
NOMINATIONS COMMITTEE (NOMCO) TERMS OF REFERENCE

Index

- 1. INTRODUCTION**
- 2. PURPOSE OF TERMS OF REFERENCE**
- 3. AUTHORITY**
- 4. COMPOSITION OF THE COMMITTEE & APPOINTMENT**
 - 4.1 Members**
 - 4.2 Chair**
 - 4.3 Attendance**
 - 4.4 Secretary**
- 5. QUORUM FOR MEETINGS**
- 6. ROLE OF THE COMMITTEE**
- 7. RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE**
- 8. MEETING & PROCEDURE**
 - 8.1 Frequency and Attendance**
 - 8.2 Agenda and Minutes**
- 9. ROUND ROBIN DECISIONS**
- 10. REPORTING TO THE BOARD**
- 11. EVALUATION OF THE EFFECTIVENESS OF THE COMMITTEE**
- 12. GENERAL**
- 13. APPROVAL OF THE TERMS OF REFERENCE**

1. INTRODUCTION

- 1.1 The Board of Directors has established the Nominations Committee (NOMCO and or the Committee) to support it in the execution of its duties with respect to the nomination of directors for the Development Bank of Southern Africa (DBSA)'s Board, directors' affairs and governance-related matters. The Board of Directors is the focal point of the corporate governance system in the DBSA. It is ultimately accountable and responsible for the performance, affairs and behavior of the Bank. It, therefore, has the responsibility to ensure that there are adequate processes, policies systems and procedures to ensure sound corporate governance.
- 1.2 The NOMCO is a subcommittee of the Board of Directors and is hereby constituted pursuant to the provision of section 10 of the DBSA Act (No 13 of 1997) as read with the Regulations issued in terms of the Act. The Committee is accountable to the full Board of Directors to properly consider and evaluate any matter that it has been mandated to deal with.

2. PURPOSE OF TERMS OF REFERENCE

- 2.1 These terms of reference set out the authority and specific responsibilities of the NOMCO and detail the manner in which the NOMCO will operate.

3. AUTHORITY

- 3.1 The Board delegates such authority to the Committee, in light of its responsibilities and functions, set out herein under, to recommend the nomination of directors for the DBSA's Board, directors' affairs and governance-related matters to nominations of directors and directors affairs.
- 3.2 The Committee and its individual members shall have access to all information required to execute their responsibilities.

4. COMPOSITION OF THE COMMITTEE AND APPOINTMENT

4.1 Members

- 4.1.1 The Board shall appoint the members of the NOMCO consisting of only independent non-executive directors. The NOMCO shall comprise of three members, i.e. Chairman of the Board, Deputy Chairman of the Board and Chairman of the Human Resource Committee. The Board shall, from time to time, review and revise (when appropriate) the composition of the Committee.
- 4.1.2 The Committee members are required to keep up to date with developments impacting their relevant skillset as well as the subject areas relevant to the required skill set needed on the Committee.

4.2 Chair

The Chairman of the Board of Directors will be appointed as the Chairman of the Committee. In the event that the Chairman is not present at a meeting, the NOMCO shall elect an acting chairman.

4.3 Attendance

The Chief Executive Officer (CEO) may on invitation attend meetings of the Committee unless otherwise determined by the Chairperson of the Committee and may not vote.

4.4 Secretary

The DBSA Corporate Secretary shall serve as the secretary to the NOMCO.

5 QUORUM FOR MEETINGS

5.1 The quorum for the meeting shall be a simple majority of members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.2 The Chairperson shall seek consensus in the Committee and may, where necessary, call for a vote. In the event of a matter being called for a vote, the voting threshold shall be a two-thirds majority.

6. ROLE OF THE COMMITTEE

6.1 The primary function of the Committee shall be to ensure that:

6.1.1 The Board has the appropriate composition for it to execute its duties effectively.

6.1.2 The non-executive and executive directors (CEO and Chief Financial Officer (CFO)) are appointed/re-appointed including the cession of services.

