



ARC INVESTMENTS

ARC Investments Limited does not have an investment committee.

For its single investment in the ARC Fund where it is a limited partner, it has reviewed the investment committee charter of UBI General Partner Proprietary Limited as the general partner with the decision making responsibilities in the ARC Fund.

This charter has been reviewed by the Board of ARC Investments and found appropriate.

Investment Committee Charter

INVESTMENT COMMITTEE (hereinafter referred to as “the Committee”)

1. BACKGROUND

- 1.1. UBI General Partner Proprietary Limited (“the Company/UBI GP Co”) is a special purpose vehicle in the Ubuntu-Botho group. Its sole object and purpose is to be the General Partner in an *en commandite* partnership (“the Partnership”) that was established in South Africa. The purpose of the Partnership is to carry on business as a long-term investor under the name of the ARC Fund and will comprise of:
- The General Partner, being the Company; and a
 - Limited Partner, ARC Investments Limited (“ARCI”), which is listed on the Johannesburg Stock Exchange.

The General Partner is responsible for the day-to-day management of the ARC Fund whilst the Limited Partner will be a passive investor.

UBI GP Co is 100% owned and controlled by UBI Proprietary Limited (“UBI”) and accordingly is a Black-owned and controlled company.

- 1.2. The ARC Fund’s relationship with UBI GP Co is governed by the Partnership Agreement which determines the authority and responsibilities of UBI GP Co in its role of General Partner. As the company is a special purpose vehicle it will seldom act on its own behalf other than in terms of the said duties and responsibilities as General Partner. This has necessitated to the design of the governance processes that are largely aimed toward ensuring that the company has fulfilled its responsibilities under the Partnership Agreement.
- 1.3. UBI GP Co has, in turn, entered into the Investment Services Agreement (“ISA”) with African Rainbow Capital Proprietary Limited (“ARC”), in terms of which ARC will assist UBI GP Co to source investment opportunities for the ARC Fund and provide certain administrative and back office support to UBI GP Co, and is thus the Investment Services Provider (“ISP”).
- 1.4. The board of directors of UBI GP Co (the “Board”) is ultimately responsible to ensure that UBI GP Co discharges its duties and responsibilities as General Partner.
- 1.5. The Delegation of Authority Document (“DOA”) of the Board delegates the authority to appropriate entities/committees to ensure that the various responsibilities are met.
- 1.6. The Investment Committee (“IComm/Committee”) has been established by the Board to function on an *ad hoc* basis as a sub-committee of the Board to assist the Board in its overall investment responsibilities (including strategic, portfolio and cash investments and borrowing) and also to assist the Executive Director and the Investment Advisory Committee (“IAComm”) on the activities and processes relating to the investment of Company funds.
- 1.7. The DOA delegates investment decisions to the IComm and the IAComm, depending on the size of potential investments. The IComm, however, will be the body responsible for the Investment and Funding strategy of the ARC Fund.
- 1.8. ARCI, as the Limited Partner, will be a passive investor in the ARC Fund and will play no role in the day-to-day management or investment decisions of the ARC Fund.
- 1.9. This Charter describes the purpose and scope, constitution, responsibilities and authority of the IComm of the Company.
- 1.10. Given the role of the Company as a special purpose vehicle, the charter should be interpreted such that where reference is made to “the Company” it should be construed, *mutatis mutandis*, as applicable to the “ARC Fund” and “ARCI” where the Company has the dual purpose to act either on behalf of itself or on behalf of the ARC Fund/ARCI.

2. REQUIREMENTS

- 2.1 It shall be incumbent upon each Committee member, before accepting responsibility for his or her function, to become familiar with the legal and regulatory requirements associated with such a function, the rules and procedures, and any other aspect in regard thereto which the Board may deem necessary and appropriate.

3. MEMBERSHIP AND QUORUM

- 3.1 The IComm shall consist of the Chairman of the Board and three non-executive Board members. The quorum for the transacting of business of the Committee shall be a majority of members of the Committee. Meetings may be conducted by way of electronic media such as video or telephone conferencing. The minutes of any meeting held by way of electronic media must be presented for confirmation at the next meeting of the Committee.

