

# **TERMS OF REFERENCE**

## **Corporate Governance and Remuneration Committee**

### **SCOPE**

The Corporate Governance and Remuneration Committee [the 'Committee'] shall be a useful 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 Committee of the board is responsible for the establishment and implementation of systems and procedures to ensure independence of the board from management.

The Committee shall be 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.

### **MEMBERSHIP**

1. The Committee shall be appointed by the Board from amongst the Non-Executive Directors and Independent Directors of the Company and shall consist of not less than three members.
2. Any member so appointed shall hold office only until the next Annual General Meeting of the Company. A quorum shall be any three members
3. The Chairman of the Committee, who shall be a member of the Committee, shall be appointed by the Board and shall be an independent Director.

### **ATTENDANCE AT MEETINGS**

The CEO shall attend all meetings of the Committee.

The Company Secretary shall be the secretary of the Committee.

In the absence of the Company Secretary, the Compliance Officer shall act as the secretary of the Committee.

### **VOTING/QUORUM**

Questions arising at any meeting shall be determined by a majority of votes of the members present.

### **RESOLUTIONS IN WRITING**

A resolution in writing signed by all of the members shall be as valid and effectual as if it had been passed at a meeting of the Committee.

Any such resolution may be contained in a single document or may consist of several documents all in like form.

## **FREQUENCY OF MEETINGS**

The Committee shall meet at least three times a year, with additional meetings at the discretion of the Committee Chair.

## **AUTHORITY**

The Committee is authorised by the Board to investigate any activity within its terms of reference.

It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, and to the requirements of the Law, the Governance Committee will perform the following duties:

### **Conflict of Interest and Code of Conduct**

- a) Be available to receive reports of, investigate, discuss and make recommendations in respect of breaches or suspected breaches of the Code of Conduct.
- b) Review the effectiveness of conflict of interest policies, guidelines and procedures and report its findings to the Board at least annually;
- c) Monitor, recommend amendments to and annually review the Code of Conduct

### **Board and Sub-Committee Meetings**

- a) Review annually and recommend changes to the Board when warranted:
  - (i) Terms of Reference for the Board and the sub-committees;
  - (ii) Terms of Reference for a Director;
  - (iii) Terms of Reference for the Chairperson;any such other aspects of the Code of Corporate Governance of Mauritius and/or Bank of Mauritius Guideline on Corporate Governance that may require review.
- b) Prepare and recommend to the Board an annual statement of governance practices for publication in the Annual Report, and any summary of procedures, as required;
- c) Review periodic reports from Management on governance best practices;
- d) Recommend to the Board any reports on corporate governance that may be required or considered advisable.
- e) The Committee shall assess the needs of the Board and Board Sub-Committees regularly in terms of the frequency of Board and Board Sub-Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings, taking into consideration the results of the Board and Sub-Committee Evaluation. Make recommendations to the Chairperson as required.

## **Remuneration of Board Members and Senior Management**

- a) Determine, agree and develop the company's general policy on executive and senior management remuneration;
- b) 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;
- c) Determine the level of non-executive and independent non-executive fees to be recommended to the shareholders at the Meeting of Shareholders;
- d) Determine any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.
- e) Comment on the contribution of individual directors to the achievement of corporate objectives as well as on the regularity of the attendance of the board and committee meetings.
- f) The Committee shall 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.
- g) The Committee shall review (at least annually) the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant.
- h) The Committee shall be kept informed of relevant information for other group executives and senior managers.
- i) The Committee shall 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.
- j) Obtain reliable, up-to-date information about the remuneration in other companies of comparable scale and complexity. To help the committee fulfil its obligations, the members of the committee shall have full authority to appoint remuneration consultants and to commission or purchase reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the board.
- k) Determine each year whether awards will be made, and if so, the overall amount of such awards to the executive directors, company secretary and other designated senior executive and the performance targets to be used.

## **Nomination to the Board**

- a) 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.
- b) 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.
- c) 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 and chief executive.

- d) The Committee shall ensure that there are appropriate induction and orientation of all directors joining the board as well as, to review and agree with each director on his or her training and development needs.
- e) The Committee shall keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace
- f) The Committee shall review the results of the board performance evaluation process that relate to the composition of the board.
- g) 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.
- h) The Committee shall recommend directors who are retiring by rotation, for re-election.
- i) The Committee shall have due regard for the principles of governance and code of best practice.
- j) The Committee will liaise with the board in relation to the preparation of the Committee's report to shareholders, as required.

### **Employees Reports**

The Committee shall be available to receive reports of, investigate, discuss and make recommendations in respect of operational and/or human resource management issues.

### **REPORTING PROCEDURES**

The secretary shall circulate the reports of the Committee to all members of the Board & minutes of meetings held are available for inspection at the premise of La Prudence Leasing Finance Co. Ltd by the board members.

The Committee shall report back to the Board on their findings, decisions and recommendations on the matters set out herein.

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