

British Patient Capital Limited

Terms of Reference for the BPC (Direct Investments) Investment Committee

1 Definitions

For the purposes of these Terms of Reference:

“BBB plc” means British Business Bank plc;

“BPC” means British Patient Capital Limited;

“BPC Direct Investments” means each of the FF:B and BPC Direct Co-Investment programmes;

“BPC Direct Investments MD” means the managing director of BPC Direct and Co-Investments;

“BPC Direct Co-investment” means the BPC Direct Co-investment programme, under which BPC co-invests alongside venture and growth capital funds which BPC has previously invested in;

“BPC (Direct Investments) Sub-Committee” means a sub-committee of the Committee comprising those members as determined by the BPC Direct Investments MD;

“BPC Direct Investments team” means the team within BPC which is responsible for the BPC Direct Investments;

“BPC Funds MD” the managing director of BPC Funds;

“CEO” means chief executive officer;

“Committee” or **“Investment Committee”** means the BPC (Direct Investments) Investment Committee constituted in accordance with these Terms of Reference;

“Disclosable Conflict” means any proposed Investment in a company:

- (a) in which the relevant Member has a direct or indirect interest (including where the proposed Investment is in a company which forms a part of any portfolio of investments of that Member (in his personal capacity) or of any fund or other entity in which he is employed, a partner or otherwise engaged by or interested in);
- (b) which could reasonably be considered to carry on the same business as a business in which the relevant Member has a direct or indirect interest (including where the competing business forms a part of any portfolio of investments of that Member (in his personal capacity) or of any fund or other entity in which he is employed, a partner or otherwise engaged by or interested in));
- (c) in which the relevant Member or any fund or other entity in which he is employed, a partner or otherwise engaged by or interested in is actively pursuing an investment in at the time of the potential Investment by BPC; or
- (d) in which the relevant Member has any interest which could otherwise reasonably be considered to be in conflict with BPC's interest;

“Executive Representatives” means the Chief Risk Officer, the Chief Finance Officer and the General Counsel of BBB plc or their appointed delegates (which shall be a member of the respective Executive Representative's team who is deemed by such Executive Representative to be sufficiently senior and

knowledgeable of the Investment and the Programmes to be able to attend a Committee meeting on their behalf);

“FF:B” means Future Fund: Breakthrough, a Direct -investment programme targeting the funding gap faced by growth stage, R&D intensive companies in the UK;

“Independent Members” means those independent members of the Committee who have been appointed as such by letter of appointment issued by BPC and countersigned by the relevant independent member;

“Investment” means a transaction in relation to any investment activity, including, without limitation,

- (a) the issuance, acquisition or divestment of shares or any other interest in a company or any other entity; or
- (b) making material changes to the terms or structure of a transaction which has already been approved by the Committee;

and **“Investment decision”** and **“Investment proposal”** shall be construed accordingly;

“Members” means the BPC Direct Investments MD or his/ her delegate, the CEO of BBB plc or his/her delegate and the Independent Members;

“Programmes” means FF:B and the BPC Direct Co-Investment programmes; and

“Sector Expert” means an Independent Member who has substantial experience of direct investment in one or more of the deep tech, life sciences or generalist technology sectors, as specified in his/her Independent Member appointment letter.

2 Introduction

- 2.1 These Terms of Reference apply to the Investment Committee only.
- 2.2 The Committee shall be known as the BPC (Direct Investments) Investment Committee and shall be a committee of the BPC Board constituted for the purpose of facilitating the decision-making process for investment proposals in respect of the FF:B and the BPC Direct Co-investment programmes.
- 2.3 By approving these Terms of Reference, the BPC Board has approved the Investment decision-making process as set out in this document.

3 Membership, attendance and quorum

- 3.1 The Committee shall comprise the Members.
- 3.2 The Committee shall be chaired by the BPC Direct Investments MD from time to time. The BPC Direct Investments MD may delegate the role of chair (whether or not he/she is otherwise attending in the capacity as Member) to the CEO of BBB plc, or the BPC Funds MD.
- 3.3 If the BPC Direct Investments MD is unable to attend, he/she shall delegate his/her membership at individual meetings to the BPC Funds MD or the Director, BPC Corporate.
- 3.4 If the CEO of BBB plc is unable to attend as member, then he/she shall delegate his/her membership to either the BPC Funds MD or the Director, BPC Corporate (to the extent that the BPC Funds MD or the Director, BPC Corporate is not already attending as delegate for the BPC Direct Investments MD).

