Committee to reach its decision or recommendation on whether or not: (i) a proposal should move forward to incur due diligence costs in excess of £50,000; or (ii) an investment should be made and at what level or form it should be made; and
- d) Subsequent to the discussion, review the draft minutes prepared by the secretary of the Committee and circulate the minutes to all Committee members and Executive Approvers for their comment.

9.2. The Chair of the Committee may adjourn the meeting at any time as he/she thinks fit in order to seek further input on the proposed investment, require further documentation, opinions or analysis or for any other reason

9.3. A copy of the final minutes, as approved by the Chair of the Committee, shall be circulated to all members of the Committee and Executive Approvers

9.4. The secretary of the Committee shall be responsible for ensuring that a master copy of all investment papers and associated minutes are maintained and stored in a secure manner.

10. Confidentiality

Sensitive and confidential information will be provided to the Committee in connection with each proposal. All submissions made by applicants and the details of any negotiations, including the fact that applicants are seeking investment, are restricted information. Committee members, Executive Approvers and any other attendees should familiarise themselves with the appropriate care and handling of restricted information, details of which can be found in the BBB plc policies.



11. Statutory position

Legislative authority for BBBIL to make investments will fall under section 228 of the Banking Act 2009.

12. Review of the Terms of Reference

These Terms of Reference shall be kept under review at meetings of the Committee for a period of 12 months from the date of approval by the BBBIL Board, and annually thereafter. Changes must be approved by all Committee members (including at least one Independent NED) and all Executive Approvers.



Annex A

Transaction	Approval by	Final document pre-execution sign-off by	Execution of individual investment by ¹
Proposals for new programmes	BBBIL Board and Board of BBB plc	N/A	N/A
Transactions and variations relating to investments > £75 million	BBBIL Board and Board of BBB plc	Legal	Two "A" Managers OR one "A" Manager and one "B" Manager
Transactions and variations relating to investments > £50 million	BBBIL Board	Legal	Two "A" Managers OR one "A" Manager and one "B" Manager
Transactions and variations relating to investments > £10 million	Investment Committee, including at least one Independent NED	Legal	Two "A" Managers OR one "A" Manager and one "B" Manager
Transactions and variations relating to investments ≤ £10 million	Investment Committee	Legal	Two "A" Managers OR one "A" Manager and one "B" Manager
Prescribed Documents ²	Managing Director of relevant Programme/function	Legal	Any "A" Manager
Variations which may be treated as non-material	Managing Director of relevant Programme and CRO	Legal	Any "A" Manager

*Note 1: It is possible to **sub-delegate** execution to another person (e.g. a director within a team) by PoA on a case-by-case basis.*



Note 2: **“Prescribed Documents”** means any document which does not involve *BBBIL* incurring a financial obligation (contingent or otherwise) to invest including but not limited to:

- Confidentiality, non-disclosure, exclusivity agreements and other such;
- Memoranda of understanding, heads of terms or other such non legally binding statements of intent and Mandate letters;
- Engagement letters, advisor appointments; and
- Reliance letters.

Note 3: Any **non-binding documents** which relate to an investment must be subject to English law and include an appropriate disclaimer provided by Legal.



Annex B

“A” Managers	“B” Managers
Keith Morgan	Marilena Ioannidou
Catherine Lewis La Torre	Richard Coldwell
Peter Garnham	Adam Kelly
	Jonathan Marriot



