



CORPORATE GOVERNANCE COMMITTEE

Lavastone Ltd

Terms of Reference

Of

Corporate Governance Committee

CORPORATE GOVERNANCE COMMITTEE

1 Preamble

1.1 The Corporate Governance Committee ('CGC' or the 'Committee') has been set up by the board of directors of Lavastone Ltd ('Lavastone') to assist it and its subsidiaries (collectively referred to as "Lavastone Properties") in discharging its duties under the Code of Corporate Governance for Mauritius 2016 (the 'Code').

2 Constitution

2.1 In its capacity as Corporate Governance Committee:

- 2.1.1 to make recommendations to the board on all corporate governance provisions to be adopted so that the board remains effective and complies with prevailing corporate principles and practices;
- 2.1.2 to ensure that the disclosure requirements with regard to corporate governance, whether in the annual report or other reports on an ongoing basis, are in accordance with the principles of the applicable Code of Corporate Governance and
- 2.1.3 shall perform the functions set out at Appendix 1 of this Terms of Reference.

2.2 In its capacity as Nomination Committee:

- 2.2.1 to make recommendations to the board on all new board appointments;
- 2.2.2 to review through a formal process the balance and effectiveness of the board, identifying the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner; and
- 2.2.3 shall perform the functions set out at Appendix 2 of this Terms of Reference

2.3 In its capacity as Remuneration Committee:

- 2.3.1 to develop a policy on executive remuneration and for fixing the remuneration and benefit packages of individual directors, within agreed terms of reference, to avoid potential conflicts of interest;
- 2.3.2 in relation to remuneration of non-executives, for reason of self-interest, to make recommendations to the full board;
- 2.3.3 to review and recommend to the Board the Remuneration policy; and
- 2.3.4 shall perform the functions set out at Appendix 3 of this Terms of Reference

3 Membership

3.1 The CGC shall be composed of:

3.1.1 3 directors of Lavastone; and

3.1.2 the Managing Director of Lavastone.

3.2 As far as possible the CGC shall be composed of a majority of non-executive directors at least two of which shall be independent non-executive directors.

3.3 The members of the Committee shall elect a chairman from amongst the 3 non-executive directors appointed to the Committee.

3.4 The members of the CGC shall be assisted by a Secretary.

4 Committee administration

4.1 Meetings of the CGC will be held as and when the Committee deems appropriate. However, the Committee will aim to meet at least twice each financial year.

4.2 The chairman of the CGC or any of its member may call a meeting at any other time.

4.3 The notice of each meeting of the CGC confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee **not less than five working days** prior to the date of the meeting.

4.4 The quorum for decisions of the CGC shall be any three members present.

4.5 The Secretary shall take minutes of meetings.

4.6 The minutes of meetings of the CGC shall be kept under lock. The minutes shall be read and approved by the members of the Committee at a subsequent meeting of the Committee. The minutes shall be available to Chairman of the Board and a 'redacted' (summarised) version of such minutes shall be available to any other members of the Board on request.

5 Remuneration

5.1 Members of the CGC may be paid a special remuneration in respect of their appointment. Such remuneration shall be fixed by the Board.

6 General

6.1 The CGC, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

Appendix 1 –Corporate Governance Functions

- 1 The CGC shall:
 - 1.1 advise the Board on all aspects of corporate governance affecting Lavastone Properties and recommend the adoption of best practices as appropriate;
 - 1.2 make recommendations to the Board on the integration of environmental, social and governance (ESG) considerations to Lavastone Properties investment processes;
 - 1.3 determine, agree and develop the general policy of Lavastone Properties Group on corporate governance in accordance with the applicable Code of Corporate Governance;
 - 1.4 recommend to the Board any closed periods during which the directors, and any other persons within Lavastone Properties who are privy to price sensitive information, shall not be permitted to trade in shares or securities of Lavastone;
 - 1.5 ensure that disclosures are made in compliance with the disclosure provisions in the Code;
 - 1.6 report any breach of the Code to the Board;
 - 1.7 review any statements on ethical standards or requirements for Lavastone Properties and assist in developing such standards and requirements;
 - 1.8 give recommendations on situations involving any breach of the code of ethics by the officers of Lavastone Properties;
 - 1.9 propose and review the Corporate Social Responsibility plan (including the budgets) of Lavastone Properties annually;
 - 1.10 take note on a quarterly basis of the donations made on behalf of Lavastone Properties; and
 - 1.11 make recommendations for approval on any amendment to be brought to these terms of reference to the Board.

Appendix 2 –Nomination Functions

- 1 The CGC shall:
 - 1.1 make recommendations to the Board on the appointment of new executive and non-executive directors, including recommendations on composition of the Board in general regarding the balance between executive and non-executive directors appointed to the Board;
 - 1.2 review Board structure, size and composition and make recommendations to the Board where necessary with regard to any adjustments deemed necessary;
 - 1.3 identify and nominate candidates for approval by the Board, to fill up Board vacancies as and when they arise, as well as to put in place plans for succession, in particular for the MD of Lavastone;
 - 1.4 ensure that the MD of Lavastone has put in place plans for succession of his direct reports;
 - 1.5 recommend to the Board for continuation (or not) in service of any director who has reached the age of 70;
 - 1.6 recommend directors who are retiring by rotation, for re-election;
 - 1.7 identify and nominate any proposed independent director for appointment on any subsidiary for approval by the relevant board as and when such vacancies arise;
 - 1.8 validate any proposed appointments at managing director (or equivalent) level as well as that of the Chief Finance Officer of Lavastone Properties; and
 - 1.9 make recommendations for approval on any amendment to be brought to these terms of reference to the Board.

1 Appendix 3 –Remuneration Functions

The CGC shall:

1.1 determine the level of non-executive and independent directors' fees and recommend same for approval to the Board;

1.2 review and recommend to the Board the remuneration policy of Lavastone Properties;

1.3 review and approve specific remuneration packages for new hires to Lavastone Properties whose total cost-to-company' ('CTC') package exceeds MUR5.0M;

1.4 determine any criteria necessary to measure the performance of the Board collectively or the directors individually, in discharging their functions and responsibilities; and

1.5 make recommendations for any amendments to be brought to these terms of reference for Board approval.

2 In conjunction with the Chairman of Lavastone:

2.1 to review and approve the annual variable Bonus pot and annual salary increment pot;

2.2 to review and approve the variable awards of Executives (with the exception of Executive Directors) whose total CTC package exceeds MUR5.0M;

2.3 to review and approve the annual salary increments and variable awards of the Executive Directors; and

2.4 to review and approve the service agreements of the Executive Directors.

REVIEWED BY LAVASTONE CGC ON 31 JANUARY 2019

ADOPTED BY LAVASTONE BOARD OF DIRECTORS ON 08 FEBRUARY 2019