

# MAINLAND

**Mainland Real Estate Ltd  
Draft Terms of Reference – Corporate Governance Committee Charter  
June 2017**

## **1 INTRODUCTION**

The Corporate Governance Committee (“the Committee”) is constituted as a statutory Committee of the Board of directors of Mainland Real Estate Ltd (“the Company”) and a Committee of the Board in respect of other duties assigned to it by the Board.

The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board.

The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.

## **2 PURPOSE OF THE TERMS OF REFERENCE**

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

## **3 COMMITTEE COMPOSITION**

- 3.1 The Committee shall comprise of not less than three members appointed by the Board (“Committee members”), comprising suitably skilled and experienced executive and non-executive directors. The Committee should be comprised of a majority of non-executive directors.
- 3.2 The Chairperson of the Committee should not normally be the Chairperson of the Board.
- 3.3 The Chairperson of the Committee shall be appointed by the Board and the other members of the Committee shall be appointed by the Board in consultation with the Chairperson.
- 3.4 The Committee members shall be appointed for at least a two year term of office at a time.
- 3.5 The members of the Committee as a whole must collectively have sufficient qualifications and experience to fulfill their duties, and must keep up-to-date with developments affecting the required skill-set.
- 3.6 The Board must fill vacancies on the Committee within 40 business days after the vacancy arises.
- 3.7 The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created by such removal.

## **4 COMMITTEE ROLE AND DUTIES**

- 4.1 The Committee has an independent role with accountability to both the Board and shareholders.

- 4.2 The Committee is empowered and required to carry out the duties set out in the Committee Responsibilities below.
- 4.3 In addition to chairing meetings of the Committee, the Committee's Chairperson shall consult and maintain a dialogue with key individuals whose roles relate to the Committee's interests, including the Chairperson of the Board, the Chief Executive Officer and the Chief Financial Officer.
- 4.4 The Committee's Chairperson shall endeavor to make himself available to report to shareholders and respond to their questions at meetings of the Company's members.
- 4.5 The Committee's Chairperson, in liaison with the Company Secretary, shall ensure that appropriate and timely induction is provided to new members and on a continuing basis for all members.
- 4.6 The role of the Committee is to assist the Board to ensure that:
- the Company remunerates directors (including fees payable to non-executive directors) and executives fairly and responsibly;
  - the disclosure of directors' remuneration is accurate, complete and transparent; and
  - the Company's overall remuneration philosophy promotes the achievement of the Company's strategic objectives, encourage individual performance and reward sustainable value creation;
  - the Board has the appropriate composition for it to execute its duties effectively;
  - directors are appointed through a formal process;
  - induction and ongoing training and development of directors take place; and
  - formal succession plans for the members of the Board, Chief Executive Officer and senior management appointments are in place.
- 4.7 The Committee should ensure that an evaluation of the Board and of each individual director take place on an annual basis and that appropriate corrective action is taken.
- 4.8 The Committee has an independent role with accountability to both the Board and shareholders.
- 4.9 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

## 5 COMMITTEE RESPONSIBILITIES

The Committee has the following specific responsibilities:

- 5.1 Formulate and recommend to the Board for approval a set of best practice corporate governance principles supporting the Company's strategic priorities, in accordance with the applicable Code of Corporate Governance;
- 5.2 Monitor the Company's compliance with its adopted corporate governance principles;
- 5.3 Review the Company's compliance with all relevant legal and regulatory requirements within the jurisdictions in which the Company operates;
- 5.4 Monitor potential changes in such legal and regulatory requirements to ensure that the Company is in a position to respond appropriately to their introduction;
- 5.5 Ensure the Company has in place adequate processes for reporting and responding to any material regulatory breaches and the findings of regulatory agencies;
- 5.6 Keep under review the Company's conduct and reputational risk profile, ensuring that the Company's executives place appropriate emphasis on the Company's reputation as part of the key decision making process;

