



MMI HOLDINGS

TERMS OF REFERENCE
REMUNERATION COMMITTEE OF THE BOARD

Terms of Reference: Remuneration Committee

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1. INTRODUCTION

The Remuneration Committee (“the Committee”) is constituted as a Committee of the Board of Directors (“Board”) of MMI Holdings Limited (“MMI Holdings”), and is accountable to the Board. In the context of this document, “Company” means MMI Holdings, its subsidiaries, and all business Divisions and units, collectively also referred to as “the Group” or “MMI group of companies”.

The Board has delegated certain responsibilities to this Committee which authority may be withdrawn or amended by the Board at any time.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 duties and responsibilities of the members hereunder, and is 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, skill and judgment in accordance with their legal and statutory obligations.

These Terms of Reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable laws, regulatory and supervisory provisions, corporate governance principles, codes and best practices.

2. MANDATE IN RESPECT OF SUBSIDIARIES

The Remuneration Committee is appointed to act on behalf of the MMI group of companies as a whole, except to the extent restricted or precluded by law, or otherwise.

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 set forth in these Terms of Reference, 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 these Terms of Reference.

In the process of delegation, full cognisance shall be taken of the particular governance structure of MMI group in order to prevent duplication of functions between various Committees as far as possible.

Furthermore, any issue that comes to the attention of any of the MMI committees or sub-committees and which, in their opinion, may materially impact on the roles and responsibilities of the Committee as set out hereunder, should be reported to the Remuneration Committee as soon as such other committee or sub-committee becomes aware of the issue.

The appointment of sub-committees for subsidiaries does not reduce the accountability of the Remuneration Committee in relation to the Roles and Responsibilities set forth herein.

3. PURPOSE OF THE TERMS OF REFERENCE

The purpose of these Terms of Reference is to set out the Committee's scope, role and responsibilities as well as the requirements for its composition and meeting procedures.

4. ROLES

4.1 The Committee has an independent role, to oversee the remuneration process, consider and approve remuneration related issues and proposals and, if it considers it appropriate, to refer matters to the

Board. The Committee shall not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

4.2 The role of the Committee is, *inter alia*, to assist the Board in ensuring that:-

- a. the Company remunerates directors and staff fairly, responsibly and transparently;
- b. the disclosure of directors' remuneration is accurate, complete and transparent;
- c. the Company complies with its responsibility in terms of remuneration policies, practices and processes;
- d. that the Company's remuneration framework is aligned to the King IV Report on Corporate Governance ("King IV") and best practice; and
- e. that the pay and reward systems of the Company are sufficiently competitive to attract, motivate, reward and retain the right calibre of employees and to enhance a performance culture.

5. RESPONSIBILITIES

The Committee will perform all the functions as is necessary to fulfil its role as stated above, including but not limited to the following:

5.1 EMPLOYEES AND EXECUTIVE DIRECTORS

- 5.1.1 Oversee the manner in which remuneration is determined and administered at all levels in the Company;
- 5.1.2 Develop an appropriate organisation-wide remuneration policy for the Company generally, or as required in law, and review as necessary.
- 5.1.3 Set the remuneration policy to promote the achievement of strategic objectives of the Company and within the Company's risk appetite;
- 5.1.4 Ensure that the remuneration policy sets out all elements of remuneration offered by the Company, including the mix of these elements;
- 5.1.5 Ensure that the remuneration of executive management is fair and responsible in the context of overall employee remuneration, and monitor the implementation of arrangements for addressing the Company's internal income disparities.
- 5.1.6 Determine the remuneration policy in relation to bonus and share incentives for the Company;
- 5.1.7 Review and approve the average annual remuneration increases of employees generally, and members of the Executive Committee specifically;
- 5.1.8 Review and approve the basis and criteria used to determine the annual performance bonus pool;
- 5.1.9 Review and determine the quantum of the annual bonus pool, the methodology utilised for the allocation of the pool to the Business Units/Divisions and the quantum of the allocations to the Business Units/Divisions;
- 5.1.10 Review and approve the award of share incentives to employees, including awards on an individual basis in respect of executive directors and members of the Executive Committee;

