

# TERRA MAURICIA LTD

Terms of reference for the Corporate  
Governance Committee

**1 Constitution**

- It is hereby established a Corporate Governance Committee, which will act as mechanism for making recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles.
- The Corporate Governance Committee (the Committee) is constituted to ensure that the reporting requirements with regard to corporate governance, whether in the annual report or on an ongoing basis, are in accordance with the principles of the applicable Code of Corporate Governance.
- The Committee will also be responsible to establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, within agreed terms of reference, to avoid potential conflicts of interest.
- The Committee's function in relation to remuneration of non-executives, for reason of self-interest, should be limited to making recommendations to the full Board and, as applicable, to the shareholders.
- The financial reward offered by the company should be sufficient to attract people of the required calibre. Failure to attract the right people will have a negative impact on the efficiencies of the company and, consequently, on the returns to its shareholders.
- Furthermore, the Committee will make recommendations to the Board on all new Board appointments.
- A formal process of reviewing the balance and effectiveness of the Board, identifying the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner, is increasingly required as an appropriate mechanism for ensuring that the Board remains effective and focused.

**2 Membership**

- 2.1 The Committee shall consist of a minimum of three members.
- 2.2 A non-independent chairperson of the Board can only be the chairperson of the Corporate Governance Committee on condition that the majority of the Committee are independent non-executive directors. If this is not the case then the non-independent chairman of the Board can be a member of the Corporate Governance Committee, but not its chairperson. The chairperson of the committee would then have to be an independent non-executive director.
- 2.3 The Corporate Governance Committee shall be composed of a majority of non-executive independent directors.
- 2.4 The chief executive officer will not be a member of the Corporate Governance Committee but will attend the meetings.

**3 Secretary**

The Committee shall nominate a committee secretary.

**4 Terms of Reference****4.1 Remuneration Issues**

- The role of the Committee will be to work on behalf of the Board and be responsible for its recommendations and will, within these terms of reference:
  - Determine, agree and develop the company's general policy on executive and senior management remuneration;
  - Determine specific remuneration packages for executive directors of the company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pensions and other benefits;
  - Determine the level of non-executive and independent non-executive fees to be recommended to the shareholders at the Meeting of Shareholders;
  - Determine any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.
- The Committee will aim to give the executive directors every encouragement to enhance the company's performance and to ensure that they are fairly, but responsibly rewarded for their individual contributions and performance.
- The Committee will review (at least annually) the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant.
- The Committee will determine any grants to executive directors and other senior employees made pursuant to the company's executive share scheme(s), if applicable.
- The Committee will be kept informed of relevant information for other group executives and senior managers.
- The Committee will not determine the remuneration or terms of any consultancy agreement of any non-executive director, although it may make recommendations to the Board if requested.
- The Committee will co-ordinate its activities with the chairperson of the Board and the chief executive as well as consult them in formulating the Committee's remuneration policy and when determining specific remuneration packages.
- The broad framework and cost of executive remuneration should be a matter for the Board on advice of the Committee.
- The Committee may wish to consult other non-executive directors in its evaluation of the chairperson of the Board and the chief executive.
- The Committee will have due regard for the principles of governance and code of best practice.
- The Committee will liaise with the Board in relation to the preparation of the Committee's report to shareholders as required and will consider each year (and minute its conclusions) whether the circumstances are such that the annual meeting of the company should be invited to approve the remuneration policy set out in the Committee's report.

#### 4.2 Nomination Issues

- The Committee shall make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board in general and the balance between executive and non-executive directors appointed to the Board.
- The Committee shall regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- The Committee shall be responsible for identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise, as well as put in place plans for succession, in particular for the chairperson, chief executive and senior executives.
- The Committee shall make recommendations to the Board for the continuation (or not) in services of any director who has reached the age of 70.
- The Committee shall recommend directors who are retiring by rotation, for re-election.
- The Committee will have due regard for the principles of governance and code of best practice.
- The Committee will liaise with the Board in relation to the preparation of the Committee's report to shareholders, as required.
- The Committee shall also make recommendations on the composition of the Boards of subsidiaries and on the appointment of directors on such Boards as well as on other Boards on which the company has a right of appointment.

#### 4.3 Other Issues

Over and above the work on remuneration and nomination, the Committee should have the following activities:

- determine, agree and develop the company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- prepare the corporate governance report to be published in the company's annual report;
- ensure that disclosures are made in the annual report in compliance with the disclosure provisions in the Code of Corporate Governance.

#### 5 Meetings

- 5.1 Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least once each year.
- 5.2 Meetings should be organised so that attendance is maximised.
- 5.3 The chairperson of the Committee or any member of the Committee may call a meeting at any other time.
- 5.4 The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than four working days prior to the date of the meeting.

#### 6 Quorum

The quorum for decisions of the Committee shall be any two members present throughout the meeting who shall vote on the matter for decision.

#### 7 Reporting

The chairperson (or in his/her absence, an alternative member) of the Committee shall report to the Board on the Committee's activities, attend the annual meeting and be prepared to answer questions concerning the appointment of executive and non-executive directors. He/she should also maintain contact as required with the company's principal shareholders about the appointment of executive and non-executive directors in the same way as for other matters.