- 5.7 Ensure that the Company has in place an adequate code of ethics and conduct regulating its dealings with investors, clients, advisers, employees and the public generally, monitoring the effectiveness of the code on an ongoing basis;
- 5.8 Report formally to the Board on its proceedings and make recommendations to the Board on any area within its remit;
- 5.9 Produce a statement on the Company's governance framework and its performance in relation to it for inclusion in the Company's annual report;
- 5.10 At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 5.11 Liaise with the Board in relation to the preparation of the Committee's report to shareholders as required and to consider each year (and minute its conclusions) whether the circumstances are such that the shareholders at the Annual General Meeting of the Company should be invited to approve the remuneration policy set out in the Committee's report.

## **6 COMMITTEE AUTHORITY**

- 6.1 The Committee acts in accordance with its statutory duties and in terms of reference of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.
- 6.2 The Committee, in the fulfilment of its duties, may call upon the chairmen 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.
- 6.3 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.4 The Committee may form, and delegate authority to, sub-Committees and may delegate authority to one or more members of the Committee. The Committee shall not be discharged from its responsibilities under this Charter upon any such delegation.
- 6.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to a board approved process.
- 6.6 The Committee makes recommendations to the board that it deems appropriate on any area within the ambit of its charter where action or improvement is required.

## **7 COMMITTEE MEETINGS AND PROCEEDINGS**

- 7.1 Only the members of the Committee shall have the right to attend its meetings. The Committee may, subject to these terms of reference and with the assistance of the Company Secretary, regulate its own proceedings.
- 7.2 The Committee may invite the Company's executives to attend its meetings, in whole or in part, as it considers appropriate.
- 7.3 In the absence of the Committee's Chairperson at a meeting, the remaining members shall elect one of their number to chair the meeting.
- 7.4 The Company Secretary shall act as secretary of the Committee and shall work in liaison with the Chairperson to ensure that the Committee has an appropriate schedule of meetings and receives relevant papers and information electronically in sufficient time to enable full consideration of relevant matters.
- 7.5 The Committee shall meet as often as necessary to carry out its duties and shall meet at least twice annually, to coincide with relevant points in the Company's planning cycle, when the

principle business of the meeting shall be to review the Company's corporate governance policy.

- 7.6 Meetings of the Committee shall be convened by the Company Secretary at the request of any of its members, in consultation with the Chairperson.
- 7.7 The Committee is authorised: (i) to seek any information it requires from any employee/director of the Company in order to perform its duties; (ii) to obtain, at the Company's expense, external legal or other professional advice on any matter within its terms of reference where required; and (iii) to request the attendance of any employee at a meeting of the Committee as and when required.
- 7.8 Unless otherwise agreed, notices of meetings of the Committee shall contain the date, time and venue of the meeting, together with a description of the items of business for consideration. Notices and supporting documents shall be forwarded to each member of the Committee and to others invited to attend, by such methods as individuals have specified, at least 5 working days prior to the meeting.
- 7.9 The Secretary shall provide appropriate minutes of the Committee's proceedings and shall circulate the draft minutes to members timeously following each meeting. Approved minutes shall be provided to the other members of the Board.

## **8 COMMITTEE QUORUM**

- 8.1 The quorum for the transaction of business at the Committee's meetings shall be two members, of whom at least one should be a non-executive member and where possible independent.
- 8.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

## **9 COMMITTEE EVALUATION**

The Board, with the assistance of the Company Secretary, must perform an evaluation of the effectiveness of the Committee and of its members annually.

## **10. REMUNERATION**

Having regard for the functions performed by the members of the Committee in addition to their functions as directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the board by the Constitution of the Company, members of the Committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board.

## **11 RESOLUTIONS IN LIEU OF MEETING**

A resolution in writing, signed by the committee members, shall be valid as if it has been passed at a meeting of the Corporate Governance committee, where the resolution is signed by all the committee members.

**12 CHARTER APPROVAL**

This charter was approved by the Board and the Committee and will be reviewed from time to time.



Chairperson of the Committee



Chairperson of the Board