

# Hipgnosis Songs Fund Limited (the "Company")



## Portfolio Committee (the "Committee") Terms of Reference

### 1. Establishment and Purpose

- 1.1 The principal function of the Committee is to make decisions regarding the acquisition or disposal of any Song or Catalogue, as detailed below.

### 2. Membership and Quorum

- 2.1 The Committee shall be appointed by the Board from amongst the directors who are independent of the Investment Adviser and shall consist of not less than three members. A quorum shall be two members. Members may attend meetings of the Committee by telephone or video conference.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the Committee. This will be reviewed on an annual basis by the Board of the Company.
- 2.4 The members of the Committee for the time being shall be:
- Paul Burger (Committee Chairman)
  - Andrew Sutch
  - Andrew Wilkinson
  - Simon Holden
  - Sylvia Coleman
  - Vania Schlogel
- 2.5 In the absence of the Committee chairman, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not chair a Committee meeting concerning the appointment of their successor.
- 2.6 Any member who is determined by the Board to no longer be independent shall cease to be a member of the Committee, if this would result in a majority of the Committee not being independent.
- 2.7 The membership of the Committee may be amended from time to time by the Board.

### 3. Meetings

- 3.1 The Committee shall meet not less than four times each year and at such other times as requested on reasonable prior notice from the Investment Adviser. Any Committee member or the secretary may call a meeting.
- 3.2 The Company Secretary shall be the secretary of the Committee (the "**Secretary**").

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- 3.3 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, any other person required to attend and all other non-executive directors, 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.

## **4. Minutes of Meetings**

- 4.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 4.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

## **5. Authority**

- 5.1 The Committee is authorised by the Board to investigate and review any matter within its terms of reference and to consider any matter the Committee deems relevant to the discharge of its duties.
- 5.2 The Committee may obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 5.3 To delegate any of its powers to one or more of its members or the Secretary.

## **6. Duties**

- 6.1 The duties of the Committee shall be:
- (a) to make the final decision regarding the acquisition of any Song or Catalogue;
  - (b) to determine, in collaboration with the Company's legal, tax or corporate finance advisers, the most appropriate means for acquiring Songs or Catalogues in the event that such Songs or Catalogues are not directly transferrable, but are available in the intermediated form (such as a special purpose company, or similar) including determining any adjustments to the price if necessary or appropriate;
  - (c) to make the final decision regarding the disposal of any Song or Catalogue;
  - (d) to determine, in collaboration with the Company's legal, tax or corporate finance advisers, the most appropriate means for disposal of songs or catalogues in the event that such songs or catalogues are not directly transferrable, but are available in the intermediated form (such as a special purpose company, or similar); and
  - (e) on a quarterly basis,, receive and consider investment performance reports prepared by the Investment Adviser.

### **Acquisitions**

When considering an acquisition, the Committee shall:

- (a) assess investment proposals against the investment policy and restrictions;
- (b) review the recommendation presented by the Investment Adviser in relation to Song or Catalogue acquisition, which will contain the following:
  - i. a summary of the due diligence findings;
  - ii. the financial history of the Song or Catalogue;
  - iii. the Independent Valuer's report;
  - iv. the Investment Adviser's strategy for managing the Songs in the Catalogue and potential exploitation opportunities;
  - v. details of any structuring arrangements that the Investment Adviser considers necessary;
  - vi. details of any conflicts of interest of the Investment Adviser or its Advisory Board in relation to the acquisition;
  - vii. details on the financial consideration structure; and
  - viii. any other information that the Investment Adviser considers relevant to the Board in deciding to acquire the particular Song or Catalogue.

The Committee will have no more than 5 business days to review the pack when deciding to acquire a Song of Catalogue.

- (c) obtain any independent advice as may be required in relation to Song or Catalogue acquisitions; and
- (d) make any final decision regarding the acquisition of a Song or Catalogue.

### **Disposals**

Whilst the Company does not intend to sell the Songs or Catalogues it acquires, the Committee shall consider, from time to time, disposal of one or multiple Songs where it considers such disposal to be in the best interests of the shareholders.

Where a disposal is proposed by the Investment Adviser, the Committee will receive a similar report to that prepared for acquisitions from the Investment Adviser. The disposal will then be reviewed, and if thought fit, approved by the Committee. No steps to dispose of a Song or Catalogue can be carried out prior to approval by the Committee.

6.2 Amendments may be made to the duties of the Committee by the Board from time to time.

## **7. Reporting Procedures**

7.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

7.3 A report on the Committee's processes and activities shall be disclosed in the Annual Report.

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- 7.4 The Committee Chairman shall attend the Annual General Meeting of the Company prepared to respond to any shareholder questions on the Committee's activities.

**8. Other Matters**

The Committee Shall:

- 8.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary and Administrator for assistance as required;
- 8.2 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.

Dated 26 November 2021