



**LIBERTY**

LIFE INVESTMENTS HEALTH CORPORATE PROPERTIES ADVICE

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## **DIRECTORS AFFAIRS COMMITTEE MANDATE**

**Level** Liberty Holdings Limited

**Date** May 2021

## 1. Constitution

- 1.1 The Committee is constituted as a committee of the Board of Liberty Holdings Limited and Liberty Group Limited and operates under delegated authority.
- 1.2 The Committee's responsibilities cover Liberty Holdings Limited, Liberty Group Limited, STANLIB Limited and all subsidiaries. However, the responsibilities in respect of the constitution of small subsidiary boards have been delegated to the chief executive.

## 2. Purpose

- 2.1 The Directors' Affairs Committee (the Committee) has been established to assist the Board in discharging the following obligations:
  - 2.1.1 determining and evaluating the adequacy, efficiency and appropriateness of the corporate governance structure and practices of the group;
  - 2.1.2 establishing and maintaining a Board directorship continuity programme;
  - 2.1.3 ensuring that there is an appropriate succession planning system in place and to consider successors for people in key or leadership positions in management and on the Board;
  - 2.1.4 determining whether the services of any director should be terminated;
  - 2.1.5 performing such further functions as may be prescribed or delegated by the Board;
  - 2.1.6 discharging its responsibility of ensuring that the Board's composition and structure enable it to fulfil the obligations of the Board mandate.

## 3. Composition

- 3.1 The Committee will comprise of at least five members, the majority of whom shall be independent non-executive directors of the company.
- 3.2 The chairman of the Board will be the chairman of the Committee unless the chairman of the Board is not independent in which case the lead independent director will be the chairman of the Committee.
- 3.3 If necessary, and in accordance with Group policy, specialists may be co-opted to the Committee as consultants.
- 3.4 The secretary shall be the group secretary.
- 3.5 Additional attendance at meetings:
  - chief executive officer;
  - executive management as required.
- 3.6 The remuneration of the chairman and Committee members will be recommended by the group remuneration committee and approved by the Board for ultimate shareholder approval.

- 3.7 Conflicts of interest of any member of the Committee shall be disclosed at the commencement of each meeting and recorded in the minutes of that meeting.

#### **4. Quorum**

- 4.1 The quorum at every meeting will be a majority of independent members.

#### **5. Term**

- 5.1 The Board shall review and approve the members of the Committee periodically.
- 5.2 The Board shall have the power at all times to remove any members from the Committee and to fill any vacancies created by such removal.

#### **6. Reporting Responsibilities**

- 6.1 The Committee reports to the Board and makes recommendations to the Board through its chairman.
- 6.2 If the appointed chairman is not present at a meeting, the members present must elect one of the members present to act as chairman.
- 6.3 Due to the confidentiality of the matters discussed at the meetings, minutes of the meeting will be available to the Board, on request, through the company secretary.
- 6.4 The chairman, or alternatively a member, shall be present at the Liberty Holdings Annual General Meeting to answer questions from shareholders.
- 6.5 The Committee shall express an opinion annually to the Board about the adequacy and effectiveness of its own performance against its mandate.

#### **7. Authority**

The Committee shall have authority to:

- 7.1 Access any information it needs to fulfill its responsibilities.
- 7.2 Seek independent advice at the Group's expense, subject to approved policy.
- 7.3 Investigate matters within its mandate and delegate its authority and duties to sub-committees or individual members of the Committee as it deems appropriate provided it is not precluded from doing so by legal or regulatory requirements.
- 7.4 Access the chief executive, executive directors, head of internal audit, financial director, chief risk officer, the external auditors and other management as required.
- 7.5 Access any other reasonable resources it requires to fulfil its mandate.

