

# **Investments Committee**

## **Terms of Reference**

---

**Table of Contents**

---

1. INTRODUCTION.....	3
2. PURPOSE OF THE TERMS OF REFERENCE .....	3
3. AUTHORITY .....	3
4. COMPOSITION OF THE COMMITTEE .....	4
5. ROLE.....	5
6. RESPONSIBILITIES.....	5
7. MEETINGS AND PROCEDURES .....	8
8. REMUNERATION.....	10
9. EVALUATION AND DEVELOPMENT .....	10
10. REVIEW .....	10

## 1. INTRODUCTION

- 1.1. The Investments Committee (“the Committee”) is constituted as a Committee of the Board of Directors (“Board”) of Momentum Group Limited and is accountable to the Board. In the context of this document, “Company” means Momentum Group Limited, its subsidiaries, and all businesses divisions, collectively also referred to as “the Group” or “Momentum Group”.
- 1.2. These Terms of Reference are subject to the provisions of the Companies Act 71 of 2008 (“Companies Act”), the Insurance Act 18 of 2017 (“Insurance Act”) and accompanying Regulations (as amended from time to time), the Company’s Memorandum of Incorporation (“MOI”) 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 these Terms of Reference (“ToR”) is to set out the Committee’s scope, role and responsibilities and the requirements for its composition and meeting procedures.
- 2.2. In addition to the above, these ToR define the relationship between the Committee, the Momentum Group Executive Committee (“Exco”) and the Balance Sheet Management (“BSM”) function.

## 3. AUTHORITY

### 3.1. General

- 3.1.1. The Board delegates certain responsibilities to this Committee, which authority may be withdrawn or amended by the Board at any time.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 set out in this document are in addition to those duties and responsibilities they have as members of the Momentum Group Boards. The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members with regards to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgement in accordance with their legal and statutory obligations.
- 3.1.2. The Committee will have an independent oversight role with accountability to the Board. In performing its duties and responsibilities, the Committee will maintain effective working relationships with the Board, management, and the internal and external assurance providers, where necessary.
- 3.1.3. The Committee will not assume the functions of management, which remain the responsibility of the executive directors and officers, and other members of senior management.
- 3.1.4. The Committee will continue to serve as a committee of the Board for the period required by relevant legislative provisions, or as determined by the Board.
- 3.1.5. The Committee, in the fulfilment of its role and responsibilities:
  - 3.1.5.1. Will act in terms of the delegated authority of the Board as recorded in these ToR.

- 3.1.5.2. Has the power to investigate, monitor and report any activity within the scope of these ToR.
- 3.1.5.3. Has the right to obtain independent outside professional expertise and advice to assist with the execution of its duties, at the cost of the Company subject to following a Board-approved process.
- 3.1.5.4. 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.
- 3.1.5.5. May call upon the Chairs of the other Board committees, any of the executive directors, officers, assurance providers or any member of staff, or the Group Company Secretary to provide it with information.
- 3.1.5.6. 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 the Momentum Group, except to the extent restricted or precluded by law, or otherwise indicated by a subsidiary.
- 3.2.2. Momentum Group subsidiary (registered public companies) boards and/or Management Committees are required to escalate transactions of the nature defined in this ToR that exceed the threshold/s as defined by the Board approved Delegation of Authority.
- 3.2.3. 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 these ToR.
- 3.2.4. In the process of delegation, full cognisance shall be taken of the particular governance structure within the Group in order to prevent duplication of functions between various Committees as far as possible. Furthermore, proper controls should be put in place to ensure that there is no undue concentration of power in the system of delegation.
- 3.2.5. 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 that will include:
  - 4.1.1. A Chair, who is a non-executive director of the Company.
  - 4.1.2. One (1) or two (2) Executive Director/s of the Company, or any other person nominated by the Executive Directors.
  - 4.1.3. A sufficient number of the non-executive directors of the Company, in order to ensure that the majority members of the Committee are non-executive directors.

- 4.2. The Chair and members of this Committee shall be appointed by the Board, or its duly mandated Board Committee. Any change to the composition of the Committee shall be considered and approved by the Board, or its duly mandated Board Committee.
- 4.3. 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.
- 4.4. The Group Company Secretary, or his/her nominee, or any other person appointed by the Board, duly mandated Board Committee, or the Investments Committee, shall be the secretary to the Committee.