4. MEETINGS AND PROCEEDINGS

- 4.1. The Committee shall meet on an *ad hoc* basis to perform its duties as set out in this charter.
- 4.2. Meeting agendas shall be prepared and distributed in advance, together with appropriate pre-reading to enable Committee members to prepare for meetings.
- 4.3. The chairperson shall ensure that comprehensive minutes are taken at all meetings of the Committee. The minutes shall be reviewed and distributed timeously. The minutes shall be submitted to the Board and the chairman shall provide a report of the Committee's proceedings at the Board meeting held thereafter.
- 4.4. In the event that minutes of any meeting cannot be completed in time for reporting to the next Board meeting thereafter, the chairperson shall report verbally to the earliest Board meeting thereafter.
- 4.5. The Committee must establish an annual work plan (included as Annexure B hereto) to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

5. ATTENDANCE AT MEETINGS

- 5.1. Other executives of the Company (if relevant) may attend the meetings of the Committee by invitation. All invitees shall have unrestricted access to the chairperson of the Committee and any other member of the Committee as is required in relation to any matter that falls within the remit of the Committee.
- 5.2. Other professional advisors, officers or members of staff whose input may be required, may be invited to the meetings, at the discretion of the chairperson.
- 5.3. Board members may attend meetings of the Committee.
- 5.4. The chairperson may request any of the attendees at a meeting who may have or may be considered by the Committee to have a conflict of interest to recuse themselves from the meeting or from discussions pertaining to a specific item on the agenda.
- 5.5. No invitee shall have a vote at meetings of the Committee.

6. RESPONSIBILITIES AND AUTHORITY

- 6.1 The Committee shall assist the Executive Director and the ISP on:
 - 6.1.1 setting investment policies (subject to the approval of the board) and guidelines, including those relating to the asset classes, asset allocation ranges, credit, concentration and liquidity exposures and prohibited and unduly risky investments;
 - 6.1.2 setting, reviewing and making recommendations to the Board regarding:
 - 6.1.2.1. The investment policies and guidelines, their implementation, and compliance with those policies and guidelines;

6.1.2.2. advising the ISP on potential hedging programs and derivative transactions;

6.1.2.3. risk management with regard to investment activities.

- 6.2. Have the authority to approve portfolio investments as determined by the company's DOA.
- 6.3. Have the authority to approve appropriate funding for the Fund as determined by the company's DOA.
- 6.4. The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties, from time to time.

7. FEES

- 7.1. Non-executive directors shall be remunerated for attending Committee meetings in terms of the criteria approved by the Company's shareholders at the Annual General Meeting of the Company.

8. SECRETARY

- 8.1. The Group Company Secretary, or any other person deemed appropriate by the Committee, shall be the secretary of the Committee. It shall be incumbent upon the committee secretary to ensure that contents of agendas of meetings are agreed with the chairperson, that agendas and papers are distributed timeously to Committee members and attendees, that minutes are taken and agreed by members of the committee and to do all other things necessary to ensure that meetings are held as scheduled.

9. GOVERNANCE

- 9.1. Effectiveness of the Committee:
 - 9.1.1. The Committee shall annually determine its effectiveness taking cognizance of the Committee's duties and responsibilities in terms of this charter and shall report on its findings to the Board; and
 - 9.1.2. The Board shall review such findings to satisfy itself on the Committee's effectiveness.
- 9.2. The Committee, in carrying out its tasks, may obtain such outside or independent professional advice (at the Company's expense and in accordance with a procedure developed by the Board for this purpose), as it considers necessary to carry out its duties.
- 9.3. The Committee members are obliged to disclose any interests they have that might interfere or conflict with the performance of their duties.

10. REPORTING AND ACCOUNTABILITY

- 10.1. The chairperson shall account to the Board for its activities and make recommendations to the Board on any matter arising from the above responsibilities.
- 10.2. The Committee shall make a statement in the annual report of the Company on its terms of reference and activities, the processes used in discharging its responsibility, the membership of the Committee, number of Committee meetings and attendance of members over the course of the year.

11. ACCESS TO RECORDS, CONSULTANTS AND OTHERS

- 11.1. In discharging its responsibilities, the Committee shall:
 - 11.1.1. have full access to any relevant records of the Company.
 - 11.1.2. have the authority and responsibility to retain, in its sole discretion, experts, consultants and other advisers to aid the Committee in fulfilling its duties pursuant to this charter, and to approve the fees and other terms for the retention of such persons.
 - 11.1.3. assist the Board in fulfilling its duties. Management will provide the Committee with such information and recommendation as needed and required.

