

**Comprising:**

CONDUIT CAPITAL LIMITED AND ITS SUBSIDIARIES; AND  
 ENTITIES ASSOCIATED WITH AND/OR CONDROLLED BY A DIRECTOR OF CONDUIT CAPITAL LIMITED

HEREINAFTER REFERRED TO AS THE “CONDUIT GROUP” OR “THE COMPANY”

# Table of Contents

**INTRODUCTION AND CONSTITUTION ..... 2**

**MEMBERSHIP ..... 3**

**TERMS OF REFERENCE..... 4**

**RESPONSIBILITIES ..... 4**

**AUTHORITY ..... 7**

**MEETING PROCEDURES..... 7**

**REPORTING ..... 9**

**ENFORCEMENT ..... 9**

**REMUNERATION..... 9**

**GENERAL ..... 10**

**CLOSING ..... 10**

**REVISION HISTORY..... 10**

The Conduit Capital Limited group of companies recognise the importance of operating in an open and transparent manner in all aspects of its business, be it with clients, suppliers, service providers or members of the greater business community, be they directly a part of the financial services industry or not. Whilst legislative requirements may be the foundation of this policy, this statement is more practical in its application and utilises basic business ethics and practices as its overall primary standard. This policy statement has been approved by the board of directors of the above listed insurers and the Financial Service Providers.

Approved by the Board of Directors

Date: 5 October 2018

## INTRODUCTION AND CONSTITUTION

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The Remuneration Committee (“the Committee”) is constituted in terms of the King Report on Corporate Governance for South Africa, 2016 (“King IV”) as a committee of the board of directors of the Company (“Board”) in respect of all duties that the Board has delegated to it in terms of these Committee terms of reference (“Terms of Reference”) and the Board’s approved delegation of authority policy, with the Board remaining ultimately accountable for such delegated responsibilities.

The Committee has an independent role with accountability to the Board. The Committee does not assume the functions of management of the Company, which functions remain the responsibility of the Company’s executive directors, executive management and senior managers.

These Terms of Reference are subject to the provisions of the Companies Act, 2008 (“the Act”), the Company’s Memorandum of Incorporation (“the Memorandum of Incorporation”) and any other applicable laws and regulations.

## MEMBERSHIP

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- The Committee should consist of no fewer than three (3) members, a majority of whom must be independent non-executives, who are appointed by the Board on the recommendation of the Nominations Committee.
- The Board shall appoint an independent non-executive director as the Committee Chairperson and determine the period for which he/she shall hold office.
- The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- The Chairperson of the Board is not eligible to be appointed as Chairperson of the Remuneration Committee
- The Board may from time to time consider the composition of the Committee and make such changes thereto as it deems fit.
- The following persons shall attend all Committee meetings as invitees in an ex-officio capacity, unless otherwise decided by the Chairperson of the Committee:
  - the Chief Executive Officer;
  - the Chief Financial Officer;
  - the executive responsible for Human Resources; and
  - any other persons, as determined by the Chairperson required to attend a specific meeting (or part thereof) to report on any particular matter/issue.

## TERMS OF REFERENCE

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- The purpose of these Terms of Reference is to set out, among other things -
  - the functions, responsibilities and duties of the Committee;
  - the requirements for membership of the Committee; and
  - the meeting procedures of the Committee.

## RESPONSIBILITIES

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The functions, responsibilities and duties of the Committee shall be to:

- ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term;
- having regard to above, make recommendations to the Board on how remuneration should be approached and addressed on a Company-wide basis;
- develop and determine, for approval by the Board, a remuneration policy that –
  - articulates and gives effect to the Board’s direction on fair, responsible and transparent remuneration, in line with the Company’s business strategy;
  - is designed to:
    - (i) attract, motivate, reward and retain human capital;
    - (ii) to promote the achievement of strategic objectives within the Company’s risk appetite; and
    - (iii) to promote positive outcomes;
  - addresses Company-wide remuneration and includes provision for the following specifically:
    - (i) arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the Company;
    - (ii) the use of performance measures that support positive outcomes across the economic, social and environmental context in which the Company operates; and/or all the capitals that the Company uses or affects;
    - (iii) the voting by shareholders on the remuneration policy and implementation report, and for the implementation of related responding measures as outlined in King IV, due consideration of the social wage; and
  - provides for all elements of remuneration that are offered in the Company and the mix of these, including;
    - (i) base salary (including financial or non-financial elements);
    - (ii) variable remuneration, including short and long-term incentives and deferrals;
    - (iii) payments on termination of employment or office;
    - (iv) sign-on, retention and restraint payments;

