

**TRIVERS SMITH**

DATED 10 APRIL 2015

RANGER DIRECT LENDING FUND PLC

REMUNERATION AND NOMINATION COMMITTEE – TERMS OF REFERENCE

## **RANGER DIRECT LENDING FUND PLC (the "Company")**

### **REMUNERATION AND NOMINATION COMMITTEE - TERMS OF REFERENCE -**

#### **CONSTITUTION**

1. The Remuneration and Nomination Committee (the "**Committee**") shall consist of a minimum of 2 members of the board of the Company (the "**Board**") who shall be appointed by the Board in consultation with the Chairman of the Committee provided that membership of the Committee shall be confined to independent non-executive directors.
2. The Chairman of the Committee, who shall not be the chairman of the Company, shall be appointed by the Board which shall determine the period for which he/she shall hold office. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board may be a member of, but not chair, the Committee provided he/she is independent on appointment as chairman.
3. Appointments to the Committee shall be for a period for up to three years, which may be extended by further three year periods, provided the members continue to be independent.
4. Members of the Committee may attend meetings of the Committee in person or through the medium of conference telephone or similar form of communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting.
5. Only members of the Committee have the right to attend Committee meetings. However, others may be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
6. A representative of the company secretary or its 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 to be given to issues.
7. The quorum for decisions of the Committee shall be any 2 members.

#### **ROLE**

8. The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as applicable and appropriate.

## **8.1 Remuneration**

The Committee shall:

- 8.1.1** determine and agree with the Board the framework or broad policy for the remuneration of the Company's chairman and non-executive directors pursuant to the Company's articles of association. The remuneration of non-executive directors shall be a matter for the Committee. Each individual director shall not be involved in any decisions as to their own remuneration;
- 8.1.2** in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and the AIC Code and associated guidance;
- 8.1.3** when setting the remuneration policy for directors, review and have regard to the remuneration trends across the Company or group;
- 8.1.4** review the ongoing appropriateness and relevance of the remuneration policy;
- 8.1.5** obtain reliable, up-to-date information about remuneration in other companies. To help fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- 8.1.6** be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.1.7** ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- 8.1.8** agree the policy for authorising claims for expenses for the directors.

## **8.2 Nominations**

The Committee shall:

- 8.2.1** annually review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current

position and make recommendations to the Board with regard to any changes as necessary;

- 8.2.2** give full consideration to succession planning of directors, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- 8.2.3** formulate plans for the succession of directors and, in particular, for the key roles of Chairman of the Board, Chairman of the Management Engagement Committee, Audit Committee and this Committee;
- 8.2.4** identify suitable candidates for the role of Senior Independent Director if one is to be appointed;
- 8.2.5** determine membership of the Audit Committee, Management Engagement Committee and this Committee in conjunction with the chairman of the respective committees and subject to the approval of the Board;
- 8.2.6** be responsible for identifying and nominating candidates to fill Board vacancies as and when they arise;
- 8.2.7** before an appointment is made, evaluate the balance of skills, knowledge and experience on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
  - (a) use the services of external advisers to facilitate the search if considered necessary and appropriate;
  - (b) consider candidates from a wide range of backgrounds; and
  - (c) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- 8.2.8** prior to the appointment of a director, the proposed appointee should be required to disclose any business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;

- 8.2.9** keep under review the leadership needs of the Company with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- 8.2.10** keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 8.2.11** review annually the time required from the directors. Performance evaluation should be used to assess whether the directors are spending enough time to fulfil their duties;
- 8.2.12** ensure that, on appointment to the Board, directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- 8.2.13** consider the re-appointment of any director at the conclusion of his/her specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required;
- 8.2.14** consider any recommendation to shareholders concerning re-election of any director under the retirement provisions in the Company's Articles of Association, having due regard to his/her performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required;
- 8.2.15** consider any matters relating to the continuation in office of any director at any time, including the suspension or termination of service of a director subject to the provisions of law and their letter of appointment where applicable; and
- 8.2.16** consider and approve the appointment of any director or officer other than the Chairman which would be considered at a meeting of the full Board.

### **8.3 Reporting Responsibilities**

- 8.3.1** All proceedings of the Committee shall be reported formally to the Board by the Committee Chairman.
- 8.3.2** The Committee Chairman shall also report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report to the Board on how it has discharged its responsibilities.

- 8.3.3** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3.4** The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report and ensure that it is put to shareholders for approval at the Company's annual general meeting. The Committee shall make a statement in the annual report of the Company about its activities, the process used to make appointments and, where appropriate, explain if external advice or open advertising has not been used or, where an external advice has been sought, the identity of the adviser and make a statement as to whether such adviser has any other connection with the Company.
- 8.3.5** The report referred to in 8.3.4 above shall include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objective.
- 8.3.6** Through the Chairman of the Board, the Committee shall ensure that the Company maintains contact as appropriate and required with its principal shareholders in respect of remuneration.

#### **8.4 Other matters**

The Committee shall:

- 8.4.1** give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the AIC Code of Corporate Governance and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 8.4.2** be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 8.4.3** oversee any investigation of activities which are within its terms of reference;
- 8.4.4** work and liaise as necessary with all other Board committees; and
- 8.4.5** 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.

## **PROCEDURE**

9. The Committee shall meet at least once each year and at such other times as the Chairman of the Committee or other Committee member shall require.
10. At least 5 working days' notice of any meeting of the Committee shall be given, although such notice period may be waived or shortened with the consent in writing of all the members of the Committee for the time being. Notice of the meeting shall confirm the venue, time and date together with an agenda of items to be discussed. Notice shall be sent to each member of the Committee and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time.
11. The Company Secretary (or his/her delegate) or such other person as the Board may determine from time to time shall be the secretary of the Committee.
12. The secretary of the Committee or his/her delegate shall attend meetings of the Committee to take minutes.
13. In the absence of the secretary of the Committee, the members present at the meeting of the Committee shall elect another person to act as the secretary for the purposes of that meeting.
14. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Committee in which he/she and/or his/her associates have a material interest.
15. 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.
16. The secretary shall minute the proceedings and discussions of all meetings of the Committee, including recording the names of those present and in attendance.
17. Draft minutes of the meeting of the Committee shall be circulated to all members of the Committee and, once agreed, to the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

18. Once agreed, minutes of the Committee meetings shall be kept by the secretary of the Committee and shall be available for inspection by any member of the Committee or Director at any reasonable time on reasonable notice.
19. The Chairman of the Committee shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee and its activities and responsibilities.
20. All members of the Committee shall have access to sufficient resources in order to carry out its duties, including access to the advice and services of the secretary of the Committee with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
21. In the event that the Committee or any member of the Committee requires access to independent professional advice in connection with his duties, a request may be made to the Chairman.
22. Every member of the Committee shall give sufficient time and attention to his/her duties as a member of the Committee. He shall give the Company the benefit of his skills and expertise through regular attendance and active participation.
23. The Committee shall, at least once a year, review its own performance, 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.

#### **AUTHORITY**

24. The Committee is authorised to:
  - 24.1 seek any any information it requires from any member of the Board and/or any director or employee of the investment manager in order to perform its duties;
  - 24.2 investigate and review any matter within its terms of reference and consider any matter the Committee deems relevant to the discharge of its duties;
  - 24.3 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so within its terms of reference;
  - 24.4 call on the investment manager to be questioned at a meeting of the Committee as and when required; and



**24.5** 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.

**10 April 2015**