- 3.5 The Executive Representatives shall attend all Committee meetings.
- 3.6 If any Executive Representative is unable to attend he/she may delegate his/her attendance at individual meetings to another member of staff within his/her team.
- 3.7 A **quorum** of the Committee shall be six Members, comprising four Independent Members (including at least two Sector Experts in deep tech or life sciences or generalist technology (as applicable) or if two Sector Experts are not available then one Sector Expert at the Chairs discretion) at any meeting where an FF:B Investment into an entity in that sector is to be discussed), the BPC Direct Investments MD or his/her delegate and the CEO of BBB plc or his/her delegate. A quorum of the Committee shall not include any Conflicted Member (as defined below) unless any conflict has been authorised in accordance with paragraph 7.6.
- 3.8 The BPC Direct Investments MD may invite to any Committee meeting any sectoral expert who it is considered may be able to provide advice in connection with any proposed Investment, subject to BPC having put in place appropriate arrangements to manage confidentiality and/or conflicts of interest.

4 Proceedings of the Committee

- 4.1 The BBB Group Secretariat function shall act as the secretary to the Committee and shall keep an accurate record of the proceedings and decisions of all Committee meetings.
- 4.2 Following completion of substantive due diligence by the BPC Direct Investments team, an Investment will be presented to, and considered by, the Committee, in accordance with paragraph 5.2 below, in the form of an Investment recommendations paper (the **"Investment Recommendations Paper"**), which shall have been reviewed in advance of being presented to the Committee by the Chief Risk Officer, Chief Finance Officer and the General Counsel of BBB plc (or each of their delegates as appropriate). The Executive Representatives (or each of their delegates as appropriate) shall raise any points and/or issues in a separate paper to be circulated to the Committee in advance of the Committee meeting, to the extent practicable, and if not then such Executive Representatives shall present any such points and/or issues in person at the Committee meeting. The Investment Recommendations Paper(s) shall be shared in advance of a Committee meeting with those Members invited to participate in a Committee meeting (as determined by the BBB Group Secretariat function in accordance with paragraph 7.5 following any declarations of Disclosable Conflicts) and the Executive Representatives.
- 4.3 The Committee shall meet on a monthly basis as scheduled by the BBB Group Secretariat function. The Committee may meet on a more frequent basis if required as determined by the BPC Direct Investments MD. In the event that there are no Investment matters that need to be considered, the BPC Direct Investments MD may, in his/her sole discretion, elect to cancel the relevant Committee meeting.
- 4.4 Meetings of the Committee shall be held virtually or at one of the British Business Bank's offices at the Chair's discretion.
- 4.5 Provided that all Members (as determined by the BBB Group Secretariat function in accordance with paragraph 7.5 following any declarations of Disclosable Conflicts) and Executive Representatives have been invited to participate in the meeting and they (and their nominated delegates, if applicable) have been sent papers electronically, then such Members and Executive Representatives (or their respective delegates, if applicable) are permitted to participate either in person, by video conference, by telephone or, in

extraordinary circumstances, provided that the BPC Direct Investments MD agrees, by submitting written comments in advance. Where comments are submitted in writing, they should include opinions on the individual Investment proposal(s).

