

# **SWAN**

## **CORPORATE GOVERNANCE COMMITTEE**

**(INCLUDING TERMS OF REFERENCES OF REMUNERATION AND NOMINATION COMMITTEES)**

### **TERMS OF REFERENCE**

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## 1. Constitution

A Committee of the Boards of Swan General Ltd previously known as Swan Insurance Company Limited and Swan Life Ltd previously known as The Anglo Mauritius Society Limited known as the Corporate Governance Committee (the "Committee") was established in terms of resolutions passed by the Boards on June 1, 2005.

This Committee as established by the Boards will include in its terms of reference areas covered by a nomination committee and a remuneration committee.

The Corporate Governance Committee will work on behalf of the Boards and be responsible for making recommendations according to the following terms of reference:

- (i) Ensure that the reporting requirements on corporate governance, whether in the annual report or on an ongoing basis are in accordance with the principles of the National Code of Corporate Governance for Mauritius 2016 ;
- (ii) Establish a formal and transparent procedure for developing a policy on executive and senior management remuneration;
- (iii) Determine specific remuneration packages of executive Directors, including but not limited to basic salary, benefits in kind, annual bonuses, performance-based incentives, share incentives, pension and other benefits and consequently establish remuneration credibility with shareholders;
- (iv) Be kept informed of and/or be consulted in respect of packages determined by the Group Chief Executive for executives other than those appointed to the Boards;
- (v) Review the balance and effectiveness of the Boards and recommend on new Board appointments including appointments of executives to the Boards;
- (vi) Be responsible for identifying and nominating for approval of the Boards, candidates to fill Boards' vacancies as and when they arise, as well as put in place plans for succession, in particular for the Chairpersons and Group Chief Executive;
- (vii) Ensure that there is a clearly defined and transparent procedure for shareholders to recommend potential candidates to the Boards;
- (viii) Ensure that potential candidates to the Boards are free from material conflicts of interest and are not likely to simply act in the interests of a major shareholder or a third party;
- (ix) Identify skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner, to ensure that the Boards remain effective and focused;
- (x) Determine any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;
- (xi) Determine the level of executive, non-executive and independent non-executive directors emoluments;
- (xii) Determine the level of remuneration of members of all Board Committees (including this Committee) .

## 2. Membership

- 2.1 The Corporate Governance Committee shall consist of not less than three members, the majority of whom shall be independent non-executive Directors.
- 2.2 Non-independent Chairpersons of the Boards can only be the Chairperson of the Committee on condition that the majority of the members of the Committee are independent non-executive Directors. If this is not the case, then the non-independent Chairpersons of the Boards can be members of the Corporate Governance Committee but not its Chairperson.
- 2.3 The Group Chief Executive will attend the meetings of the Committee.
- 2.4 The Boards shall have the power at any time to remove any members from the Committee and to fill any vacancies so created. The Boards may rotate the Chairperson. Appointments to the Committee shall be for a period of three years extendable by no more than two additional three-year periods.
- 2.5 The current members are Mr. Nicholas Maigrot (Chairperson), Mr. Arif Currimjee, Mr. Peroomal Gopallen Moorooogen and Mr. Victor Seeyave.
- 2.6 The Group Company Secretary, Mr. Jaiyansing Soobah or his nominee shall be the Secretary of the Committee.

### 3. Responsibilities and Duties

The Corporate Governance Committee shall:

#### 3.1 Board Candidates and Nomination

- 3.1.1 Make recommendations to the Boards on the appointment of new executive and non-executive Directors;
- 3.1.2 Identify and select candidates for approval by the Boards to fill board vacancies as and when they arise based on the Group's criteria. Such criteria include consideration such as diversity, age, skills and experience so as to enhance the Boards' ability to manage and direct the affairs and business of the Group, including, when applicable, to enhance the ability of Committees of the Boards to fulfil their duties and to satisfy any independence requirements imposed by law, regulation or listing requirements. In identifying suitable candidates the Committee may:
- Use the services of external advisers to facilitate the search;
  - Consider candidates from a wide range of backgrounds;
  - Consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- 3.1.3 Keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
- 3.1.4 Keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;
- 3.1.5 Make recommendations for membership of Boards' Committees in consultation with the Chairpersons of those Committees and the Boards' Chairpersons;
- 3.1.6 Make recommendations to the Boards for the continuation (or not) in services of any Director who has reached the age of 70;
- 3.1.7 Review the suitability for continued service as a Director of each Board member when his or her term expires and when he or she has a significant change in status, including but not limited to an employment change and recommend whether or not the Director should be re-appointed to the Board or continue as a Director;

