



KHULISA

INVESTMENT PARTNERS

KHULISA PRIVATE EQUITY FUND

Investment Committee Terms of Reference

1. Objective

- 1.1 The Investment Committee (**IC**) of the Khulisa Private Equity Fund (**KIP**) will be charged with three functions:
 - 1.1.1 the initial analysis and approval of new investment opportunities prior to the holding of a SMaRT meeting and conducting of due diligence;
 - 1.1.2 the assessment and, where appropriate, approval of new investment opportunities based on the potential of new investment opportunities to deliver on the Fund's mandate while balancing this with the risks identified in the due diligence process; and
 - 1.1.3 the ongoing oversight and governance of the Fund and its portfolio investments.
- 1.2 These terms of reference set out these functions and the principles that apply in their fulfilment.

2. Administration

2.1 Membership

- 2.1.1 The IC will comprise a maximum of eight (8) members made up of the KIP board of directors (the **Board**) and four (4) others appointed by the Board.
- 2.1.2 The Board should use due care and skill in selecting membership of the IC with due regard being given to the experience of the relevant member, any professional qualifications, roles previously or currently held and diversity of background such that the IC can function properly in its roles of investment analysis, approval and ongoing governance and oversight.

2.2 Chairperson

- 2.2.1 The chairperson of the Board shall be the IC Chairperson and will preside at meetings of the IC. If the IC Chairperson is not present at an IC meeting, the members must elect another member to act as IC Chairperson for that meeting.
- 2.2.2 The role of the IC Chairperson is to:
 - 2.2.2.1 determine the agenda for meetings of the IC in conjunction with the KIP executives;
 - 2.2.2.2 chair meetings of the IC and take reasonable steps for the proper functioning of the IC, including the proper conduct of meetings and an appropriate level of discussion;
 - 2.2.2.3 take reasonable steps regarding the adequate flow of relevant information to the IC;
 - 2.2.2.4 take reasonable steps to advise the Board on the IC's recommendations to the Board on matters falling within the scope of the IC's responsibilities, and
 - 2.2.2.5 review the minutes of meetings of the IC for circulation to and approval of the IC and sign the approved minutes.

2.3 Meetings

- 2.3.1 The IC will meet as often as necessary where a new investment opportunity arises. It is currently planned that the IC will meet twice per month (but this may be varied at the discretion of the IC).
- 2.3.2 The IC will invite members of the KIP executive team to attend meetings as relevant and appropriate in order to ensure the successful fulfilment of its functions.
- 2.3.3 Where deemed appropriate by the IC Chairperson, meetings may occur via conference call or other electronic means and approvals and recommendations may occur via written resolution.
- 2.3.4 One member of the IC will be appointed to act as secretary of the IC. The IC secretary will also be responsible for keeping the minutes of the meetings of the IC (except when the IC is in closed session) and circulating them to the Chairperson for review, the other IC members, the Board and other IC attendees as appropriate.
- 2.3.5 A quorum shall be present where at least four (4) members of the IC attend a meeting.

3 Scope

3.1 The IC is charged with examining all new investment opportunities which pass the screens applied by the KIP executive team based on the Fund's investment process and policy.

3.2 While the outcomes and recommendations of the SMaRT meeting and the due diligence are instructive and provide valuable guidance regarding the effective allocation of the Fund's resources, it is ultimately up to the IC to accept or reject a new investment opportunity.

3.3 **Function 1: initial analysis of new investment opportunities prior to a SMaRT**

3.3.1 The IC is charged with initial analysis and assessment of any new investment opportunity (the **Target**) that passes the Stage 1 screening process.

3.3.2 The initial analysis should include:

3.3.2.1 a review of the high-level business model analysis of the Target done in Stage 2 Screening;

3.3.2.2 a review of the financial performance of the Target;

3.3.2.3 a review of key ESG risks of the Target;

3.3.2.4 discussion around where ESG improvements might be made with respect to the business of the Target;

3.3.2.5 discussion about the Target with respect to the Fund's investment philosophy; and

3.3.2.6 discussion regarding whether an investment in the Target would meet the Fund's greater investment goals.

3.3.3 The outcome of Function 1 will be that the IC provides approval (or rejection) for a Target to progress to a SMaRT meeting and an in-depth due diligence.

3.3.4 This approval will include the approval of the engagement and coordination of appropriate legal, accounting, audit or other advisors by the KIP executive team as necessary to ensure effective and timeous execution of the deal.

3.4 **Function 2: Final approval of new investment opportunities**

3.4.1 Following the completion of a SMaRT meeting and in-depth due diligence, the IC shall be required to approve the investment into the Target. The IC will be charged with:

3.4.1.1 review of outcomes and recommendations of the SMaRT meeting;

3.4.1.2 review of detailed commercial due diligence findings;

3.4.1.3 review of detailed ESG due diligence findings;

3.4.1.4 discussion around identified ESG risks and appropriate mitigators;

3.4.1.5 review of draft term sheet for deal execution. Appropriate EGS warranties and clauses to be included where necessary;

The outcome of Function 2 will be to provide final approval of an investment in the Target.

3.5 **Function 3: Ongoing Oversight and Governance**

3.5.1 The IC is ultimately responsible for the ongoing oversight and governance of investments made by the Fund and will report to the Board each quarter. In this regard, the IC will be charged with:

3.5.1.1 continued engagement with KIP representatives charged with providing post-investment support to portfolio companies;

3.5.1.2 quarterly reviews of the performance and progress of portfolio companies;

3.5.1.3 discussion around issues being faced by portfolio companies;

3.5.1.4 monitoring of portfolio company performance against Fund ESG requirements;

3.5.1.5 annual reporting on ESG related matters to the Board in line with Limited Partners specific requirements.

3.6 **Who has the final say?**

For the avoidance of doubt, the IC may reject a Target at any stage and such a decision will be binding.

4 Reporting

- 4.1 The IC, through the IC Chairperson, is to advise and make recommendations to the Board on matters falling within the scope of its responsibilities. Such advice may be in the form of minutes of its meetings, supporting papers, and written or oral reports at Board meetings.
- 4.2 Records and formal reports shall be procured by the IC from the KIP executive team at least annually. The KIP executive team will provide the IC with investment reviews each quarter, especially with regard to the various Target's progress towards action plans, issues or new opportunities to add value and any updated KPI's.