



ARC INVESTMENTS

ARC Investments Limited as an Investment Holding Company with no employees other than its Chief Financial Officer regulates its delegations for the day-to-day functioning of the Company and Board decisions through the Board Charter.

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

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

Delegation of Authority Policy

Delegation of Authority

1. BACKGROUND

- 1.1 UBI General Partner Proprietary Limited (“the Company/UBI GP Co”) is a special purpose vehicle in the Ubuntu-Botho Investments Proprietary Limited 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 comprises of:
- The General Partner, being the Company; and
 - A Limited Partner, African Rainbow Capital Investments Limited (“ARCI”), which is listed on the Johannesburg Stock Exchange (“JSE”).

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 wholly owned and controlled by UBI Proprietary Limited (“UBI”).

- 1.2 The ARC Fund’s relationship with UBI GP Co is governed by the Partnership Agreement (entered into amongst UBI GP Co and ARCI) 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 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.
- 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. To this end it must ensure:
- Proper governance processes whilst conducting the business of the ARC Fund;
 - Sufficient and timeous information flow for purposes of reporting, both internally and externally, in respect of the Company, the ARC Fund and ARCI; and
 - That ARC performs the duties that have been outsourced in terms of the ISA.
- 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 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. In addition, ARC has certain specific responsibilities and obligations in terms of the Investment Services Agreement between UBI GP Co and ARC. As such it must recommend before certain decisions are made in UBI GP Co and certain signing powers are delegated to specific employees within ARC in order to give effect to the ISA.

Introduction:

The Companies Act, 2008 (“the Act”) and the Memorandum of Incorporation of UBI GP Co govern the authority granted to the Board. This document codifies and regulates any such DOA and further delegation within the Company. The following governing principles shall apply:

- A. The Board retains the accountability and responsibility for corporate governance. The Executive Director is accountable to the Board for designing, implementing and monitoring corporate governance processes, integrating these into the day-to-day activities of the Company, and to provide the Board with sufficient information to assess the level of corporate governance;
- B. Written authorisation by the Board must be obtained prior to an action except where board committees have been mandated to perform specific tasks; and
- C. Although authority and responsibility can be delegated, the delegator remains ultimately accountable, provided that adequate controls and report-back procedures are in place.



Glossary of Terms:

Term	Definition
A: Final Approval	Final authorisation
B: Recommend	Support for a proposal (this does not constitute a veto right)
C: To be consulted	Key stakeholder in the decision-making process (this does not constitute a veto right)
D: To be informed	For information purposes and sometimes purely as a matter of courtesy
Accountability:	All matters that cannot be delegated
ARCom:	Audit and Risk Committee
Change in Control:	Shall mean where any person who did not control that entity on a specific date acquires: shares in that entity with the effect that such a person thereafter holds more than 50% of the issued ordinary shares of that entity; or the right to exercise the votes shareholders of that entity may exercise in a general meeting with the effect that such a person thereafter has the right to exercise more than 50% of the votes that all the holders of ordinary shares issued by that entity may exercise; or the right to appoint the majority of directors of that entity
Custodianship:	Individual responsible for initiation and taking it through the approval process
Delegation:	The transferring of authority and responsibility in order to effectively empower personnel to perform their duties
ED:	Executive Director
IACom:	Investment Advisory Committee
ICom:	Investment Committee
ISP:	Investment Services Provider under the Investment Services Agreement, being ARC
ISA	Investment Services Agreement
Responsibility:	All other matters that can be delegated
Secretary:	The Company Secretary of the Company
Strategy:	The Fund's long-term goals as envisaged in terms of the Partnership Agreement and strategic plan as approved by the Board

Board Matters					
A: Final approval B: Recommend C: Must be consulted D: To be informed					
Board Matter#	Shareholders Meeting	Board of Directors	Board Sub - Committee(s)	Executive Director	Custodianship
Changes to Memorandum of Incorporation of Company (including but not limited to alteration of share capital and variation of shareholder rights)	A	B	C: ICom	B	ED/ Secretary
Governing of General and Special meetings of the Company		A			Secretary
Directors					
Formulation & Amendment of the Company's Board and Board Sub Committee Charters		A		B	ED
Interim appointments / removals		A			ED
Final appointments / removals	A	B			ED
Director's remuneration as directors	A	B			ED
Appointment / removal of Secretary		A			ED
Committees of the Board					
Appointments / removals of members of ARCom, ICom, IAComm and other Ad Hoc committees		A	B: Relevant Committee		Chairperson of the Board
Charters / Mandates (ARCom, Icom and/or any other Ad Hoc committees)		A	B: Relevant Committee B: ISP		Chairperson of the relevant Sub-Committee
Audit and Risk Committee					
Corporate Governance Policy		A	B:ARCom	B	ED/Secretary B: ISP
Internal Controls Policy		A	B:ARCom	B	ED B: ISP
Risk Management Policy		A	B:ARCom	B	ED B: ISP
Internal Audit (if required)		A	B:ARCom	C	ED B: ISP
Enterprise Risk (if required)		A	B:ARCom	C	ED B: ISP
Legal Compliance		A	B:ARCom	C	ED B: ISP
Insider Trading Policy		A	B:ARCom	C	ED B: ISP
Gender and Diversity Policy		A	B:ARCom	C	ED B: ISP
Nominations					
Appointments & Terminations:					
Review of ISA for ISP	A	B	B:ICom & ARCom		Chairperson of the Board
Executive officers/directors		A			Chairperson of the Board
Other executives (if relevant)		A		B	ED B: ISP
Remuneration					
Reward and Remuneration Policy & Philosophy – ensuring alignment of UBI Group employees with the ARC Fund and Partnership Agreement		A		B	ED B: ISP
Approval of substantial changes to the Human Resources policies & procedures		A		B	ED B: ISP