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- 3.1.8 Recommend to the Boards procedures for the retirement of Directors and their reelection as relevant having due regard to their performance and ability to continue to contribute to the Boards in the light of the knowledge, skills and experience required;
- 3.1.9 Recommend on any matter relating to the continuation in office of any Director including the suspension or termination of service of an executive Director as employee of the Group subject to the provisions of the law and their service contract;
- 3.1.10 Ensure that on appointment to the Boards, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time, commitment, committee service and involvement outside Board meetings.

### **3.2 Boards and Committees Composition and Procedures**

- 3.2.1 Make recommendations on the composition of the Boards in general and the balance between executive and non-executive directors appointed to the Boards;
- 3.2.2 Review annually the Boards' structure, size and composition as a whole and recommend, if necessary, measures to be taken so that the Boards reflect the appropriate balance of diversity, age and skills required for the Boards as a whole in compliance with the Code and the Insurance Act.

### **3.3 Evaluation**

- 3.3.1 Ensure that the Boards are evaluated as a whole as well as the Group Chief Executive;
- 3.3.2 Determine any criteria necessary to measure the individual performance of Directors in discharging their functions and responsibilities;
- 3.3.3 Consult other non-executive Directors in its evaluation of the Chairpersons of the Boards and the Group Chief Executive;
- 3.3.4 Evaluate its own performance at least once a year.

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### **3.4 Corporate Governance**

- 3.4.1 Have due regard for the principles of governance and Code of best practice;
- 3.4.2 Determine, agree and develop the Group's general policy on corporate governance in accordance with the Code of Corporate Governance;
- 3.4.3 Review the corporate governance reports to be published in the annual reports.

### **3.5 Directors, Executives and Senior Managers' Remuneration**

- 3.5.1 Determine, agree and develop the Group's general policy on executive and senior management remuneration;
- 3.5.2 Determine specific remuneration packages of executive Directors including but not limited to basic salary, benefits in kind, annual bonuses, performance-based incentives, share incentives, pension and other benefits;
- 3.5.3 Be kept informed of and/or be consulted in respect of packages determined by the Group Chief Executive for executives other than those appointed to the Boards;
- 3.5.4 Determine the level of non-executive and independent non-executive Directors emoluments to be recommended to the Boards;
- 3.5.5 Aim to give the executives every encouragement to enhance the Group's performance and to ensure that they are fairly, but responsibly rewarded for their individual contributions and performance;
- 3.5.6 Be kept informed of relevant information relating to executives and senior managers;
- 3.5.7 Monitor and review at least annually, the terms and conditions of executives' service agreements, taking into account information from comparable companies where relevant;
- 3.5.8 Determine any grants to executives and other senior employees pursuant to the Group's executive share schemes (if any);

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- 3.5.9 Encourage the Group to participate to independent salary surveys and to seek advice from appropriate consultants, so as to facilitate the determination of all the essential components of remuneration and establish remuneration credibility with shareholders;
- 3.5.10 Report on its activities to the Boards regarding the remuneration policy of the Group;
- 3.5.11 The Committee will not determine the remuneration or terms of any consultancy arrangement of any non-executive Director, although it may make recommendations to the Boards if requested;
- 3.5.12 Recommend to the Boards the broad framework and cost of executive remuneration;
- 3.5.13 No member of the Committee shall be involved in any decisions as to his or her own remuneration. In order to assure his independence, the Committee will also review and recommend to the Boards the remuneration of the Group Company Secretary.