- 4.6 Unless otherwise agreed by the BPC Direct Investments MD, all Members and Executive Representatives shall be given at least 5 working days' notice of Committee meetings confirming the venue, video and/or teleconferencing details (if applicable) and the date and time and the Investment Recommendations Papers for discussion shall be circulated at least 3 working days ahead of the meeting.
- 4.7 In addition, the BPC Direct Investments MD will be able to call for an ad hoc meeting of the Committee at any time, provided that there is a quorum for such ad hoc meeting in accordance with paragraph 3.7.
- 4.8 The Investment Recommendations Paper presented to the Committee shall be in the format approved from time to time by the Committee. The proposer of any paper shall ensure that all Members invited to participate in a Committee meeting (as determined by the BBB Group Secretariat function in accordance with paragraph 7.5 following any declarations of Disclosable Conflicts) and Executive Representatives are content with the quality and extent of the information that they have received.
- 4.9 In exceptional circumstances, and provided that the BPC Direct Investments MD agrees, written proceedings may be used instead of a Committee meeting in respect of an Investment Recommendations Paper.
- 4.10 Where written proceedings are used, an Investment Recommendations Paper, in the format approved from time to time, must be circulated to Members invited to participate in a Committee meeting (as determined by the BBB Group Secretariat function in accordance with paragraph 7.5 following any declarations of Disclosable Conflicts) and Executive Representatives and should contain the following:
- (a) an explanation that written proceedings are being used instead of a Committee meeting, and therefore that a written response is required;
 - (b) a clear and unambiguous statement of the approvals being sought and the basis of any recommendation in favour of those approvals; and
 - (c) the deadline by which a written response is required.
- 4.11 Where written proceedings are used to consider an Investment Recommendations Paper instead of a Committee meeting, the Investment Recommendations Paper may be delivered electronically and the Members invited to participate in a Committee meeting (as determined by the BBB Group Secretariat function in accordance with paragraph 7.5 following any declarations of Disclosable Conflicts) and Executive Representatives may provide comments in writing, including by email to the BBB Group Secretariat function.

5 Duties of the Committee

- 5.1 The Committee shall make decisions or recommendations (as applicable in accordance with the approval thresholds set out in Annex A) on behalf of BPC in respect of the matters referred to in paragraphs 5.2 and 5.3 below.
- 5.2 Following completion of any due diligence exercise by the BPC Direct Investments team, a Committee meeting will be held to review and consider an Investment Recommendations

Paper. At the Committee meeting, the Committee shall consider, having regard to those matters set out in paragraph 5.3 and those set out in paragraph 5.4 to the extent applicable, whether to make a final approval of the relevant individual Investment or recommendation (as applicable in accordance with the approval thresholds set out in Annex A) which may be conditional on BPC achieving certain terms or mitigating certain risks as decided by the Committee.

- 5.3 The Committee shall make decisions or recommendations (as applicable in accordance with the approval thresholds set out in Annex A) on individual Investment proposals, and in accordance with, the scope of the Programmes, BPC's regulatory status and the risk appetite agreed by the BPC Board and ratified by the Board of BBB plc, as communicated to the Committee from time to time.
- 5.4 When considering individual Investment proposals, the Committee shall also have regard to any due diligence undertaken by the BPC Direct Investments team, any substantive issues of risk (including reputational and financial) that may arise in respect of the proposed Investment and the terms that may have been discussed or offered to the BPC Direct Investments team as part of their Investment discussion with the investee company. To the extent applicable, any such matters shall be detailed by the BPC Direct Investments team in the Investment Recommendations Paper.
- 5.5 With respect to any variation to an Investment decision made by the Committee or in respect of any portfolio matters relating to existing Investments of BPC which are not considered to be material, any such decision must be approved by:
 - (a) the BPC Direct Investments MD; and
 - (b) the CRO of the BBB Group or their delegate.
- 5.6 The decision as to whether a variation is deemed to be material or not shall also be made by any of the persons set out in paragraph 5.5 (a) and (b) above.
- 5.7 The Committee may delegate one or more functions under these Terms of Reference to the BPC (Direct Investments) Sub-Committee where it considers this is appropriate.

6 Decision making

- 6.1 The Committee shall make decisions in accordance with the approval thresholds set out in Annex A.
- 6.2 For decisions on any Investment by BPC in excess of £25 million but less than £50 million and for those Investment decisions which are considered strategically important to BPC or which relate to particularly novel or contentious matters (as decided by the BPC Direct Investments MD), approval must be sought from the BPC Board in addition to the Investment Committee.
- 6.3 When deciding whether a matter is escalated to the BPC Board or not, BPC Direct Investments MD will consult with the Executive Representatives and the Chair of the BPC Board. The Chair of the BPC Board will have the final decision as to whether a matter should be escalated to the Board or not.
- 6.4 For decisions on individual Investments equal to or in excess of £50 million, approval must be sought from the Boards of BPC and BBB plc in addition to the Investment Committee.
- 6.5 All decisions of the Committee shall be made by majority decision of the Members in

