

OLDMUTUAL

OLD MUTUAL LIMITED

RELATED PARTY TRANSACTION COMMITTEE

TERMS OF REFERENCE



Date: 29 November 2019

Version: 02

1 Introduction and Purpose

These terms of reference are to regulate and govern the Related Party Transaction Committee ("**Committee**") established, or to be established, by the Old Mutual Limited boards of directors ("**Board**"), hereinafter referred to interchangeably as the "**Company**".

- 1.1 It is acknowledged that the Board of OML may be classified as a "Controlling Board" for the Old Mutual Group or a "Financial Conglomerate" (as contemplated and determined by the applicable regulatory authority) and as such, the Board will be responsible for, inter alia, ensuring that the Company and its subsidiaries (collectively the "**Group**") maintain their businesses in a financially sound condition. The Committee was established for purposes of managing conflicts.
- 1.2 Further, the Board of OML entirely or partially "mirrors" the board of directors of Old Mutual Life Assurance Company of South Africa Limited ("**OMLACSA**") in that the same persons will be directors of each of OML and OMLACSA (hereinafter referred to as the "**mirror boards**"). Accordingly, transactions between OML and OMLACSA have the potential to bring about conflicts of interest given that the directors of these companies occupy two different capacities.
- 1.3 The Committee is a committee of the Board established in terms of the relevant provisions of the memorandum of incorporation of the Company ("**MOI**") in order to have strategic oversight and governance over the transactions ("**Related Party Transactions**") concluded or to be concluded between the Company and any Related Party (as defined hereinafter) including, but not limited to, loans, guarantees, outsourcing arrangements, reinsurance arrangements, asset transfers and investments. For purposes hereof, "**Related Party**" means in respect of and vis-à-vis OML:
 - 1.3.1.1 Nedbank;
 - 1.3.1.2 Plc;
 - 1.3.1.3 OMGH;
 - 1.3.1.4 OMEM; and
 - 1.3.1.5 OMLACSA, unless and until the Board of OML determines by resolution at any time that there is no longer such a degree of commonality of directorship between OMLACSA and OML that justifies OMLACSA being categorised as a "Related Party" of OML for purposes hereof.



1.4 The terms of reference of the Committee set out in this document ("**Terms of Reference**") are subject to the provisions of the Companies Act, 2008 the MOI and any other applicable statutory and regulatory provisions.

1.5 The duties and responsibilities of the members of the Committee are in addition to those duties and responsibilities that they may have as a member of the Board.

2 **MANDATE AND RESPONSIBILITIES**

2.1 The Committee is authorised by the Board to consider, review, evaluate and provide oversight in relation to any Related Party Transaction upon becoming aware of or being referred such transaction or proposed transaction.

2.2 The Committee shall establish its own processes and procedures in terms of which it will consider, review, evaluate and provide oversight in relation to whether a particular Related Party Transactions is fair and in the best interest of the Group. Such regulations and policies will include such approval requirements, guidelines and thresholds as may be deemed appropriate, having regard to the provisions of the Companies Act and any other applicable statutory and regulatory provisions. For purposes of inquiring whether a particular Related Party Transaction is fair, regard shall be had to, inter alia –

2.2.1 whether, in the view of the financial position of the parties to that transaction, that transaction should have been concluded;

2.2.2 the overall commercial benefits of the transaction for the respective parties;

2.2.3 the consideration for that transaction, including any interest or other benefit received therefore; and

2.2.4 in the case of a loan transaction, the term, the manner of repayment and whether security has been or should in the circumstances have been provided therefore, and whether such security is adequate.

2.3 With regard to the powers of the Committee:

2.3.1 Subject to 2.3.2 below, the Committee is a decision-making body and its recommendations in respect of Related Party Transactions are binding, i.e. the Related Party Transaction may not be authorised or implemented by the Board (or other relevant officer or functionary of the Company who, in terms of the Company's authority and delegation structures, has authority to approve and implement the transaction, as the case may be ("**Relevant Officer**")) unless it has been positively recommended by the Committee.