### 3.6 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:

(i) Base Emoluments

- The general level of hourly or daily rates of emoluments earned by Directors in their professional capacities;
- The hours spent in travel, preparation for meetings as well as attendance;
- A fair and reasonable allowance for direct costs;

(ii) Forms of Payment

- Monetary;
- Shares or share options-This will have the advantage of aligning remuneration with the interests of shareholders by increasing the focus of Directors on Group's performance and share values. When 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;

(iii) Reviews

The dates for review would also be an appropriate time to undertake evaluations of the performances of individual Directors, Executives and Senior Managers;

(iv) Equal Sharing

In line with the principles of collective responsibility, base emoluments should, wherever possible, be equitably apportioned, except in the case of additional responsibilities or workloads such as those conferred upon the Chairperson and upon members appointed to Board Committees;



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(v) Supplementary Emoluments

Supplementary work resulting from membership of Board committees should be spread as evenly as possible among Boards members and recognised in the level of the base emoluments. If supplementary emoluments 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 emoluments;

(vi) 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 Group;
- The cover provided by the insurance should be as extensive as permitted by law, including all risks relating to legal costs;

(vii) Payments on termination

- The payment of retirement benefits to Executive Directors should be determined by the Group's particular circumstances ;
- The Committee should ensure that the payments or benefits of any nature on termination are not restricted by the Companies' constitution but are fair and can be adequately justified to shareholders if called to do so.

(viii) 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.

### 3.7 Shareholder acceptance

- 3.7.1 Requirements to disclose remuneration in the annual report are seen as a constructive opportunity to communicate with shareholders on all aspects of remuneration.

## 4. Reporting and Accountability

- 4.1 The Committee shall report formally to the Boards on such issues of its proceedings as it will deem necessary.
- 4.2 The Committee shall make whatever recommendations to the Boards, as it deems appropriate on any area within its remit where action or improvement is needed.
- 4.3 Liaise with the Boards in relation to the Committee's report to be published in the annual reports and other reports to shareholders as required.
- 4.4 Ensure that disclosures are made in the annual reports in compliance with the disclosure provisions of the Code of Corporate Governance.

## 5. Meetings

### 5.1 Frequency and Quorum

5.1.1 Meetings of the Committee will be held as the Committee deems to be appropriate. However the Committee shall meet at least once a year. Meetings should be organised so that attendance is maximized. Further meetings may be called by the Chairperson or any member of the Committee;

5.1.2 The quorum necessary for the transaction of business shall be [2] members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee;

5.1.3 Meetings of the Committee shall be called by the Group Company Secretary at the request of the Chairperson of the Committee;

5.1.4 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed and the minutes of the previous meeting, shall other than under exceptional circumstances, be forwarded to each member of the Committee and any other person required to attend, within a reasonable period of time prior to the date of the meeting.

### 5.2 Attendance

5.2.1 The Chairperson (or in his/her absence, an alternative member) of the Committee shall attend the Annual Meeting of Shareholders and be prepared to answer questions concerning the appointment of executives and non-executive Directors and attend to queries of shareholders regarding the appointment of executive and non-executive Directors in the same way as for other matters.

## 6. Proceedings

- 6.1 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Companies' constitution regulating the meetings and proceedings of Directors.
- 6.2 The Group Company Secretary or his nominee shall minute the proceedings and resolutions of all Committee meetings including the names of those present and in attendance.
- 6.3 Minutes of Committee meetings shall be circulated to all members of the Committee. The Chairperson of the Committee shall report to the Boards on sensitive issues discussed at Committee level regarding nomination and remuneration.

## 7. Authority and Resources

- 7.1 The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties and shall set the appropriate procedures accordingly.
- 7.2 The Committee is authorised to obtain at the Group's expense, outside legal and other professional advice on any matters within its terms of reference.
- 7.3 The Committee has sole authority to retain and terminate any consultants to be used to identify Director candidates, including sole authority to approve the consultant's fees and other retention terms.
- 7.4 The Committee may obtain, at the Group's expense, such outside legal or other independent professional advice both inside and outside the Group as it considers necessary to perform its duties.
- 7.5 These terms of reference shall be approved by the Boards and any amendment thereto submitted to the Boards for approval.

## 8. Communication with Shareholders

- 8.1 The terms of reference of the Corporate Governance Committee, including its role and authority delegated to it by the Boards, can be found on the Group's website at <http://www.swanforlife.com>.
- 8.2 The Committee's roles and responsibilities and the actions taken by the Committee to discharge those responsibilities shall be disclosed in the annual report. The Corporate Governance Committee Section should include inter alia:
- a summary of the role of the Corporate Governance Committee;
  - the names and qualifications of all members of the Corporate Governance Committee during the period;
  - the number of Corporate Governance Committee meetings;
  - a report on the way the Corporate Governance Committee has discharged its responsibilities.