

TERMS OF REFERENCE

Nominations Committee



Terms of Reference: Nominations Committee

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1. INTRODUCTION

- 1.1. The Nominations Committee (“the Committee”) is constituted as a Committee of the Board of Directors (“the Board”) of Momentum Metropolitan Holdings Limited (“MMH”), and is accountable to the Board.
- 1.2. In the context of this document, “Company” means MMH, its subsidiaries, and all business divisions, collectively also referred to as “Momentum Metropolitan” or “the Group”.
- 1.3. These Terms of Reference (“ToR”) are subject to the provisions of the Companies Act, 71 of 2008 (“Companies Act”), JSE Listing Requirements, the Insurance Act 18 of 2017 (“Insurance Act”), the Company’s Memorandum of Incorporation (“MOI”), King IV Report on Corporate Governance for South Africa 2016 (“King IV”) and any other applicable laws, regulatory and supervisory provisions, corporate governance principles, codes and best practices.

2. PURPOSE OF THE TERMS OF REFERENCE

- 2.1. The purpose of this ToR is to set out the Committee’s scope, role and responsibilities as well as the requirements for its composition and meeting procedures.

3. AUTHORITY

3.1. General

- 3.1.1. The Board delegated certain responsibilities to this Committee, which authority may be withdrawn or amended by the Board at any time. The nature of the delegation is as set forth in the roles and responsibilities hereunder and the duties and responsibilities of the members of the Committee are in addition to those as members of the Board, as applicable. The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal and statutory obligations.
- 3.1.2. The Committee does not assume the functions of management, which remains the responsibility of the executive Directors, officers and other members of senior management.
- 3.1.3. The Committee in the fulfilment of its role and responsibilities:
 - 3.1.3.1. Will act in terms of the delegated authority of the Board as recorded in this ToR.
 - 3.1.3.2. Has the power to investigate any activity within the scope of these ToR.
 - 3.1.3.3. Has the right to obtain independent outside professional expertise and advice, at the Company’s cost, to assist with the execution of its duties, subject to following a Board-approved process.
 - 3.1.3.4. Shall make recommendations to the Board that it deems appropriate relating to any area within the ambit of its ToR where action or improvement is required.
 - 3.1.3.5. May call upon the Chairmen of the other Board Committees, any of the executive directors, officers, external assurance provider, staff members or the Group Company Secretary to provide it with information.
 - 3.1.3.6. Has reasonable access to the Company’s records, facilities and any other resources necessary to discharge its duties and responsibilities.

3.2. **Mandate In Respect Of Subsidiaries**

- 3.2.1. The Committee is appointed to act on behalf of Momentum Metropolitan as a whole, except to the extent restricted or precluded by law, or otherwise indicated by a subsidiary.

3.3. **Sub-committees and/or Forums**

- 3.3.1. The Committee is mandated and authorised by the Board, without limiting the generality of its authority, to designate a sub-committee of appropriately qualified persons to assist it in discharging its mandate in respect of any particular matter as set forth in this ToR, or in respect of any subsidiary or operating or business structure within the Group, whether established and operating locally or internationally. In doing so, the Committee may delegate any of its powers to a person or committee of persons, but shall not abdicate its responsibilities stipulated in this ToR.
- 3.3.2. Where such committees or forums are established, the Committee shall review the reports submitted by them.
- 3.3.3. In the process of delegation, full cognisance shall be taken of the particular governance structure of Momentum Metropolitan in order to prevent duplication of functions between various committees as far as possible.
- 3.3.4. The appointment of sub-committees for subsidiaries does not reduce the accountability of the Committee in relation to the roles and responsibilities set forth herein.

4. COMPOSITION OF THE COMMITTEE

- 4.1. The Committee will comprise of at least three (3) members.
- 4.2. Members of this Committee and its Chairman shall be appointed by the Board, and any change to the composition of the Committee shall be considered and approved by the Board.
- 4.3. The Chairman of the Board may be appointed as a member and/or the Chairman of the Committee.
- 4.4. The Committee will comprise of only non-executive Directors, of whom the majority will be independent.
- 4.5. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, be fit and proper, and keep up-to-date with developments affecting the required skills-set.
- 4.6. The Group Chief Executive Officer (“Group CEO”) may not be a member of the Committee, but is a standing invitee to Committee meetings.
- 4.7. The Group Company Secretary, or his/her nominee, or any other person appointed by the Board, or the Committee, shall be the secretary to the Committee.

5. ROLE

- 5.1. The Committee has an independent role with accountability to the Board on various aspects relating to its role and responsibilities.
- 5.2. In performing its duties the Committee will maintain effective working relationships with the Board, management, and the internal and external assurance providers, where applicable.
- 5.3. The role of the Committee is, *inter alia*, to assist the Board as follows:
 - 5.3.1. To make recommendations to the Board on all proposed Director appointments or removals on the Boards of MMH and Momentum Metropolitan Life Limited (“MML”)(collectively referred to as the “MM Boards”).
 - 5.3.2. To consider non-executive directors for appointment to the Momentum Metropolitan major subsidiary boards or other relevant operational structures as determined by the Group CEO.
 - 5.3.3. To ensure that there is an appropriate and effective process of corporate governance in so far as the matters within the ambit of the Committee are concerned.

