

**EJF INVESTMENTS LTD (“EJFI”) AND EJF INVESTMENTS HOLDINGS LIMITED (“EJFIH”) (TOGETHER, THE "COMPANIES" AND EACH, A “COMPANY”)**

**JOINT MANAGEMENT ENGAGEMENT COMMITTEE TERMS OF REFERENCE**

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**MANAGEMENT ENGAGEMENT COMMITTEE  
TERMS OF REFERENCE**

**1. Membership**

- 1.1 The Committee shall be made up of at least three members, of whom at least two must be on the board of directors of both Companies. Members of the Committee and the Chair of the Committee shall be appointed by the respective boards of directors of each Company (together, the "**Boards**" and each a "**Board**"). All members of the Committee shall be non-executive directors who are independent in character and judgement and free from any relationships or circumstances which are likely to affect, or could appear to affect, the Committee member's judgement.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as representatives of the Company's manager and external advisers, as appropriate, may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 1.3 Any member who is determined by the Boards to no longer be independent shall cease to be a member of the Committee.
- 1.4 The chair of the Committee (the "**Chair**") shall be appointed by the Boards and shall be an independent non-executive director. In the absence of the chair of the Committee, the remaining members present shall elect one of their number to chair the meeting.

**2. Secretary**

The company secretary of the Companies shall act as the secretary of the Committee.

**3. Quorum**

The quorum necessary for the transaction of business shall be two members of the Committee, with at least one member from each Company. 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**

The Committee shall meet at least once a year (preferably in the quarter before the preparation of the Company's annual report and accounts) or more often as required at the discretion of the Chair or a majority of the members.

**5. Notice of meetings**

- 5.1 Meetings of the Committee shall be called 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 shall be forwarded to each member of the Committee and any other person required to attend no later than ten working days before the date of the meeting unless otherwise agreed by the Chair. An agenda of items to be discussed shall be forwarded to the Chair in the first instance at least ten working days before the date of the meeting unless otherwise agreed by the Chair, then circulated to each member of the Committee and any other person required to attend at least five 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 decisions of all Committee meetings, including 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 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee no later than ten working days following the date of the meeting. Once approved, minutes should be tabled at the next available Committee meeting unless it would be inappropriate to do so in the opinion of the Chair.

## **7. Shareholder engagement**

The Chair shall seek engagement with shareholders on matters within the scope of the Committee's responsibilities including attending the Annual General Meeting to respond to any shareholder questions on the Committee's activities.

## **8. Duties**

- 8.1 The Committee should carry out the duties below for the Company, major subsidiary undertaking (if any) and the group as a whole (if a group is in existence), as appropriate.

### **8.2 Management engagement**

- 8.2.1 The management engagement terms on which the Company's manager is engaged shall be reviewed by the Committee annually, prior to the annual results announcement being released.

- 8.2.2 The Committee shall:

8.2.2.1 reasonably satisfy itself that the manager agreement is fair and that the terms remain competitive and sensible for shareholders;

8.2.2.2 consider whether the continuing appointment of the manager, on the terms of the management agreement is in the interests of shareholders as a whole, and make recommendations to the Board hereon together with a statement of the reasons for their view;

8.2.2.3 to review the level and method of remuneration and the basis of performance fees, ensuring that the basis does not encourage excessive risk, aligns the interests of the manager with that of shareholders and rewards demonstrably superior performance by the Manager in managing the portfolio against the stated investment objective of EJFI when compared to a suitable benchmark or peer group. When reviewing foregoing, the Committee shall consider all factors that determine relevant, including, among others:

- the views of shareholders;
- appropriate benchmarks/hurdle rates;
- a cap on the performance fee;
- a high-water mark; and
- a combination of short-term and long-term measurements and incentives;

8.2.2.4 to consider whether the manager's management fee should be based on gross assets, net assets or market capitalisation;

- 8.2.2.5 to investigate, review and make recommendations on any material breach of the management agreement;
- 8.2.2.6 to consider the merit of obtaining, if required, an independent appraisal of the manager's services;
- 8.2.2.7 to reasonably satisfy itself that the systems of risk management and internal control put in place by the manager in respect of the Companies are adequate to meet applicable legal and regulatory requirements and to safeguard shareholders' investment and the Companies' assets;
- 8.2.2.8 to assess annually the manager's independence and objectivity taking into account relevant regulatory requirements;
- 8.2.2.9 review the ESG policies of the manager (including its responsible investment policy) to ensure that they align broadly with the Companies' ESG policies and strategy;
- 8.2.2.10 review the professional indemnity insurance premium for the manager with respect to the activities carried out on behalf of the Company;
- 8.2.2.11 to meet regularly with the manager and at appropriate intervals, to discuss the manager's remit, the performance of each Company's investments and any issues arising from the management of such investments; as well as any material issues arising from their work that the manager wishes to bring to the attention of the Committee, whether privately or otherwise;
- 8.2.2.12 to review the adequacy and security of the manager's procedures by which the manager's employees and service providers may, in confidence, raise concerns about possible wrongdoing in matters of financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

### **8.3 Other Service Providers' engagements**

- 8.3.1 review the appointment and performance of, and the terms of the Companies' arrangements with, other service providers (other than the external auditor) and to ensure that the terms are competitive, fair and reasonable for shareholders;
- 8.3.2 arrange for completion of an annual questionnaire by the Company's key service providers on their policies and procedures and assess the responses at the Committee's annual meeting;
- 8.3.3 review the services provided by the Company's other service providers and consider whether the continuing appointment of such service providers under the terms of their agreements are in the interests of shareholders as a whole, and make recommendations to the Board hereon together with a statement of the reasons for their view; and
- 8.3.4 to consider any points of conflict which may arise between service providers to the Companies and that any potential conflict of interest has been satisfactorily resolved.

### **9. Reporting responsibilities**

- 9.1 The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and
- 9.3 The Committee shall report to the shareholders on its activities in the Company's annual report, including a description of its review of the manager and the rationale for its continuing appointment.

**10. Other matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
  - 10.2 give due consideration to the applicable laws and regulations including (without limitation), provisions of The Association of Investment Companies Corporate Governance Code and the requirements of the UK Financial Conduct Authority Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable laws, as appropriate;
  - 10.3 oversee any investigation of activities which are within its terms of reference;
  - 10.4 work and liaise as necessary with other committees of the Boards;
  - 10.5 at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Boards for approval.
11. Each member of the Committee shall give sufficient time and attention to his or her duties as a member of the Committee.

**12. Authority**

- 12.1 The Committee is authorised:
- 12.1.1 to seek any information it requires from any Director or adviser of the Company in order to perform its duties;
  - 12.1.2 to obtain, at a reasonable cost and at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
  - 12.1.3 to call any representative of the manager to be questioned at a meeting of the Committee as and when required; and
  - 12.1.4 to have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.