attendance (or by way of correspondence if the written proceedings procedure is used in accordance with paragraphs 4.9 and 6.6). Where there is a deadlock of votes of the Members, approval of such Investment shall not be given, provided that the BPC Direct Investments MD can, at his/her sole discretion, escalate to the BPC Board who may then, at their discretion, and depending on the size of the Investment as set out in Annex A either decide to proceed or escalate to the BBB plc Board. The Committee may approve or recommend (as applicable in accordance with the approval thresholds set out in Annex A) an Investment or approve an Investment subject to certain conditions, including that specific terms are agreed by BPC, that certain risks are mitigated and/or that additional due diligence is undertaken to confirm any specific issue prior to execution.

- 6.6 Where written approvals are being used in accordance with paragraph 4.9 the written approval of a majority of the Members shall be required in order for a decision to be made. A 'nil' response shall not be construed as an approval.
- 6.7 Where an Executive Representative raises an objection or dissents, then such dissent shall be recorded in the minutes. Following any dissent from the Executive Representatives, the Chair of the Committee shall escalate the decision to the Board of BPC who may at their discretion seek the advice of the Board of BBB plc. If such escalation to the BPC Board takes place, each dissenting Executive Representative will provide advice in writing prior to a BPC Board decision being taken.
- 6.8 All decisions of the Committee shall be made in accordance with paragraph 6.5. An Investment may therefore be (i) approved; or (ii) approved subject to certain additional conditions that the Members participating in the Committee meeting may specify; or (iii) declined.
- 6.9 Where a variation to an Investment decision that has been taken by the Committee, is deemed 'material' in accordance with paragraph 5.5, then the approval of the Members shall be required in respect of an Investment in accordance with paragraph 6.5.

7 Management of the Committee

- 7.1 As set out in paragraph 6, the Committee shall make decisions and recommendations (as applicable in accordance with the approval thresholds set out in Annex A) on individual Investment proposals. In respect of each Committee meeting, the Chair of the Committee shall:
 - (a) solicit questions and comments from all Members and Executive Representatives participating in the Committee meeting;
 - (b) give the Committee opportunity to discuss the Investment proposals and ask questions of the Executive Representatives, the BPC Direct Investments 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 (as applicable in accordance with the approval thresholds set out in Annex A) or whether further information and/or investigation is required by the BPC Direct Investments team into any part of the relevant Investment thesis or diligence;

- (d) confirm whether an Investment has been (i) approved; or (ii) approved subject to certain additional conditions specified by the Members or (iii) declined;
 - (e) subsequent to the discussion, approve the final minutes prepared by the BBB Group Secretariat function following circulation by the BBB Group Secretariat function to all Members and Executive Representatives who attended the Committee meeting for their comment or confirmation.
- 7.2 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.
- 7.3 The BBB Group Secretariat function shall be responsible for ensuring that a master copy of all investment papers and associated minutes are maintained and stored in a secure manner.
- 7.4 Where ad hoc correspondence on a specific Investment is circulated between the Committee or where written proceedings are used in accordance with paragraph 4.9 the BBB Group Secretariat function shall keep a record of all written correspondence and shall keep a note of whether Investment proposals have been approved or not. The date of an Investment decision shall be the date on which the last approver provides his/her written response. Where there are 'nil responses', the date of the deemed failure of the proposal will be the deadline by which a written response is required as set out in the relevant Investment papers.
- 7.5 Each Independent Member shall disclose all outside interests or connections and as soon as reasonably practicable and advise the BBB Group Secretariat function of any change in such circumstances in accordance with his/her Independent Member appointment letter on an ongoing basis. Further, lists of potential upcoming Investments ("**Pipeline List**") shall be distributed to Independent Members prior to distributions of papers. Independent Members shall be required to declare in writing the nature and extent of any Disclosable Conflict to the BBB Group Secretariat function in respect of any item on the Pipeline List (the "**Conflicted Member**"). BBB Group Secretariat function shall keep an accurate record of and shall promptly notify the BPC Direct Investments MD and the Chief Risk Officer of BBB plc of all declarations of interest. BBB Group Secretariat function shall arrange appropriate attendance at Committee meetings taking into account interests declared by Conflicted Members. The Conflicted Member must make such declaration of a Disclosable Conflict as soon as is reasonably practicable upon becoming aware of the potential Investment and to the extent not possible after circulation of the Pipeline List, then promptly following receipt of any papers which relate to such Disclosable Conflict (as applicable).
- 7.6 A Conflicted Member shall not be counted as participating in the decision-making process of the Committee for quorum or voting purposes unless a majority of Members (including the BPC Direct Investments MD) and the Chief Risk Officer of BBB plc (and excluding the Conflicted Member) has authorised the conflict, having also considered the views of the General Counsel of BBB plc.