6. RESPONSIBILITIES

6.1. Composition, Nomination, Appointment and Termination

- 6.1.1. Review the Company Boards and Board Committee sizes and compositions, and make recommendations to the Boards with regards to any adjustments deemed necessary.
- 6.1.2. Ensure the process for nomination, election, and ultimately the appointment of members to the MM Boards are formal and transparent.
- 6.1.3. Establish and maintain a Board diversity and continuity program.
- 6.1.4. Set targets for broader diversity, particularly race and gender representation in the MM Board membership.
- 6.1.5. Recommend the term of office of the non-executive Directors.
- 6.1.6. Be responsible for identifying and nominating candidates for appointment by the MM Boards, to fill all Boards and Board Committee vacancies that may arise from time to time.
- 6.1.7. Ensure a candidate for election as a non-executive director provides details of his / her professional commitments accompanied by a statement from the candidate confirming that he / she has sufficient time available to fulfil the responsibilities of a Director of the MM Boards.
- 6.1.8. Ensure that each new Director signs a letter of appointment containing the terms and conditions for serving as member of the MM Boards.
- 6.1.9. Make recommendations to the Board for continuation (or not) of services of any independent non-executive Director who has reached the age of 70.

- 6.1.10. Appraise and/ or recommend Directors, based on their individual performance, who are retiring by rotation to be put forward for re-election.
- 6.1.11. Assist the MM Boards to assess if the services of any non-executive director should be terminated.
- 6.1.12. Make recommendations regarding the appointment of key executive positions and the Group Company Secretary.
- 6.1.13. Ensure that the necessary regulatory approval is obtained prior to the appointment of the directors and key executive positions (where applicable).

6.2. Succession

- 6.2.1. Ensure that appropriate consideration is given to succession planning, including identification, membership and development of future candidates, for the following positions:
 - 6.2.1.1. Directors of the MM Boards.
 - 6.2.1.2. The Chairman of the MM Boards.
 - 6.2.1.3. Group CEO and other Executive Directors.
 - 6.2.1.4. Group Company Secretary.
 - 6.2.1.5. CEOs of Operational Structures.
 - 6.2.1.6. Other key positions within the group, including Heads of Control Functions (as determined by the Committee in conjunction with the Group CEO from time to time).
- 6.2.2. Ensure that succession planning is formalised, reviewed periodically and provides for both succession in emergency situations and succession over the long term.
- 6.2.3. Recommend adequate policies and procedures relating to the appointment, dismissal and succession of Heads of Control Functions to the Board for approval.

6.3. Assessment

- 6.3.1. Assist the Board in its determination and evaluation of the adequacy, efficiency and appropriateness of the governance structures within the Group.
- 6.3.2. Assist the Board in assessing the categorisation of the non-executive directors as independent.
- 6.3.3. Establish a process to evaluate the non-executive Directors through an annual assessment and ensure that independent non-executive Directors serving for more than nine (9) years are subjected to a rigorous review of their independence and performance, under co-ordination of the Chairman of the Board. The Committee shall also be responsible for co-coordinating performance assessments of the:
 - 6.3.3.1. Chairmen.
 - 6.3.3.2. MM Boards as a whole / collectively.
 - 6.3.3.3. Individual Directors on the MM Boards.
 - 6.3.3.4. Board Committees.

- 6.3.4. Ensure that the MM Boards annually appraise the performance of the Group CEO and Company Secretary.
- 6.3.5. The evaluation process should be formalised, either externally facilitated or in accordance with a methodology approved by this Committee.
- 6.3.6. Determine the performance evaluation process to be followed for the material subsidiary Boards, where necessary.

6.4. **Training and Development of Directors**

- 6.4.1. Oversee the development and implementation of continuing professional development programs for Directors, ensuring that Directors with limited experience are developed.
- 6.4.2. Ensure that Directors receive regular briefings on legal and corporate governance developments, and changes in risk, laws and the environment in which the Company operates.
- 6.4.3. Ensure in collaboration with the Group Company Secretary, that a formal and adequate induction process is followed with the appointment of new Directors.

6.5. **Group Governance**

- 6.5.1. Review the structure and composition (i.e. non-Momentum Metropolitan employees) of the statutory boards of significant subsidiaries within the Group) and make recommendations to the Board in that regard as deemed appropriate.
- 6.5.2. Make recommendations to the Board concerning the direction for how the relationships and exercise of power within the Momentum Metropolitan Group should be approached and conducted.
- 6.5.3. Recommend and assess implementation of a group governance framework that articulates and gives effect to the abovementioned direction of power within the Group, in order to address pertinent governance matters.