- (v) the provisions, if any, for pre-vesting forfeiture and post-vesting forfeiture of remuneration;
  - (vi) any commissions or allowances; and
  - (vii) fees of non - executive directors, to meet the Company's needs and further its strategic objectives.;
- implementing, administering, monitoring and reviewing such remuneration policy;
  - disclosing remuneration by means of a remuneration report in the following three parts:
    - a background statement, which should briefly provide context for remuneration considerations and decisions, with reference to those matters set out in King IV;
    - an overview of the main provisions of the remuneration policy, which:
      - (i) should address the objectives of the policy and the manner in which policy seeks to accomplish these; and
      - (ii) include those items set out in King IV, principle 14, recommended practice 34; and
    - an implementation report which should contain the remuneration disclosure in terms of the Act, with reference to those matters set out in King IV.
  - ensuring that the remuneration policy, together with the implementation report is tabled before shareholders for a non-binding advisory vote at each annual general meeting, every year;
  - ensuring that, in addition to developing and determining a remuneration policy, record, in the policy, the measures that the Board commits to take in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised, which measures should provide for taking steps in good faith and with best reasonable effort towards the following at a minimum:
    - an engagement process to ascertain the reasons for the dissenting votes; and
    - appropriately addressing legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes;
  - ensuring that, in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised, the following is disclosed in the background statement of the remuneration report succeeding the voting:
    - with whom the Company engaged, and the manner and form of engagement to ascertain the reasons for dissenting votes; and
    - the nature of steps taken to address legitimate and reasonable objections and concerns;
  - review annually and make recommendations to the Board (based on an independent benchmark) on the remuneration of non-executive directors (for approval by the Company's shareholders for a period of two years from the date of the general meeting where the remuneration is approved or until such time as the non-executive directors' remuneration is amended by way of special resolution of shareholders, whichever comes first);

- review and, to the extent required, make recommendations to the Board on the remuneration packages needed to attract, retain and motivate high performing executive management, which will be as far as possible in proportion to their assessed value to the Group;
- review annually and make recommendations to the Board on the executive directors' and executive management's annual salary increases, in order to ensure that such increases are reasonable, fair and responsible, taking into account the measurement of performance against pre-determined and agreed criteria, the annual performance assessments of the Board as well as industry benchmarks;
- annually note and report to the Board the annual overall salary percentage increases of senior managers and lower level employees;
- review and approve the remuneration and annual salary increase of the Company Secretary, in order to ensure that it is reasonable, fair and responsible, taking into account the measurement of performance against pre-determined and agreed criteria, the annual assessment of the Company Secretary in terms of the JSE Listings Requirements as well as industry benchmarks;
- conduct risk-based monitoring and regularly (at least every second year) review incentive schemes (including any bonus, share, option and/or participation schemes) to ensure their continued contribution to shareholder value and to ensure that such incentives do not encourage behaviour contrary to the company's risk management strategy, and make the necessary recommendations to the Board;
- review six monthly and make recommendations to the Board regarding the executive short-term incentive scheme Key Performance Indicators (KPIs) against which qualification for short-term incentive awards/payments will be measured. The committee may consider and recommend the ad hoc payment of special bonuses to the board for approval;
- review six monthly and make recommendations to the board regarding the executive short-term incentives to be paid based on the agreed KPIs for that period;
- review annually and, where appropriate, make recommendations to the Board in respect of the allocations/awards/grants of share appreciation rights/performance shares/restricted shares in terms of the Company share scheme (if applicable);
- scrutinise all benefits including pensions, benefits in kind and other financial arrangements to ensure they are justified, correctly valued and suitably disclosed and make the necessary recommendations to the board;
- review current industry and general best practice in remuneration, including, among other things:
  - professional executive recruitment organisations' publications;
  - evolving and changing methods of remunerating executive management and directors;
  - existing and developing concepts in fringe benefits and share plan architectures;
  - retirement and/or pension fund and termination payments;

- monitor and consider risks in relation to the matters that falls within the Committee's mandate and at all times give due consideration to the relevant provisions of the Act, the Listings Requirements, the Board's approved delegation of authority policy and King IV.

## AUTHORITY

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- The Committee is accountable to the Board. To this end the Committee must make recommendations for approval by the Board, unless otherwise mandated by the Board in these Terms of Reference and the Board's approved delegation of authority policy.
- The Board supports and endorses the Committee and acts in accordance with its delegated authority of the Board as recorded in these Terms of Reference.
- The Board has an oversight responsibility and the Committee assists the Board in fulfilling this responsibility.
- The Committee is authorised by the Board to:
  - investigate any activities within these Terms of Reference;
  - access outside legal or other independent professional advice in order to provide:
    - (i) professional and independent guidance on corporate governance and its legal duties; and
    - (ii) support to co-ordinate its functioning, at the Company's expense, in accordance with a procedure developed by the Board for this purpose;
  - secure the attendance, at Committee meetings, of non-Committee members with the relevant experience and expertise where necessary, at the Company's expense, in accordance with any protocol or procedure developed by the Board for this purpose; and
  - seek any information it requires from any employee, the Chairmen of Board or statutory committees of the Company, any of the Company's executive directors, Company officers or the Company Secretary, and all these parties are required to co-operate with any reasonable requests made by the Committee, to provide it with information or explanations necessary for the performance of its functions.