12. THE INVESTMENT ADVISORY COMMITTEE (“IAComm”)

- 12.1. The IAComm is a committee that comprises of executives of the Company and will function as an investment committee, similar to the IComm
- 12.2. This charter will apply to the IAComm, as and where applicable
- 12.3. In particular:
 - 12.3.1. The authority of the IACom is limited to the approval of investments up to limits set out in the DOA
 - 12.3.2. Membership and quorum will be as determined by the IComm
 - 12.3.3. Meetings, attendance and proceedings shall be in accordance with this charter to ensure sufficient governance.

13. GENERAL GUIDANCE

- 13.1. As a general guidance for investments the investment guidelines that formed part of the Pre-Listing statement of ARCI are attached as Annexure A.

14. REVIEW OF THE CHARTER

- 14.1 The Committee shall review and reassess the adequacy of this Charter on an annual basis. If any revisions to the Charter are deemed necessary or appropriate, it should submit such recommended changes to the Board for its consideration and approval.

15 ADOPTION, APPROVAL OF CHARTER

- 15.1 This policy was approved by the Board at its inaugural board meeting on 28 November 2017.



ANNEXURE A: ARC Investments Limited Investment guidelines

The investment guidelines that follow are those of the Fund, in which ARC Investments Limited is a Limited Partner, to ensure alignment between investor expectations (in ARC Investments Limited), and the underlying ARC Fund.. They have been adopted by the ARC Fund as its investment policy, and where they are amended from time to time by the Board of Directors of ARC Investments Limited, those amendments will accordingly amend the Company's Investment Policy.

PART A – BACKGROUND

ARC Investments is a Category One Business License Company incorporated under the laws of Mauritius, and has made application to the JSE for its issued Ordinary Shares to be inward listed in the “Financials – Speciality Finance” sector on the Main Board of the Johannesburg Stock Exchange under the abbreviated name “ARCINVEST”, JSE code “AIL” and ISIN MU0553S00000 with effect from the commencement of trade on Thursday, 7 September 2017. These Investment Guidelines include ARC Investments’ Investment Policy, which has been formulated in compliance with section 15 of the Listings Requirements, as well as certain other ancillary matters.

PART B – INVESTMENT POLICY

1. DEFINITIONS

Capitalised words and expressions used in this Investment Policy shall, unless expressly defined herein or indicated otherwise by the context, bear the meanings ascribed to them in the Investment Guidelines.

2. INVESTMENT OBJECTIVE

ARC Investments’ investment objective, through its investment into the ARC Fund, is to invest in a diversified portfolio of underlying investments that will provide its Shareholders with superior long-term returns.

3. INVESTMENT FOCUS

- 3.1 ARC Investments’ investment objective will be achieved exclusively through its commitment to the ARC Fund.
- 3.2 In order to meet its short-term liquidity requirements, ARC Investments’ surplus cash will be invested in a portfolio of Cash Management Investments.
- 3.3 The Board will be responsible for making the relevant Investment decisions in respect of the ARC Fund Investment and all Cash Management Investments.

4. SECTORS AND GEOGRAPHIES

- 4.1 The ARC Fund will provide ARC Investments (as the Limited Partner) with exposure to a broad range of sectors and the ARC Fund’s investment policy may be implemented through a variety of types of financial instruments.
- 4.2 The ARC Fund will not invest in any prospective portfolio company where a material portion of such portfolio company’s business activities and operations (as at the date of investment) constitute a Prohibited Activity (other than a Prohibited Activity contemplated in paragraph 6.16.11, where the prohibition on investment shall be absolute).
- 4.3 The ARC Fund will focus on transactions in South Africa and other select countries in Africa. The ARC Fund may, however, invest in Portfolio Companies with interests and/or operations elsewhere in the world.

5. OTHER PARAMETERS

- 5.1 ARC Investments will:
 - 5.1.1 through the ARC Fund Investment, seek to gain exposure to growth and early-maturity stage businesses in which management teams are appropriately incentivized; and
 - 5.1.2 make Cash Management Investments for cash management purposes, as appropriate.
- 5.2 Furthermore, all of ARC Investments’ net resources are available for investment in accordance with the Investment Policy, including for use in share repurchases or other returns of capital to Shareholders.