Board Matters					
A: Final approval B: Recommend C: Must be consulted D: To be informed					
Board Matter#	Shareholders Meeting	Board of Directors	Board Sub - Committee(s)	Executive Director	Custodianship
Succession Planning					
Key persons as defined in the Partnership Agreement	A	B			Chairperson of the Board
Investment Services		A	B: ICom	B	ED/Secretary E: ISP
Executive director		A		C	Chairperson of the Board
IACom members			A: ICom	C	Chairperson of the ICom
Executives (if relevant)		A		B	ED
External Auditors					
Appointment, removal or replacement	A	B	B: ARCom	B	ED ISP
Auditor's remuneration		A	B: ARCom		ED B: ISP
Non-Audit services and fees		A	B: ARCom		ED B: ISP
Strategy and Business Plan					
The Company's mission, Purpose & Values		A		B	ED B: ISP
Business Model Definition & Risk Appetite		A		B	ED B: ISP
Annual Business Plan & Strategies		A		B	ED B: ISP
Annual Budget		A		B	ED B: ISP
Once-off expenditure equal to or exceeding R10 million and not specified in the budget, approved business case or approved agreement		D		A	ED B: ISP
Agreements					
All agreements with an agreement value equal to or not exceeding R100 million or where the agreement period is equal to or does not exceed the shorter of 5 years or remaining period under the JSE approved term of the UBI GP Co mandate		D	A: ICom	A	B: ISP
ARC via the Investment Services Agreement between ARC and the Company ("ISA")	D	A	B: ICom	B	ED
Finance					
Adoption of any significant changes or departure from accounting policies and practices		A	B: ARCom		ED B: ISP
Approval of the valuation of unlisted investments		A	B: ARCom		IACom B: ISP
Capital Management Philosophy		A	B: ICom	C	IACom B: ISP
Dividend policy	A	B	B: ARCom	B	ED/Secretary B: ISP
Dividend declaration		A	B: ICom B: ARCom	B	ED/Secretary B: ISP
Integrated Report – Annual Financial Statements and all related documents and reports		A	B: ARCom	B	ED B: ISP
Interim and Preliminary statements to shareholders (if any)		A	B: ARCom	B	ED B: ISP

Board Matters					
A: Final approval B: Recommend C: Must be consulted D: To be informed					
Board Matter#	Shareholders Meeting	Board of Directors	Board Sub - Committee(s)	Executive Director	Custodianship
Investments					
Investment Policy & Philosophy		A	B: ICom	B	IACom/ B: ISP
Investment Guidelines		A	B: ICom	B	IACom/ B: ISP
Valuation Policy		A	B: ARCom C: ICom	B	ED/ B: ISP
Acquisitions and divestitures of permitted investments per the African Rainbow Capital Investments Limited ("ARCI") Investments Guideline as adopted by the Company to an amount up to R200 million			A:IACom D:ICom	B	B: ISP
Acquisitions and divestitures of permitted investments per the ARCI Guideline as adopted by the Company to an amount up to 10% of ARCI's market capitalisation. Note: consideration to be given around the possibility of it constituting price sensitive information per the communication policy with the ARC Fund and ARC Investments, thus review by ARCom would be necessary in informing the Board of Directors of ARC Investments Limited	D	D	A:ICom D:ARCom		B: ISP
Acquisitions and divestitures of permitted investments per the ARCI Guideline as adopted by the Company to an amount greater than 10% of ARCI's market capitalisation [use R800 million as threshold for the time being R800 million] NOTE: consideration to be given around the possibility of it constituting price sensitive information per the communication policy with the ARC Fund and ARC Investments, thus review by ARCom would be necessary in informing the Board of Directors of ARC Investments Limited	D	A	B:ICom D: ARCom	B	B: ISP
Acquisitions and divestitures of permitted investments per the ARCI Investments Guideline as adopted by the Company for Related Party Transactions as defined in International Financial Reporting Standards. NOTE: Full compliance in terms of the JSE Rules	A	B	B:ICom D: ARCom	B	B: ISP
Financial assistance to investee companies, directly or indirectly, including, inter alia, loans, guarantees, suretyships etc up to R100 million			A:IACom	B	B: ISP
Raising of incremental borrowing facilities or encumbering of assets within the ARC Fund involving amounts up to 10% of net asset value commitment in principle as computed as optimal for the growth asset portfolio of the ARC Fund		D	A:ICom	B	B: ISP
Raising of incremental borrowing facilities or encumbering of assets within the ARC Fund involving amounts greater than 10% of net asset value commitment in principle as computed as optimal for the growth asset portfolio of the ARC Fund	D	A	B:ICom	B	B: ISP
All other transactions		A	B:ICom	B	IACom B: ISP