#### 8 Minutes and Proceedings

- 8.1 The committee secretary shall take minutes of meetings.
- 8.2 Minutes of all meetings shall be circulated to all the members of the Committee and may also, if the chairperson of the Committee so decides, be circulated to other members of the Board.
- 8.3 Any director may, provided that there is no conflict of interest and with the agreement of the chairperson, obtain copies of the Committee's minutes.
- 8.4 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the company's constitution regulating the meetings and proceedings of directors and committees.
- 8.5 No Committee attendee shall participate in any discussion or decision in respect of his own remuneration.

**9 Remuneration**

- 9.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, and pursuant to the specific power conferred upon the Board by the constitution of the company, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 9.2 Such special remuneration shall be in addition to the annual fees payable to directors.

**10 General**

- 10.1 The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 10.2 The Board will ensure that the Committee will have access to professional advice both inside and outside the company in order for it to perform its duties.
- 10.3 These terms of reference may be amended as required, subject to the approval of the Board.

**November 2017****APPENDIX TO THE TERMS OF REFERENCE OF THE CORPORATE GOVERNANCE COMMITTEE****A. Guidelines for components of remuneration**

As part of achieving and maintaining reasonable, acceptable levels of remuneration, the Committee is encouraged to consider the following guidelines:

- Base Fees
  - The general level of hourly or daily rates of fees earned by directors in their professional capacities (e.g. as lawyers, accountants, executives, management consultants);
  - The hours spent in travel and preparation for meetings, as well as actual attendance;
  - While indirect costs pertinent to the role of directors are separately reimbursed, a fair and reasonable allowance for any direct costs should, however, be made in the base fee;
  - In the case of companies of unusual size or complexity, a comparison can be made and a relativity established with the level of the chief executive officer's remuneration disregarding any incentive package;
  - Company performance (i.e. profit, dividend and share price) is not considered to be of special significance for the purpose of setting a base fee; and
  - The fee must be fair.
- Forms of payment
  - Cash;
  - Shares or share options - this can have the advantage of aligning remuneration with the interests of the shareholders by increasing the focus of directors on company performance and share value. Where share options are to be offered to non-executive directors, shareholders must approve this offer in a general meeting prior to the allocation being implemented.
- Reviews
 

The dates for review would also be an appropriate time to undertake evaluations of the performances of individual directors.
- Equal sharing
 

In line with the principle of collective responsibility, base fees should, wherever possible, be shared equally except in the case of additional responsibility or workload such as the chairperson and deputy chairperson. The level will depend on the extent of their involvement with the company.
- Supplementary fees
 

Supplementary work resulting from the membership of Board committees (e.g. audit, remuneration, etc) should be spread as evenly as possible among Board members and recognised in the level of the base fee. If supplementary fees are charged separately, they may be calculated at an hourly or daily rate rather than annually, and should be subject to review in the same manner as base fees.

- Reimbursement of expenses
  - Directors should ensure that they are reimbursed for all direct and indirect expenses reasonably and properly incurred (e.g. office, secretarial, accommodation, travelling expenses).
  - Accommodation and travelling expenses should include those incurred in attending all meetings of directors and Board committees, shareholders' meetings or otherwise in connection with company business.
  - Where a director uses personal transport, travelling expenses should include a realistic kilometric allowance.
  - Expenses applicable to multi-directorships should be apportioned on a fair and reasonable basis, having regard for the time spent on each directorship, including travelling costs.
  - Directors should ensure that the company's constitution do not restrict the reimbursement of expenses.
- Directors' and Officers' liability insurance
  - Directors should, wherever practicable, arrange for such insurance to be taken out, and for such insurance to be paid by the company.
  - The cover provided by the insurance should be as extensive as permitted by law, including all risks relating to legal costs.
  - Directors should ensure that the payment of insurance cover is authorised by the company's constitution.
- Payments on termination
  - The payment of retirement benefits to executive directors is an accepted practice in many companies and should be determined by the company's particular circumstances. Alternatively, a termination payment can be negotiated as part of their overall remuneration package.
  - If retirement benefits are paid it is recommended that unless authorised otherwise by shareholders, the lump sum amount or the base for the pension should not exceed the total remuneration of the director in his or her capacity as a director in any three years chosen by the committee.
  - The Committee should ensure that the payments or benefits of any nature on termination are not restricted by the company's constitution but are fair to the company and can be adequately justified to shareholders if called on to do so.
- Flexibility
 

All the components of remuneration are, in the normal course, a matter of negotiated commercial contract and, accordingly, should be sufficiently flexible to suit each individual circumstance.

## B. Shareholder acceptance

- Every effort should be made to promote acceptance of the necessity for, and benefits of, a realistic realignment of director remuneration.
- Requirements to disclose remuneration in the annual report is seen as a constructive opportunity to communicate with shareholders on all aspects of remuneration.
- The information disclosed could in relation to each director, usefully include such matters as a breakdown of remuneration into its individual components, the remuneration package as a total cost to the company, the number of meetings attended and, if practicable, the number of hours worked.

The adoption by companies of formal remuneration policies, encompassing such matters as the philosophy behind remuneration assessments, the criteria for remuneration setting, the remuneration components, the composition and role of the Committee, and the disclosure of such policies to shareholders, can also indicate to the public a responsible approach by companies to remuneration issues.

*This document has been approved by the Board of directors of Terra Mauricia Ltd. It is going to be monitored and reviewed every three years by the Board.*

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