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- 5.1.11 Review, as it deems necessary, or as it is requested to do so by the Board or CEO, the service agreements of members of the Executive Committee and executive directors;
- 5.1.12 Ensure that the remuneration policy and the implementation report are put to a separate non-binding advisory vote at the annual general meeting of shareholders every year, in respect of the next year;
- 5.1.13 Engaging with shareholders specifically in the event of a 25% or more dissenting vote on the remuneration policy or the implementation report (or both). The key purpose of such engagement will be to ascertain the reasons for dissenting votes, and where legitimate and reasonable concerns are raised to address such concerns. This may include review and amendment to remuneration policy/adjustment of remuneration governance and/or processes or merely a clarification of the remuneration policy.
- 5.1.14 Regularly review and monitor implementation and execution of the remuneration policy to determine suitability of the content and whether the set objectives are met;
- 5.1.15 Assess that the mix of fixed and variable remuneration, in cash, shares and other elements, meets the Company's needs and strategic objectives;
- 5.1.16 Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- 5.1.17 Review and approve performance measures in relation to bonus and share incentives to support positive outcomes across the Company's capitals, including financial capital, intellectual capital, human capital, social capital and natural capital.
- 5.1.18 Review and approve the appropriateness of long-term incentive schemes and the performance criteria applied in the schemes. Review and approve the evaluation of the performance for the vesting or realisation of benefits in terms of the long-term incentive schemes;
- 5.1.19 Review the remuneration of executive directors and members of the Executive Committee;
- 5.1.20 Review the remuneration of other roles as prescribed by law such as certain Heads of Control Function/s.
- 5.1.21 Review all benefits, including retirement benefits and other financial arrangements, for fairness, correctness and appropriateness;
- 5.1.22 Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration;
- 5.1.23 Select an appropriate comparative group when comparing remuneration levels;
- 5.1.24 Regularly review incentive schemes to ensure continued contribution to stakeholder value and that these are administered in terms of the rules;
- 5.1.25 Consider the appropriateness of early vesting of share-based schemes where discretion is allowed in terms of the rules of the schemes;
- 5.1.26 Oversee the preparation and recommending to the board of the remuneration report, to be included in the integrated report, to ensure that it:
- is accurate, complete and transparent and in line with the King IV Report on Corporate Governance;

- includes all the appropriate and relevant information as may be required from time to time;
- is set out in three parts, namely a background statement, an overview of the main provisions of the remuneration policy, and an implementation report which contains details of all remuneration awarded to individual board members and executive management during the reporting period; and
- provides sufficient information for the shareholders to enable them to pass a special resolution in terms of section 66(9) of the Companies Act, 2008.

5.2 NON-EXECUTIVE DIRECTORS

- 5.2.1 Review on an annual basis, or at such other intervals as deemed appropriate by the Board, all fees paid to non-executive directors;
- 5.2.2 Make recommendations, arising from reviews, on fees payable to non-executive directors for their membership on the Board and any Board Committees of the Board (including *ad hoc* Committees), to be placed before a shareholder's meeting for consideration and approval;
- 5.2.3 Determine, for recommendation to the Board, the frequency of payment of fees to non-executive directors;
- 5.2.4 Review, for recommendation to the Board, the terms of consultancy agreements (but has no discretion to approve agreements) entered into between the Company and non-executive directors.

5.3 OTHER RESPONSIBILITIES

- 5.3.1 The Committee's reporting responsibilities shall be to the MMI Holdings Board. Reporting shall take place quarterly or as often as is required, and the manner and extent of reporting will be appropriate to the matters being reported on.
- 5.3.2 Requesting and considering any additional information necessary to fulfil the functions of the Committee.
- 5.3.3 Performing any other functions as requested by the Board, provided that those functions are not management functions.
- 5.3.4 Perform responsibilities required by relevant Board approved policies including the review and approval of such policies.
- 5.3.5 Perform any functions as prescribed by law including functions that may be sub-delegated to this Committee from time to time.

6. AUTHORITY

- 6.1 The Committee in the fulfilment of its role and responsibilities:
- 6.1.1 Will act in terms of the delegated authority of the Board as recorded in these Terms of Reference.
- 6.1.2 Has the power to investigate any activity within the scope of these Terms of Reference.