## 8. Procedure

- 8.1 Meetings will be held as frequently as the Committee considers appropriate but not less than three times a year.
- 8.2 *Ad hoc* meetings will be convened, as and when required, by the group secretary, at the request of the chairman.
- 8.3 The quorum must be present throughout the meeting.
- 8.4 Reasonable notice of meetings and the business to be conducted shall be given to members and attendees.
- 8.5 Papers for consideration by the Committee will be submitted, in the normal course, at least four days before the meeting to enable members to study the documentation and allow adequate opportunity for formal and informal discussions.
- 8.6 Minutes of the meeting shall record the proceedings and decisions taken, and declarations of personal interests made, together with how these were addressed. The minutes shall remain confidential.
- 8.7 Members may participate in a meeting by electronic means.
- 8.8 Round robin approvals may be obtained where there is a business requirement for a decision which cannot reasonably be held over until the next scheduled Committee meeting. Decisions must be received from at least a majority of members being not less than the quorum requirement. This may be achieved by electronic means and will be of full force and effect as if passed by a majority of members personally present. If there are any votes against the resolution, paragraph 8.9 will apply.
- 8.9 Decisions will be based on consensus. In the event that there is no consensus, the chairman of the Committee will refer the matter to the Board for a decision.
- 8.10 This mandate may be amended as required, subject to approval of the Board.

## 9. Terms of reference

The Board of directors' delegates the following duties and responsibilities to the Committee:

### 9.1 Director, senior executive and heads of control functions

Set criteria in accordance with statutory requirements and governance best practice for the nomination of directors and committee members of the Board, senior executives and group subsidiaries and ensure that the Board is kept apprised of management succession plans. The Committee shall:

- 9.1.1 Identify, evaluate and recommend nominees to the Board of directors and Board committees, taking into account knowledge, skills, experience, gender, race, domestic prominent influential status and fit and proper criteria.

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- 9.1.2 Ensure that the process for nomination, election and ultimately the appointment of members to the Board of directors and Board committees is formal and transparent.
  - 9.2.3 Assist the Board in determining whether the appointment of any director should be terminated. This will involve an evaluation of the performance of directors to determine whether directors have made the necessary contribution.
  - 9.1.4 Ensure that there is a succession process and plan for the group and annually review the planning for the Board of directors, the Exco and its direct reports.
  - 9.1.5 Review and evaluate the suitability and remuneration of new candidates for the position of chief executive, executive director, senior executives and heads of control functions appointments (in consultation with the GAAC and GRC) and make recommendations to the Board for approval.
  - 9.1.6 Prior to making a recommendation to the Board for the appointment of a non-executive or executive director or senior executive, ensure that candidates' backgrounds have been independently investigated and qualifications independently verified and that there has been compliance with the fit and proper criteria in line with the policy.
  - 9.1.7 The Regulator has the right to object to the appointment of a director, senior management or key person in control function, or to demand the termination of the service of an existing director, senior management or key person in control function if he believes that he/she is not fit and proper or not acting in the public interest. The Committee should comply with the Regulator's request in 14 days and must ensure that the person in question does not in any way, whether directly or indirectly concern himself or herself with or take part in the management or control functions of the group.
  - 9.1.8 Consider and advise on any proposal to terminate the employment of an executive director, senior executives and heads of control functions made by the chief executive.
  - 9.1.9 Ensure that all Board directors receive a formal letter of appointment setting out their roles and responsibilities, time commitment required to serve on Board committees and attend outside Board meetings.
  - 9.1.10 Annually review the structure, size and composition of the Board taking into account the requirements of Board committees and ensuring that the members of Board committees have the appropriate mix of knowledge, skills and experience to perform their duties in governing the organisation, and make recommendations to the Board regarding any changes required.
  - 9.1.11 Annually evaluate the performance of the Board of directors and committees of the Board.
  - 9.1.12 Formulate a policy to govern diversity at Board level, recommend this policy to the Board for approval and track progress against the policy.

9.1.13 Ensure that conflicts of interest of Board Members and Executive Management are appropriately recorded in line with regulations and best practice and determine how conflicts of interest can be managed or avoided.

9.1.14 Annually review the effectiveness and role of this Committee and members.

## **9.2 Corporate Governance best practice and statutory compliance:**

9.2.1 Determine and evaluate the adequacy, efficiency and appropriateness of the group's corporate governance structure, practices and process in line with regulatory requirements.

