



**ARC**  
**INVESTMENTS**

Nominations &  
Remuneration  
Committee Charter

## 1. Introduction

The Nominations and Remuneration Committee (the “Committee”) is constituted as a committee of the board of directors of African Rainbow Capital Investments Limited (the “Company”). The duties and responsibilities of the members of the Committee are in addition to those as members of the board. The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

These terms of reference are subject to the provisions of the Mauritius Companies Act 2001, the Company’s Constitution and any other applicable law or regulatory provision.

## 2. Purpose of the terms of reference

The purpose of these terms of reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

## 3. Composition

The Committee comprises at least three non-executive directors, [of whom at least one an independent non-executive director]. Members of this Committee are nominated by the board. The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

The chairman of the board shall be the chairperson (the “Chairman”) of this Committee.

The company secretary of the Company is the secretary to this Committee.

The Chairman of the Committee may co-opt a non-executive board member to attend a meeting of this Committee in the event of a member of the Committee being unable to attend such meeting.

## 4. Role

The Committee has an independent oversight role and makes recommendations on matters outlined in paragraph 5 of these terms of reference to the board for their consideration and approval.

The role of the Committee is to assist the board to ensure that: -

- the composition of the board is appropriate to comply with recognised governance standards and legal requirements;
- directors are appointed through a formal process;
- induction and on-going training and development of directors take place; and
- formal succession plans for the board and senior management appointments are in place.

The Committee, which in this capacity has an independent oversight role, makes recommendations to the board on matters concerning human resources and remuneration for their consideration and final approval.

## 5. Responsibilities

The board has delegated to the Committee the following functions as well as to make recommendations to the board on matters relating to the mandate of the Committee:

### 5.1 Board Composition

The Committee shall regularly review the size, composition and effectiveness of the board and its Committees. The Committee shall ensure that directors are appointed through a formal process and that induction and on-going training and development of directors takes place.

### 5.2 Succession Planning

The Committee shall identify and nominate suitable candidates when board vacancies arise and will put in place plans for succession. In performing the above, the committee must have due regard to the principles of governance and best practice.

### 5.3 Re-election of retiring directors by rotation

The Committee must make recommendations to the board on the suitability for re-election of the directors that are retiring by rotation in terms of the constitution of the company.

### 5.4 General management appointments and terminations

The appointment of executive directors will be recommended by the Committee to the board for final approval.

#### 5.5 Composition of top management

The Committee shall annually review the size, composition and effectiveness of the top management structure (the "TM"). The Committee must identify and nominate candidates for top management positions as well as terminate service where appropriate. Changes in the composition of TM must be recommended to the board for approval. The Committee must ensure that there is an effective management succession process for top and senior management and that the long-term availability of management expertise is to be evaluated on a regular basis.

#### 5.6 Remuneration Policy

- The Committee shall oversee the establishment of a remuneration policy that will promote the achievement of the strategic objectives of the company and encourage individual performance.
- The Committee deliberates over the principles for the group's remuneration philosophy in line with approved business strategy and objectives, and make recommendations in this regard to the board. The committee reviews not only the remuneration of TM and staff, but also that of the non-executive directors.
- For Company employees, the Committee considers the nature and composition of total remuneration packages, consisting of guaranteed income, benefit options available, the choice of benefit service providers, short term incentives, long term incentives, retention mechanisms and retirement schemes.
- The Committee manages the employment contracts of the executive directors and TM members so that their terms are compliant with good practice principles.
- The Committee uses every endeavour to promote a culture that supports enterprise and innovation with appropriate short and long term incentives that are fair and achievable. Targets must be stretching, verifiable and relevant and must avoid duplication of performance drivers.
- The Committee, in fulfilling its duties, shall give consideration to industry, local and international benchmarks and trends. At all times, it shall pay due attention to succession plans and the retention of key executives.
- Where necessary the committee shall make recommendations to the board about general (mostly annual) adjustments in remuneration packages and in determining incentives.
- The Committee will recommend changes to the level of remuneration packages of the Chairman, if full-time and individual members of TM for approval by the board.
- The Committee sets performance criteria and recommends performance bonuses for the TM. The performance of the TM members are considered relative to performance criteria which has been set by the Committee, taking into account the prevailing business climate, market conditions as well as annual evaluations to assess the level of achievement of key predetermined objectives. Bonuses paid to the TM members are a reflection of the performance of each individual and the company as a whole. The committee would make the necessary recommendations on the above for approval by the board.
- The Committee makes an annual recommendation to the board in respect of non-executive directors' remuneration, for approval by the shareholders.
- The Committee shall assist the board to ensure that disclosure of directors' remuneration is accurate, complete and transparent.
- The Committee shall oversee the preparation of and recommend to the board the remuneration report, to be included in the integrated report. This report must comply with applicable laws, regulations or governance codes applicable to the Group.

#### 5.7 Share based and other long term incentives

- The Committee must annually review the incentives schemes to ensure continued contribution to shareholder value.
- The Committee sets appropriate limits for participation and discloses it to shareholders.
- The Committee ensures that the vesting of rights is based on performance conditions measured over a period appropriate to the strategic objectives of the Company and approved by the Committee and the board.

#### 5.8 Monitoring of key human capital indicators

The Committee shall regularly monitor key human capital indicators, specifically the achievement of targets relating to BEE transformation and compliance with the requirements of the Financial Services Commission.

## 5.9 Oversight of HR Risks

The Committee is required:

- To ensure that significant risks associated with the management of Human Resources are considered and that management implements appropriate risk responses and treatment strategies to manage these risks.
- To review the key risks that have materialised for the period under review.
- To liaise closely with the Risk Committee with a view to exchanging relevant HR information and escalating any critical concerns to them.
- To provide recommendations on any potential conflict of interest or questionable situations of a material nature, or any other human resources Risks.

## 5.10 Personal expenditure of Directors and Executive Committee Members

The Committee will annually have sight of and ratify reports coming of the Audit and Assurance function with regards to the separation of personal and business expenditure of Directors and Executives.

## 6. Authority

The Committee acts in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of these terms of reference.

The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, officers or company secretary to provide it with information, subject to board approval.

The Committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the company's cost, subject to board approval.

The Committee makes recommendations to the board on any matters within the ambit of these terms of reference.

## 7. Meeting procedures

### 7.1 Frequency

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year. Meetings in addition to those scheduled may be held at the instance of the board.

The Chairman of the Committee may meet with the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

### 7.2 Attendance

The chief financial officer, or other members of senior management, professional advisors and board members (as may be required) may be in attendance at Committee meetings, but by invitation only. These attendees may not vote at Committee meetings. Such invitees would be expected to recuse themselves from proceedings when requested by the Committee.

Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or company secretary.

If the nominated Chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

### 7.3 Notice of meetings, agenda and minutes

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters set out in paragraph 5 of these terms of reference. Important and critical matters will need to be addressed annually while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of the items to be discussed, will other than under exceptional circumstances be forwarded to each member and invitee of the Committee not less than five working days prior to the date of the meeting.

The minutes of proceedings must be completed as soon as possible after the meeting and circulated to the Chairman and the Committee members for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

The Chairman of the committee will present a report to the board on the deliberations and recommendations of the committee. The minutes shall be provided to the members of the board.

### 7.4 Quorum

A representative quorum for meetings will be more than one half of the members of the Committee.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

## 8. Evaluation

The Committee shall have its collective performance and that of its individual members evaluated on an annual basis. Members of the Committee should continually seek to develop and refresh their knowledge to ensure that they have the requisite skills and knowledge to carry out their role.

The company secretary will assist the Committee with the induction and training programmes of newly appointed directors.