8 Confidentiality

Sensitive and confidential information will be provided to the Committee in connection with each Investment proposal. All submissions made by applicants and the details of any negotiations, including the fact that applicants are seeking Investment, is restricted information. Committee Members, Executive Representatives 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 and shall at all times handle such information in accordance with their duties as set out in their respective employment agreement or appointment letter.

9 Statutory position

Legislative authority for BPC to make Investments on its own account will fall under section 228 of the Banking Act 2009.

10 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 BPC Board, and every 24 months (2 years) thereafter by BBB Group Secretariat function. Changes must be approved by the Boards of BPC and BBB plc.

Approved by BPC Board 30 November 2023

Approved by BBB plc Board 30 November 2023

Annex A

Transaction	Approval by ⁴	Final document pre-execution sign-off by	Execution of individual investment by ¹
Proposals for new Programmes and material changes to existing Programmes	Investment Committee and BPC Board and Board of BBB plc and Product Development Committee	N/A	N/A ²
Transactions and variations relating to Investments/financial commitments \geq £50 million ⁵	Investment Committee and BPC Board and Board of BBB plc	Legal	Two "A" Managers OR one "A" Manager and one "B" Manager
Transactions and variations relating to Investments/financial commitments > £25 million but less than £50m ⁵ or transactions that are strategic, novel or contentious	Investment Committee and BPC Board	Legal	Two "A" Managers OR one "A" Manager and one "B" Manager
Transactions and variations relating to Investments/ financial commitments £25 million ⁵ and less	Investment Committee	Legal	Two "A" Managers OR one "A" Manager and one "B" Manager
Prescribed Documents ³	BPC Direct Investments MD	Legal	Any "A" Manager
Variations which may be treated as non-material	BPC Direct Investments MD and CRO or Financial Risk Director of BBB Group or delegate	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. See note 2 for changes to Programmes*

Note 2: For changes to Programmes, the change will usually be implemented by way of a revised request for proposals or revised Programme guidance, as such, unless specifically decided otherwise in the terms of the Investment decision approving the change, the Members or their delegates must approve the changes together with the BPC Direct Investments MD.

*Note 3: “**Prescribed Documents**” means any legally binding document which does not involve BPC incurring a financial obligation (contingent or otherwise) to invest including but not limited to:*

- Confidentiality and non-disclosure agreements to the extent that there are any material changes being proposed to BPC template documents otherwise such documents may be approved by any ‘A’ manager of the BPC Direct Investments team;*
- Exclusivity agreements;*
- Memoranda of understanding, support letters, expression of interest letters and mandate letters;*
- Engagement letters, advisor appointments or agreements for the supply of goods or services. For the avoidance of doubt, this does not include individual instances of instructing third parties pursuant to an existing engagement; and*
- Reliance letters.*

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

Note 4: Where the Investment includes the participation of a third-party investor which has appointed BPC as investment advisor or manager, the approval or consent of that third- should be obtained party if required under the terms and conditions of the advisory or management agreement entered into with that third-party.

Note 5: These amounts are inclusive of any participation of third-party investors which have appointed BPC as investment advisor or manager.

Annex B

A Managers	B Managers
	Such individuals named as “B” Managers in the BPC power of attorney for the execution of documents that has been approved from time to time
BPC Direct Investments MD	
BPC Funds MD	
Director, BPC Corporate	
Such other individuals named as “A” Managers in the BPC power of attorney for the execution of documents that has been approved from time to time	