## 5. ROLE

- 5.1. Committee members who are also Board members should be in a position to impart investments expertise effectively to the Board, to enhance the Board's understanding of technical investment matters.
- 5.2. The role of the Committee is to assist the Board in:
  - 5.2.1. Agreeing with management on the investment criteria to be met for any new investments, disposal, acquisition, merger, and new initiatives opportunities.
  - 5.2.2. Approving investments, disposal, acquisition, merger and new initiatives objectives and guidelines, and monitor the Group's activities, compliance, and results in relation thereto.
  - 5.2.3. Act as a sounding board to the Board Risk, Capital and Compliance Committee ("RCC"), the Momentum Group Exco Merger and Acquisitions Committee ("Momentum Group Exco M&A"), the Momentum Group Exco New Initiative Committee (Momentum Group Exco NIC"), and the Momentum Group Exco Capital and Investments Committee ("CIC").
  - 5.2.4. Assist the Board in discharging its fiduciary duties toward policyholders and other stakeholders.
- 5.3. In performing its duties, the Committee will maintain effective working relationships with the Board, other relevant Board Committees and management.
- 5.4. The Committee will, from time to time, review the systems of internal controls and management of risks relating to investment, disposal, acquisition, merger and new initiatives.

## 6. RESPONSIBILITIES

The Committee must perform all the functions necessary to fulfil its role as stated above in respect of the Company's investments, disposals, acquisitions, mergers and new initiatives transactions, management, policies and guidelines, including but not limited to the following:

### 6.1. General

- 6.1.1. Ensure that the Group implements an adequate overall approach towards the allocation of funding resources to business and risk activities with the aim of creating long-term shareholder value which is in line with the Company's strategic priorities.

- 6.1.2. Ensure that all investments and transaction submissions to the Board includes a risk assessment report, skills exporting or resource allocation plan, a business case, due diligence plan and acquisition integration plan.
  - 6.1.3. Ensure that business plans for new initiatives meet the materiality criteria and are worth pursuing in terms of projected earnings, potential risks and return on capital, commercial logic and preliminary review and approval by the relevant Management Committees.
  - 6.1.4. Ensure that environment, social and governance (ESG) factors are taken into account in the investment decision-making process.
  - 6.1.5. Oversee that management implement key learnings to the business.
  - 6.1.6. Review if the appropriate skills are employed in-country, specifically in relation to venture capital/ start-up type investments.
  - 6.1.7. Decide whether proposed transactions, initiatives, and investments should be submitted to the Board depending on the size, strategic importance and Group Delegation of Authority.
  - 6.1.8. Paying particular attention to material, complex and/or unusual items, and focusing on areas where considerable technical judgment is required.
  - 6.1.9. Requesting and considering any additional information necessary to fulfil the functions of the Committee.
  - 6.1.10. Performing any other functions as requested by the Board, provided that those functions are not management functions.
  - 6.1.11. Consider the impact of the Group's activities on, and the use of the Group's financial resources.
  - 6.1.12. Approve mandates for funding management.
- 6.2. **Investments (including Joint Ventures)**
- 6.2.1. Approve the Group Investment Strategy and review the criteria and targets for investments.
  - 6.2.2. Periodically review and approve internal processes and any investment benchmarks or other measurement devices employed by The Group to monitor the performance of its investment portfolio.
  - 6.2.3. Review and monitor major investment programs within the Group which have not been specifically dealt with in the annual business plan/budget approval process, or which do not fall within the remit of the Momentum Group Exco M&A Committee.
  - 6.2.4. Take into account the consideration of the Board Actuarial Committee's assessment of management's recommendations to the Board with regard to:
    - a. The valuation of the Company's strategic subsidiaries and any other investments that are subject to directors' valuation.
    - b. Significant Investment and financial risks and the appropriateness and effectiveness of the management of those risks.

- 6.2.5. Take into consideration the Board Actuarial Committee's comments on the review of the investment content of reports to the regulatory authorities, where applicable.
- 6.2.6. The Committee will monitor the investment profile of the Group as a whole by reviewing reports submitted by any executive or the RCC as they pertain to Investment matters within the various businesses and operating structures.

### 6.3. **Mergers, Acquisitions, disposals, and joint ventures ("transactions")**

- 6.3.1. Approve and oversee the transaction strategy, funding requirements, and the criteria and targets for transactions.
- 6.3.2. Evaluate the business case for proposed transactions and decide whether the proposed transactions should be pursued taking into account the Group business strategy.
- 6.3.3. The Committee shall, in line with the Group Delegation of Authority, make recommendations to the Board, monitor on behalf of the Board and report to the Board on material acquisitions, mergers, joint ventures or disposal opportunities, on-going material transactions and related matters which are appropriate to the Group strategy and risk appetite.
- 6.3.4. The Committee shall assist and advise the Momentum Group Exco on acquisition, merger, disposal and joint venture opportunities identified by them, all aspects of other material transactions not in the ordinary course of business, and matters related thereto.
- 6.3.5. Oversee the periodic review of the due diligence process for Mergers & Acquisitions (pre- and post-transaction).
- 6.3.6. Review and recommend to the Board the introduction of strategic equity partners to the Company.
- 6.3.7. Oversee the implementation of post-merger integration ("PMI") planning and reviews. The Committee will be the custodian of the post-investment monitoring ("PIM") process whilst the capital reporting will be to the RCC.
- 6.3.8. Approve and oversee the adjusted integration plan when transactions deviate from expectations and key performance indicators.
- 6.3.9. Approve substantial amendments to an approved business case and Scorecards.