## MEETING PROCEDURES

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### FREQUENCY

- Meetings of the Committee will be held as frequently as the Committee considers appropriate, but it will normally meet every quarter.
- The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in this Terms of Reference.

## AGENDAS, MEETING PAPERS AND MINUTES

- A detailed agenda, together with supporting documentation must be circulated approximately seven (7) days prior to each meeting to the members of the Committee and other invitees.
- The Chairperson, with the assistance of the Company, must ensure that the agenda, as prepared, raises all relevant issues requiring attention in such a way and sequence that effective proceedings are facilitated.
- The minutes must be completed, by the Company Secretary, within two (2) weeks of the meeting. The draft minutes must be circulated to the Company for review, where after the minutes shall be circulated to the Chairperson for review.
- The minutes will be formally approved by the Chairperson at its next scheduled meeting and will thereafter be signed by the Chairperson.
- The directors must treat the meeting papers with the strictest of confidence and to manage their electronic access to their meeting packs with due care and vigilance.

## ATTENDANCE

- Directors shall attend all Committee meetings and prepare adequately.
- Directors who are unable to attend a meeting should advise the Chairperson or the Company Secretary at least one (1) week prior to the intended meeting date.
- Directors may invite any person to attend specific meetings or part of a meeting, with the prior approval of the Chairperson.
- Directors are expected to provide appropriate and constructive input on matters for discussion and also to participate fully, frankly and constructively in order to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as directors.
- Executive management, assurance providers and advisors may be in attendance at meetings, but by invitation only.
- Invitees shall not have a right to vote at the meetings of the Committee.

## QUORUM

- The Committee shall not have a quorum to proceed with a meeting if more than one of its members is not present.
- Invitees and a representative of the Company Secretary shall not be taken into account when determining a quorum.

## WRITTEN RESOLUTIONS

- A resolution in writing, signed by all the members of the Committee shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Committee, provided that each member of the Committee was afforded reasonable opportunity to express an opinion on the matter to which such resolution relates.

## COMPANY SECRETARY

- The Company Secretary provides a central source of guidance and support to the Board and its committees and within the Company on matters of good governance and changes in legislation.
- The Committee is aware of the duties of the Company Secretary and empowers them to fulfil those duties.
- The Company Secretary maintains an arms' length relationship with the Board and its directors as far as is reasonably possible.
- The Company Secretary is not a director of the Company and has a direct channel of communication to the Chairperson.
- The Company Secretary is accountable to the Board.
- The Company Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute these accordingly.
- The Company Secretary shall be the secretary of the Committee.

## REPORTING

- The Chairperson of the Committee shall report to the Board on its proceedings, after each meeting, on all significant matters within its duties and responsibilities as set out in these Terms of Reference.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required.
- The Chairperson or in his/her absence, any other member of the Committee shall attend the AGM of the company to provide a report relating to the affairs of the Committee.

## ENFORCEMENT

These terms of reference shall be recommended to the Board by the Committee, following a review by its members and ultimately approved by the Board.

## REMUNERATION

- The Board will determine the level of remuneration for non-executive directors and remuneration to be approved at the Annual General Meeting of shareholders, as set out in the Companies Act.

- Executive directors shall not receive any fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.

## GENERAL

- Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's MOI, regulating the proceedings of the meetings of the Committee.
- The Committee, in carrying out its responsibilities under these Terms of Reference is authorised to investigate any matter within its terms of reference, may at its discretion, require other employees of the Company to attend meetings or parts of meetings and may consult with and seek any information it requires from any employees. All employees shall be required to cooperate with any request made by the Committee in the course of its duties.
- The Committee may obtain such outside or other independent professional advice as it considers necessary to carry out its duties, in terms of the approval process determined by the Board.
- The Board will ensure that the Committee will have access to professional advice both inside and outside the Company for it to perform its duties.

## CLOSING

The Group may amend this Terms of Reference from time to time and shall be reviewed no less than once within each calendar year cycle. Reasonable efforts will be made to inform all members of any amendments to the policy. Non-compliance with this Terms of Reference will be dealt with in accordance with the Code of Conduct.

## REVISION HISTORY

Version	Date	Author	Organisation	Revision
1.0	May 2015	R. Kok	Ops Manager	Created charter
2.0	Feb 2018	R. Kok	Ops Manager	Amendments made for review by CoSec
3.0	Aug 2018	R. Kok	Ops Manager	Amendments made for review by Board