PART C – GENERAL

6. DEFINITIONS

- 6.1 "ARC" African Rainbow Capital Proprietary Limited, a company incorporated under the laws of South Africa with registration number: 2015/000394/07;
- 6.2 "ARC Fund" an en commandite partnership established in South Africa;
- 6.3 "ARC Fund Investment" investment by ARC Investments in the ARC Fund as the Limited Partner;
- 6.4
- 6.5 "Associate" as defined in the Listings Requirements;
- 6.6 "Board" the board of directors of ARC Investments;
- 6.7 "Cash Management Investments" investments in (i) cash or cash equivalents; (ii) money market instruments, commercial paper or other short-term debt obligations; (iii) interest bearing accounts at a registered broker-dealer; (iv) money market mutual funds; (v) pooled investment funds or accounts that invest only in instruments of the type described in (i) through (iv);
- 6.8 "Category 1" as defined in the Listings Requirements;
- 6.9 "Category 2" as defined in the Listings Requirements;
- 6.10 "Investments" the ARC Fund Investment and Cash Management Investments;
- 6.11 "Investment Guidelines" this document, including the Investment Policy;
- 6.12 "Investment Policy" the investment policy and policy set out in Part B of the Investment Guidelines issued in accordance with paragraph 15.7 of the Listings Requirements;
- 6.13 "Financial Markets Act" the South African Financial Markets Act, 19 of 2012, as amended;
- 6.14 "JSE" JSE Limited, a company incorporated under the laws of South Africa with registration number: 2005/022939/06, licensed as an exchange under the Financial Markets Act;
- 6.15 "Limited Partner" a commanditarian partner of the ARC Fund;
- 6.16 "Listings Requirements" the listings requirements issued by the JSE under the Financial Markets Act to be observed by issuers of equity securities listed on the Johannesburg Stock Exchange, as amended;
- 6.17 "Prohibited Activity" any one or more of the following activities:
- 6.17.1 production or activities involving harmful or exploitative forms of forced labour or harmful child labour. In this context "forced labour" means all work or service, not voluntarily performed, extracted from an individual under threat of force or penalty and "harmful child labour" means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or mental, spiritual, moral or social development;
 - 6.17.2 production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;
 - 6.17.3 the manufacture of equipment (including nuclear products) primarily designed or primarily designated for military purposes;
production or manufacture of or trade in tobacco or tobacco-related products;
 - 6.17.4 trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora;

- 6.17.5 production or trade in radioactive materials, excluding the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded;
- 6.17.6 production or trade in or use of unbonded asbestos fibres, excluding the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- 6.17.7 commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest or carrying on business in a country which is not compliant with the International Tropical Timber Agreement;
- 6.17.8 production or trade in products containing polychlorinated biphenyls;
- 6.17.9 production or trade in pharmaceuticals subject to international phase out or bans;
- 6.17.10 the production, processing or distribution of illegal drugs or substances;
- 6.17.11 production or trade in pesticides/herbicides subject to international phase out;
- 6.17.12 production or trade in ozone depleting substances subject to international phase out;
- 6.17.13 trading in rough diamonds with any country which is not a Participant (as defined in the Kimberley Process Certification Scheme) in the Kimberley Process Certification Scheme;
- 6.17.14 production or trade in products or sectors which are subject to United Nations or European Union embargoes;
- 6.17.15 drift net fishing in the marine environment using nets in excess of 2.5 km in length; and
- 6.17.16 pornography or the provision of products or services of a substantially similar nature;
- 6.18 "SENS" the Stock Exchange News Service of the exchange operated by the JSE;
- 6.19 "Shareholders" the holders of Ordinary Shares from time to time and, where the context requires, the holder of the B Share and/or the C Shares from time to time; and
- 6.20 "Transaction" as defined in section 9 of the Listings Requirements. For the avoidance of doubt, to the extent that a transaction involving a non-related party is concluded in the ordinary course of business of ARC Investments and constitutes less than or equal to 10 per cent. of the market capitalisation of ARC Investments, such transaction will not be subject to section 9 of the Listings Requirements in accordance with section 9.1(d) of the Listings Requirements.

7. ARC INVESTMENTS' OBJECTIVE

- 7.1 ARC Investments' medium- to long-term objective is to grow its NAV by at least 16% per annum, risk adjusted, gross of dividend distributions, any management fees paid to the general partner of the ARC Fund and any performance participation. Each investment opportunity will be expected to exceed this minimum risk-adjusted return hurdle on a stand-alone basis (i.e., without taking into account potential synergy benefits that can be derived from being part of a diversified portfolio). The return threshold applicable to start-ups may be significantly higher than the 16% per annum hurdle, reflecting the higher risks attaching to such ventures relative to established businesses.

