

# **Scottish National Investment Bank**

## **Terms of Reference for the Valuations Committee**

## 1 Purpose

The primary purpose of the Valuations Committee (the "**Committee**") of the Scottish National Investment Bank plc (the "**Bank**") is to assist the board of directors of the Bank (the "**Board**") in relation to the valuation methodology and practices with regard to the investment assets of the Bank and ensure the Bank's observance of the investment process and decision making by providing challenge and assurance around (i) the process by which valuations are arrived at and (ii) the Bank's observance of its investment process and the effective operation of the Executive Investment Committee, the implementation of the Investment Strategy and the Investment Risk Policy.

## 2 Membership

- 2.1 The Committee shall be appointed by the Board and shall consist of three independent non-executive directors.
- 2.2 The Committee shall be chaired by one of the three non-executive directors, who will be appointed for a period of up to three years (the "Committee Chair").
- 2.3 Appointments to the Committee shall be for a period of up to three years, which may be extended, provided the director still meets the criteria for membership of the Committee.
- 2.5 The Committee Chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

## 3 Secretary

The Bank's General Counsel (who shall also be the company secretary) (the "**Company Secretary**"), or his or her nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

## 4 Quorum

The quorum necessary for the conducting of business at a Committee meeting shall be two, one of whom must be the Committee Chair or nominated deputy chair.

## 5 Meetings

- 5.1 The Committee shall schedule four meetings per calendar year, and will meet on an ad hoc basis as required.
- 5.2 Each member of the Committee shall have one vote. In the event of an equality of votes the Committee Chair shall have a second or casting vote.

- 5.3 Only Committee members have the right to attend and vote at Committee meetings. However, the Chief Executive Officer and the Chief Finance Officer shall be invited to attend meetings of the Committee and other individuals may be invited to attend all or part of any meetings as and when appropriate and necessary and with the agreement of the Committee Chair. The Committee Chair shall have the discretion to decide who, other than the Committee members, shall attend and address Committee meetings.
- 5.4 A resolution in writing signed by all members of the Committee for the time being entitled to receive notice of a meeting of the Committee shall be as valid and effective as if the same had been passed at a meeting of the Committee duly convened and held. Any written resolution shall be tabled and noted at the next meeting of the Committee.
- 5.5 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.6 Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.

## **6 Notice of meetings**

- 6.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members.
- 6.2 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 five working days before the date of the meeting unless all members of the Committee agree that a particular meeting should be held at short notice.
- 6.3 The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

## **7 Minutes of meetings**

- 7.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated within three weeks to all members of the Committee. Once approved, minutes should be available to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair.

Final signed copies of the minutes of the meetings of the Committee shall be maintained for the Bank's records.

## **8 Duties**

The Committee shall:

- 8.1 Review the valuation policies of the Bank from time to time and recommend any changes to the Board;
- 8.2 Ensure that the valuation methodology and practices in relation to investment assets are appropriate;
- 8.3 Validate and recommend to the Board and/or the Audit Committee, valuations to be placed on the investment assets of the Bank for the purposes of financial reporting;
- 8.4 Consider and make recommendations to the Audit Committee and the Board in relation to all other matters relating to valuations for the purpose of the financial statements of the Bank;
- 8.5 Review the investment process of the Bank and the operational arrangements for and decision making of the Executive Investment Committee and the process by which it assesses and approves/rejects investment propositions in line with the Bank's Investment Strategy and Investment Risk Policy and make recommendations as to improvements required in the processes, Strategy or Policy.
- 8.6 Consider and, if thought appropriate, approve the granting of a guarantee by the Bank or any of its subsidiaries;
- 8.7 Review and approve the Internal Audit plan as it relates to matters which are the responsibility of the Committee;
- 8.8 Ensure that there is in place a process for the Executive Investment Committee to establish models for the valuation of investment assets and that the models themselves are appropriate.
- 8.9 Review valuations of investments quarterly and receive reports annually on non financial measures in relation to investments.
- 8.10 Approve annually the Investment Strategy and the Investment Risk Policy.

## **9 Reporting responsibilities**

- 9.1 The Committee Chair shall report to the Board on its proceedings after each meeting at the next Board 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.
- 9.3 The Committee shall produce a report of its activities to be included in the Bank's annual report.

- 9.4 The Committee, through its Chair, will report to the Board matters that should be brought to the attention of the Board including instances where the Committee has been unable to reach full agreement, together with any recommendations which require Board approval or action.

## **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 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;
- 10.3 Give due consideration to laws and regulations, including the provisions of the UK Corporate Governance Code;
- 10.4 Oversee any investigation of activities which are within its terms of reference; and
- 10.5 Arrange for periodic reviews of its own performance and, 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 board for approval.

## **11 Authority**

The Committee is authorised:

- 11.1 To seek any information it requires from any employee/director of the Bank in order to perform its duties;
- 11.2 To obtain, at the Bank's expense, external legal or other professional advice on any matter within its terms of reference where required; and
- 11.3 To request the attendance of any employee at a meeting of the Committee as and when required.

These Terms of Reference became effective on **25 May 2021**