- 2.3.2 The Board may from time to time and if deemed in the best interests of the Company, as a standing or general resolution, resolve that in respect of certain categories of Related Party Transactions the Committee's views are not binding and are of a recommendatory nature. Such resolution shall be forthwith communicated to the Committee and shall supplement these Terms of Reference. In such a case the recommendation or otherwise of the Committee shall nevertheless be an important consideration to be borne in mind by the Board or Relevant Officer.
- 2.4 The Committee must act independently and does not assume the functions of management, which remains the responsibility of the executive directors, prescribed officers and other members of the executive management of the Company. Thus whilst the Committee's recommendations are binding, this does not mean that the Committee may go further and assume the actual implementation and execution of the Related Party Transaction, or order that same be carried out.
- 2.5 The Committee shall discharge its statutory and regulatory duties without any conflict with the Board and the management of the Company.
- 2.6 The responsibilities of the Committee shall include the following:
- 2.6.1 review, monitor, make recommendations and report to the Board or Relevant Officer in respect of Related Party Transactions. It is recorded that the Board may from time to time determine and set materiality thresholds for transactions to be referred to the Committee, such determination to be made by resolution which may be incorporated into the Company's delegation framework;
- 2.6.2 consider, review, evaluate and provide oversight in relation to the fairness of Related Party Transactions and any potential conflict of interest which may arise between the subsidiaries of the Company, including the insurance and banking subsidiaries of the Group;
- 2.6.3 annually review the regulations and policies in terms of which it considers, reviews, evaluates and provides oversight in relation Related Party Transactions having regard to statutory and regulatory changes; and
- 2.6.4 interaction with the Board and the management of the Company in order to enforce and ensure compliance with the regulations and policies which the Committee puts in place to govern Related Party Transactions.



2.6.5 the Committee is mandated to consider, review and make determination in respect of all conflict of interest matters related to the OMLACSA and OML Boards. This includes consideration on the appointment of Board members to external Boards as per the Board Appointment Protocol.

3 **Operations of the Committee**

3.1 Composition and Tenure - General

3.1.1 The Committee, including its chairperson, shall be appointed by the Board and shall consist of 3 independent non-executive directors. For purposes of these Terms of Reference, the term "independent" will be determined based on the factors set out in the King Code on Corporate Governance for South Africa, as amended and replaced from time to time.

3.1.2 Appointments to the Committee will be made by the Board on recommendation of the Board's corporate governance and nomination committee, in consultation with the chairperson of the Committee.

3.1.3 The maximum tenure for members of the Committee is 3 terms of 3 years.

3.1.4 The Board may at any time remove a member of the Committee and shall from time to time review and, where appropriate, revise the composition of the Committee, taking into account the appropriate combination of skills and knowledge required, and also taking into account whether a member(s) of the Committee happens to be conflicted in respect of a particular contemplated transaction that is to be considered by the Committee.

3.2 Composition and tenure – Related Party Transactions between OML and OMLACSA

3.2.1 Given the mirror boards of OML and OMLACSA, it may not be appropriate to have the Committee comprise of only OML directors in circumstances where a Related Party Transaction with OMLACSA is being considered, as all the members of OML's Committee may then also be directors of OMLACSA, which does not achieve the overall objective of managing conflicts of interest.



- 3.2.2 To cater for the foregoing, the Corporate Governance and Nominations Committee (NomCom) of the OML Board shall be empowered to give special directives from time to time, which may apply to a particular Related Party Transaction with OMLACSA or which may be of a continuing, standing nature until revoked by the chairperson, as to the composition and tenure of the Committee for purposes of considering Related Party Transactions between OML and OMLACSA. Such directives may, without limitation of the NomCom's discretion in this regard, entail that the Committee comprise entirely or partially of non-directors or of external advisors.
- 3.2.3 All the remaining provisions of these Terms of Reference apply to the Committee's functioning in such circumstances.
- 3.3 Meetings
- 3.3.1 Meetings of the Committee shall be held at least quarterly.
- 3.3.2 The chairperson or the Board may convene a meeting of the Committee at any time in order to consider any Related Party Transaction.
- 3.3.3 A quorum at any meeting of the Committee shall be a majority of the members.
- 3.3.4 The proceedings at a meeting of the Committee shall, unless otherwise specified in these Terms of Reference, be governed by the provisions of the MOI regulating the meetings and proceedings of the Board, so far as the same is applicable thereto.
- 3.3.5 Decisions of the Committee shall be carried by a majority vote of its members.
- 3.3.6 If the Committee is deadlocked, i.e. there is no majority vote for an approval or for a rejection of the Related Party Transaction, then there is no recommendation by the Committee. In the case of a deadlock:
- 3.3.6.1 To the extent that the Committee's recommendation is binding as contemplated in 2.3.1, the Board may authorise the Related Party Transaction but this will require a special majority vote of the Board by at least 80%;
- 3.3.6.2 To the extent that the Committee's recommendation is not binding as contemplated in 2.3.2, the fact that there is no recommendation either way by the Committee shall be an important consideration to be borne in mind by the Board or Relevant Officer.



3.4 Access to resources and information

3.4.1 The Committee has unrestricted access to information pertaining to the Group within the Committee's mandate and will liaise with the management of the Company in respect of such information in order to fulfil its mandate.

3.4.2 With the prior written notice to the Board, the Committee may take independent advice on matters falling within the scope of the Committee's mandate, at the expense of the Company.

3.5 Reporting

The Committee shall report to the Board at the first Board meeting of each financial year and after every meeting of the Committee, or as otherwise directed by the Board on reasonable notice.

3.6 Approval of the Terms of Reference

These Terms of Reference was approved by the Board on 29.11.2019 and will be due for review by 31.12.2020.