6.6. **Other Responsibilities**

- 6.6.1. Assist the Board in determining if and when particular roles and responsibilities should be delegated to an individual member or members of the Board, or to standing or ad hoc-committees.
- 6.6.2. Regularly update the Board about the Committee's activities and make appropriate recommendations.
- 6.6.3. Provide the necessary disclosure on the Committees' activities in the Company's Integrated Report.
- 6.6.4. The Committee should determine the number of outside professional positions that the Chairman of the Board is allowed to hold taking into account the relative size and complexity of the entities involved.
- 6.6.5. Agree and recommend to the Board if the Group CEO will take up additional professional positions.

- 6.6.6. Recommend the protocol when the MM Boards, any Board Committee or any of its members need to obtain independent, external professional advice at the cost of the Company.
- 6.6.7. Ensure that a formal process is established, subject to legal provisions, for each Director to submit an annual declaration of financial, economic and other interests held by the member and related parties, or whenever there are any significant changes.
- 6.6.8. Investigate, when necessary, any contraventions of the codes of conduct, personal trading, or unethical behaviour by any non-executive Directors or executive Directors.
- 6.6.9. Report to the MM Boards on a quarterly basis regarding the matters discussed at meetings.
- 6.6.10. Consider and request any additional information necessary to fulfil the functions of the Committee.
- 6.6.11. Perform responsibilities required by relevant Board approved policies including the review and approval of such policies, where relevant.
- 6.6.12. Perform any functions as prescribed by law including functions that may be delegated to this Committee.

7. MEETINGS AND PROCEDURES

7.1. Frequency

- 7.1.1. The Committee should hold sufficient scheduled meetings with no less than 2 (two) meetings a year to discharge all its duties as set out in these ToR and other relevant Company documents and applicable policies or directives.
- 7.1.2. A schedule of regular meetings shall be provided to the members at the beginning of each year.
- 7.1.3. Meetings in addition to those scheduled may be held at the request of the CEO, or other members of senior management, or at the instance of the Board, after consultation with the Chairman of the Committee.
- 7.1.4. The Chairman of the Committee may meet with the CEO and/ or the Group Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.
- 7.1.5. Unless varied by this ToR, meetings and proceedings of the Committee will be governed by the relevant Company's MOI that regulates the meetings and proceedings of Committees.
- 7.1.6. A meeting may be conducted by way of electronic media such as video or telephone conferencing.
- 7.1.7. Should the need arise for a decision to be taken by the Committee outside of its meeting cycle, such decision can be taken on a round robin basis.

- 7.1.7.1. For a decision to be legitimately taken by round robin procedure, the support of the majority of members is required in writing and signed by them (and for the purposes of this procedure, communication per email will be regarded as being in writing). Should a Committee member object to a decision, the remaining members of the Committee must be advised of such objection.
- 7.1.7.2. At the Committee meeting following the date of the round robin decision, the Committee Secretary must report on the decision so taken by the Committee.

7.2. Attendance

- 7.2.1. Committee members will attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Committee Secretary.
- 7.2.2. If the Chairman of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairman for that meeting.

7.3. Agenda and minutes

- 7.3.1. The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in these ToR. T
- 7.3.2. The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with supporting documentation shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than five (5) working days prior to the date of the meeting..
- 7.3.3. Members must declare a possible conflict of interest with agenda matters at the beginning of each meeting.
- 7.3.4. The Chairman is responsible for smooth running of meetings, ensuring that the views of each member are heard and that sufficient time is devoted to each issue for discussion.
- 7.3.5. Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 7.3.6. The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairman for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

7.4. Quorum and voting

- 7.4.1. A quorum for meetings shall be a simple majority of members present, namely 50% (fifty percent) + one (1) member.
- 7.4.2. Individuals in attendance at Committee meetings by invitation may participate in discussions at meetings but do not form part of the quorum for Committee meetings, and shall have no voting rights where decisions are to be voted on.

- 7.4.3. Wherever possible the Committee will take decisions on a consensus basis. Where consensus cannot be reached, voting shall take place by a show of hands.

8. REMUNERATION

- 8.1. Committee members not holding executive office in the Momentum Metropolitan Group shall be compensated for their services, with the Chairman being entitled to an additional fee for his / her services.
- 8.2. Any special and ad hoc meetings will be remunerated as determined by the Board from time to time, and approved by the Shareholders as part of the Momentum Metropolitan Remuneration Policy.

9. EVALUATION AND DEVELOPMENT

9.1. Evaluation

- 9.1.1. The Board will perform an evaluation of the effectiveness of the Committee every two years.

9.2. Development

- 9.2.1. The Committee Chairman will use the results of the performance evaluation to identify developmental areas of the Committee and/ or individual members.
- 9.2.2. The Committee members must keep up-to-date with developments affecting the required skill-set. All members should attend update training to be arranged by the Committee Secretary.
- 9.2.3. New members are required to have a robust orientation in order to understand the Committee's responsibilities.

10. REVIEW

- 10.1. This ToR shall be reviewed by Group Company Secretariat annually or as and when it becomes necessary to do so due to legislative, regulatory and/or other changes. The updated ToR will be submitted for approval by the Committee and the Board.