### 6.4. **New Initiatives**

- 6.4.1. Consider matters charged with non-traditional organic growth initiatives, within the limits provided in the Group Delegation of Authority; provided that the Group Chief Executive Officer ("CEO") shall use his/her discretion to decide on whether to submit initiatives with lower thresholds to this Committee, for consideration. In the context of this document "non-traditional organic growth initiatives" refer to new business initiatives that are not related to traditional insurance product design.
- 6.4.2. Vetting of business case relating to non-traditional growth initiatives falling outside of the ambit of the Momentum Group Exco NIC, and to decide if it should be pursued as per the given financial outcomes as well as operational and regulatory concerns.

6.4.3. Oversee the on-going monitoring of the above initiatives post the approval stage.

**6.5. Reporting and Accountability:**

6.5.1. The Committee's reporting responsibilities shall be to the Momentum Group Board through its Chair. Reporting shall take place quarterly or as often as is required.

6.5.2. The Committee shall submit details of its deliberations for the Board's consideration and/or approval, where required, as well as to ensure that the Board is aware of matters that may significantly impact the financial condition of the business.

6.5.3. A report shall be submitted to the Board on any issue of substance on which the Committee cannot reach consensus.

## **7. MEETINGS AND PROCEDURES**

### **7.1. Frequency:**

7.1.1. 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 ToR and other relevant Company documents and applicable policies or directives.

7.1.2. A schedule of meetings shall be provided to members at the beginning of the year.

7.1.3. Meetings in addition to those scheduled may be held at the request of the Group CEO, The Group Head of BSM, members of the Momentum Group Exco or at the instance of the Board, after consultation with the Chair of the Committee.

7.1.4. The Chair of the Committee may meet with the Head of BSM or the Committee Secretary (as may be appropriate) prior to a Committee meeting to discuss important matters and agree on the agenda.

7.1.5. Unless varied by these ToR, meetings and proceedings of the Committee will be governed by the Company's MOI and relevant documents insofar as they regulate 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, and:

- a. For a decision to be legitimately taken by round robin procedure, the support of the majority of members (of whom at least half should be non-executive) 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.
- b. 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.



## 7.2. Attendance:

- 7.2.1. The following persons shall attend Committee meetings as appropriate (but have no voting power):
  - a. Group Chief Risk Officer; and
  - b. Head of BSM.
- 7.2.2. 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 Chair or Committee secretary.
- 7.2.3. If the Chair of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chair 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.
- 7.3.2. The annual workplan should ensure proper coverage of the matters laid out in the Committee ToR. From this plan, the number, timing, and length of meetings, and the agendas will be determined. The more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a longer period.
- 7.3.3. 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 the 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.
- 7.3.4. Notwithstanding the aforesaid, meetings can be called on a short notice if circumstances require, in which the Chair of the Committee shall make a determination in this regard, subject to a quorum being achieved for such short notice period.
- 7.3.5. Members must declare a possible conflict of interest with agenda matter at the beginning of each meeting, and this will be recorded in the meeting minutes by the Committee Secretary.
- 7.3.6. The Chair is responsible for the smooth running of meetings, ensuring the views of each member are heard and that sufficient time is devoted to each agenda item.
- 7.3.7. Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 7.3.8. The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chair 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. As granted by the Board (per resolution R12/2020), any individuals who are appointed as members of the Committee, but are not directors of Momentum Group, have full voting rights on the matters to be decided by the Committee.
- 7.4.3. Individuals (including members of the Board) 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.
- 7.4.4. 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.

## **8. REMUNERATION**

- 8.1. Committee members not holding executive office within the Group shall be compensated for their services, with the Chair being entitled to an additional fee for his/her services.
- 8.2. Members of the Board who voluntarily attend the Committee's meeting shall not be remunerated for their attendance, except where they have been specifically invited, through the Board process, to provide guidance or input on matters being discussed at the meeting.
- 8.3. 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 Group Remuneration Policy.

## **9. EVALUATION AND DEVELOPMENT**

### **9.1. Evaluation**

- 9.1.1. The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee every two (2) years. The results of the evaluation shall be reported to the Board through the duly mandated Board Committee.

### **9.2. Development**

- 9.2.1. The Committee Chair will use the results of the performance evaluation to identify developmental areas of the Committee and/ or individual members.
- 9.2.2. All members should attend updated 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 and the financial reporting process they will oversee.

## **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.