8. SHAREHOLDER APPROVALS

- 8.1 All Transactions concluded in accordance with the Investment Policy will be regarded as being in the ordinary course of business, unless circumstances dictate otherwise.
- 8.2 Shareholder approval will consequently not be required for non-related party Transactions of any size to the extent such Transactions are entered into in the ordinary course of business of ARC Investments, as envisaged in paragraph 8.1.
- 8.3 In addition, shareholder approval will not be required for Transactions triggered by the enforcement of provisions in agreements entered into between ARC Investments, the ARC Fund and other investee shareholders or partners:

- 8.3.1 where such Transactions (if otherwise required to be approved by Shareholders) are pre-approved by Shareholders upon initial investment or acquisition of such investments or subsequently (whether implicitly or explicitly); or
- 8.3.2 where the initial Transaction was, or the subsequent Transaction is, in the ordinary course of business (and as a result, was or is not required).
- 8.4 Shareholder approval by way of ordinary resolution will be required for all Category 1 Transactions not entered into in the ordinary course of business of ARC Investments with non-related parties.
- 8.5 Shareholder approval will be required for related party transactions in accordance with the thresholds and requirements for such approvals contained in section 10 of the Listings Requirements.
- 8.6 Notwithstanding this paragraph 8, the Listings Requirements pertaining to shareholder approvals and communications will apply if any Transaction is categorised as a reverse take-over in terms of the Listings Requirements.

9. ARC, THE ARC FUND AND THEIR RESPECTIVE ASSOCIATES ARE NOT RELATED PARTIES

- 9.1 The JSE has approved that Transactions entered into in the ordinary course of business of ARC Investments involving ARC, ARC Investments, the ARC Fund or their respective Associates, and which fall within the ambit of the Investment Policy, will not be regarded as related party Transactions for purposes of the Listings Requirements, and that ARC, the ARC Fund and their respective Associates will not constitute related parties for purposes of the Listings Requirements and these Investment Guidelines, to the extent that the relevant Transaction is entered into in the ordinary course of business of ARC Investments and falls within the ambit of the Investment Policy.
- 9.2 For the avoidance of doubt, to the extent that a Transaction involving the parties outlined in paragraph 9.1 is not entered into in the ordinary course of business of ARC Investments, such Transactions will be regarded as related party Transactions for purposes of the Listings Requirements to the extent that the Transaction meets the relevant requirements of the Listings Requirements.

No.	Matter	MEETINGS				Ad Hoc
		Sep	Nov	Feb	May	
1.	Review and approval of minutes of previous meeting	✓	✓	✓	✓	
2.	Matters arising from minutes and other: Items to be listed and covered by papers	✓	✓	✓	✓	
3.	Review proposed investment strategy				✓	
4.	Note investments approved by Investment Advisory Committee (<[R200 million])	✓	✓	✓	✓	
5.	Review for approval proposed investments (>[R200 million] <[R500 million])	✓	✓	✓	✓	
6.	Review for proposal investments (>[R500 million, up to 9.95% of Company net asset value)	✓	✓	✓	✓	
7.	Review for proposal investments in excess of 9.95% of Company net asset value	✓	✓	✓	✓	
8.	Note incremental borrowings approved by Investment Advisory Committee (<[R100 million] within the [30% of Net Asset value])	✓	✓	✓	✓	
9.	Review for approval proposed incremental borrowings (>[R100 million] <[R300 million] within the [30% of Net Asset value])	✓	✓	✓	✓	
10.	Review for approval any other relevant transactions of the company	✓	✓	✓	✓	
11.	Valuation of Investment portfolio of ARC Fund	✓	✓	✓	✓	
12.	Review Capital management philosophy				✓	
13.	Review dividend policy	✓				
14.	Review and approve Governance report for Investment Committee in the Annual Integrated Report	✓				
15.	Review for recommendation proposed dividend declaration (Company and ARC Fund)	✓		✓		
16.	Investment Committee feedback to the Board	✓	✓	✓	✓	
17.	Group Risk Appetite for investment strategy	✓	✓	✓	✓	
18.	Draft Board and Committee meeting dates for next year			✓	✓	
19.	Review of Investment Committee Charter			✓		
20.	Complete Annual King IV Compliance Register for Investment Committee matters	✓				
21.	Review effectiveness of Committee, Committee Chairperson, Committee Plan and Charter				✓	