- 6.1.3 Has the right to obtain independent outside professional expertise and advice to assist with the execution of its duties, subject to following a Board approved process.
- 6.1.4 Shall make recommendations to the Board that it deems appropriate relating to any area within the ambit of its Terms of Reference where action or improvement is required.
- 6.1.5 May call upon the Chairperson of the other Board committees, any of the executive directors, officers or Company Secretary to provide it with information, subject to following a Board approved process.
- 6.1.6 Has reasonable access to the Companies records, facilities and any other resources necessary to discharge its duties and responsibilities.

7. COMPOSITION OF THE COMMITTEE

- 7.1 Members of this Committee and its Chairman shall be appointed by the Board, or its duly mandated Committee. Any change to the composition of the Committee shall be considered and approved by the Board or its duly mandated Committee. In the interests of best governance practice and in order to provide a means of checks and balances, the Chairman of the MMI Board should not chair the Committee.
- 7.2 The Board will nominate an independent non-executive director as the Chairperson of the Committee.
- 7.3 The Committee will comprise of only non-executive Directors, of whom the majority will be independent. The Committee will comprise of at least three members.
- 7.4 The composition of the Committee shall be reviewed at least every three years and members may be eligible for re-appointment.
- 7.5 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.
- 7.6 The MMI Company Secretary, or any other person appointed by the MMI Board or the Remuneration Committee, shall be the secretary to this Committee.

8. MEETINGS AND PROCEDURES

8.1 FREQUENCY

- 8.1.1 The Committee should hold sufficient scheduled meetings with no less than three (3) meetings a year to discharge all its duties as set out in these Terms of Reference and other relevant Company documents and applicable policies or directives.
- 8.1.2 Meetings in addition to those scheduled may be held at the request of the Group Chief Executive Officer or other members of the Executive Committee or at the request of the Board, after consultation with the Chairperson of the Committee.
- 8.1.3 The Chairperson of the Committee may meet with the Chief Executive Officer, Head of Human Resources and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

- 8.1.4 A schedule of meetings shall be provided to the members at the beginning of each year.
- 8.1.5 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the relevant Company's Constitution that regulates the meetings and proceedings of Committees.
- 8.1.6 A meeting may be conducted by way of electronic media such as video or telephone conferencing.
- 8.1.7 Should the need arise for a decision to be taken by the Committee and, due to urgency, the matter cannot be postponed until the next Committee meeting, the required decision may be obtained by following the process as set out hereunder:
- An appropriate memorandum must be prepared, addressing the relevant background facts and setting out the proposed resolution;
 - The Committee secretary must email or fax the documentation to each member and advise the members of the time and date when a written response is required;
 - For a decision to be legitimately taken by round robin procedure, the support of the majority of members (of whom at least half shall be non-executive) is required in writing and signed by them (and for the purposes of this procedure, communication per fax and/or 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 the objection;
 - At the Committee meeting following the date of the round robin decision, the Committee secretary must report fully on the decision so taken by the Committee. The Committee secretary must also record the decision in the minute book.

8.2 ATTENDANCE

- 8.2.1 The Chairperson may invite any member of staff from MMI, or its subsidiaries, or any Division, including external professional advisors, to Committee meetings as and when required, provided that a Board approved process is followed. Invitees to meetings attend by invitation only and they may not vote on matters at the meeting.
- 8.2.2 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 Chairperson or Committee secretary.
- 8.2.3 If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson for that meeting.

8.3 AGENDA AND MINUTES

- 8.3.1 The Committee must 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.
- 8.3.2 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 be forwarded to each member of the Committee not less than five (5) working days prior to the date of the meeting, unless alternative arrangements and timelines have been made with members.
- 8.3.3 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters for discussion.

- 8.3.4 The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairperson for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

8.4 QUORUM AND VOTING

- 8.4.1 A quorum for meetings shall be a simple majority of the total Committee members, namely 50% (fifty percent) + one member.
- 8.4.2 Members who are not directors of MMI form part of the quorum for Committee meetings and shall participate in all discussions at meetings. However, these members shall have no voting rights where decisions are to be voted on.
- 8.4.3 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.
- 8.4.4 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. For record purposes, only the votes of the members of the Committee who are directors shall be counted, whether or not consensus is reached.

9. REMUNERATION

Committee members not holding executive office in MMI shall be compensated for their services with the Chairperson being entitled to an additional fee for the service.

10. EVALUATION

The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee annually.

11. REVIEW

These Terms of Reference shall be reviewed annually by Group Secretariat and where deemed necessary shall be submitted for the necessary reviews and approval.