9.2.2 Approve the mandates of the board sub-committees.

9.2.3 Set the mandate for the board, the chairman and the lead independent director, for final approval by the board of directors.

9.2.4 Review periodically the format and content of the Board and this Committee's mandate and ensure that appropriate Board and committee structures are in place.

9.2.5 Ensure that an appropriate induction course is in place for all new directors. This could include mentoring where appropriate.

9.2.6 Ensure that there is ongoing development and exposure for directors to enable them to remain up-to-date on relevant business and statutory developments.

9.2.7 Establish and maintain a Board directorship continuity programme which includes:

- A review of the performance of and planning for successors to the executive directors;
- Measures to ensure the continuity of non-executive directors;
- Regular review of the composition of skills and experience and other qualities required for the effectiveness of the Board in terms of the fit and proper policy requirements;
- Ensure that directors receive regular briefings on changes in risks, laws and the environment in which the company operates.

9.2.8 Approve a corporate governance framework for agreement and adoption by subsidiary Boards which shall set out the basic and minimum governance standards to be adopted by the subsidiary which align to group practice.

9.2.9 Assist the Board in designing methodologies for the Board to use in its assessment of the effectiveness of Board, committees and individual director performance.

9.2.10 Review and make recommendations on the re-election of directors retiring by rotation and ensure that a brief professional profile and the existing professional commitments of each director standing for election at the AGM have been included in the notice of AGM.

- 9.2.11 Review and make recommendations in respect of the continuation of service of a director who has reached retirement age. Where a director has served a 9-year period his re-election has to be reviewed on the basis of his/her performance and whether his/her independence will be affected.
- 9.2.12 Annually review the performance and qualifications of the Company Secretary to ensure that he/she is competent to perform the duties of a company secretary and is independent of management.
- 9.2.13 If required to do so by the Board or legislation, provide a forum for non-executive directors and heads of control functions to meet.
- 9.2.14 Review and approve the Delegation of Authority from the chief executive to management
- 9.2.15 Assess the extent of compliance with all relevant governance legislation and codes.
- 9.2.16 Address any other corporate governance and succession issues that are not dealt with by the Board or Board committee.

### **9.3 Black Ownership Initiative**

- 9.3.1 Consider any matters relating to existing or future black ownership initiatives.

## **10. Limitations**

- 10.1 The Committee is responsible to the Board of directors of Liberty Holdings Limited for carrying out this mandate and to operate within the mandate specifically delegated by the Board.
- 10.2 Amendments may be made to the mandate as required, subject to Board approval.
- 10.3 The Committee provides an advisory service to the Board and has no executive authority unless specifically delegated by the Board.

## Annexure A

### Glossary of Terms

Term	Description
Non-executive director	A non-executive director is an individual who is not involved in the day-to-day management of the insurer.
Independent director	An independent director is a non-executive director who is free from any business or other association that could materially interfere with the exercise of their independent judgment.
Control function	Within a governance framework, means the risk management function, the compliance function, the actuarial control function and internal audit function and any other monitoring and oversight functions established by the group to fulfill the role of a second line of defense function as defined in the Group Governance Framework.
Fit and proper requirements	Means, amongst others: (i) in relation to a director, senior management and key person in control function, qualities of honesty and integrity, competence, qualifications, continuous professional development and experience; (ii) in relation to any person that directly or indirectly controls an insurer, qualities of honesty and integrity, competence, operational ability, financial soundness and experience
Key person in control function	Means any person that is head of a control function.
Outsourcing	Means an arrangement of any form between a long-term insurer and another person, whether that person is supervised under any law or not, in terms of which that person performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the long-term insurer itself.
Senior Executives	The chief executive officer and members of executive committees as well as the person in charge of a long-term insurer (if this is not the chief executive officer) and any person who is directly accountable to or reports to the chief executive officer or person in charge of that long-term insurer.