6.1.3 The appointment of the company secretary.

6.1.4 The formal succession plans for the Board and executive directors' appointments are in place.

6.1.5 The continuous training and development of directors take place.

6.1.6 The directors' affairs are attended to.

7. RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE

The Committee must perform all the functions necessary to fulfill its role as stated above as follows:

7.1 Nomination

- 7.1.1 Ensure the establishment of a process for the appointment of directors which will ensure: -
 - 7.1.1.1 Identification of suitable members of the Board.
 - 7.1.1.2 Performance of reference and background checks of candidates including fit and proper assessment and conflicts of interest in line with the Board of Directors Conflict of Interest and Politically Exposed Person policies.
 - 7.1.1.3 Confirmation from candidates of any other professional/directorships held and considering whether they have sufficient time available to fulfill the responsibilities required by the Board.
- 7.1.2 Consider and recommend to Board potential candidates for membership into the DBSA Board for the Minister of Finance (Shareholder) consideration and approval in line with the Board requirements and DBSA Act.
- 7.1.3 Consider and recommend the re-appointment of non-executive directors whose terms are coming to an end, based on the members' performance, attendance, conduct and Board requirements for the Shareholder consideration and approval.
- 7.1.4 Consider and recommend to the Board targets in respect of gender and race representation needed on the Board.
- 7.1.4 Formalising the appointment and re-appointment of directors through an agreement between the Company and the director.
- 7.1.5 Consider and recommend to the Board steps to remove directors due to non-performance and ill-discipline/misconduct.
- 7.1.6 Consider and recommend Board Committee members to the Board for approval.
- 7.1.7 Recommend to the Board a replacement/successor for the chief executive officer as and when necessary to be put forward for the Shareholder's consideration and approval.
- 7.1.8 Consider and recommend to the Board a replacement for the CFO and Company Secretary when it becomes necessary.

7.2 Directors Affairs

- 7.2.1 Ensure that directors receive regular briefings on changes in risks, laws and the environment in which the Company operates.
- 7.2.2 Oversee the development and implementation of continuing development programs for directors in relation to the requirements of the Bank.
- 7.2.3 Ensure that formal succession plans for the non-executive directors and executive directors' appointments are developed and implemented entailing:
 - 7.2.3.1 A review of the performance of and planning for successors to the executive and non-executive directors.
 - 7.2.3.2 Measures to ensure Board continuity.
 - 7.2.3.3 A regular review of the composition of skills, experience, fit for purpose and other qualities including the conduct of directors required for the effectiveness of the Board Committees and Board and report thereon to the Board;

7.3 Governance

- 7.3.1 Assist the Board in its determination and evaluation of the adequacy, efficiency and appropriateness of the governance structure and practices of the Bank by:
 - 7.3.1.1 Ensuring regular review of the Board and Board Committee composition of skills, experience and other qualities including the conduct of directors required for the effectiveness of the Board Committees and Board and making recommendations to the Board on the results of this review.
 - 7.3.1.2 Overseeing independent assessment of the Board including assessment of Board chairman and individual members, Board Committees and governance of the institution after every two years coordinated by the Chairman of the Board assisted by the company secretary and making recommendations to the Board based on the results of the assessment.
 - 7.3.1.3 Ensuring that key performance measures of the Chief Executive Officer are agreed to and that the CEO performance is assessed every year.

7.4 Remuneration

Advise the Board on the remuneration of the Chairman and non-executive directors for consideration and approval by the Shareholder. -

8 MEETING PROCEDURE

8.1 Frequency and Attendance

- 8.1.1 The Committee shall meet at least two times a year. The Committee may meet more frequently as determined by the Chairman in line with the requirements and availability of the business of the Committee.
- 8.1.2 Special meetings of the Committee shall be arranged by consultation between the Chairperson and the Corporate Secretary.
- 8.1.3 Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters. Except under exceptional circumstances and or emergencies, members who are unable to attend shall advise the Corporate Secretary, at least 48 hours prior to the meeting, in writing, of their inability to attend such meetings.
- 8.1.4 Committee members may attend meetings in person or via electronic means.
- 8.1.5 If the Chairman of the Committee is absent from a meeting, the members present shall elect a member amongst them to act as Chairperson for that meeting.
- 8.1.6 A schedule of meetings approved by the Board will be issued to all members of the Committee at the beginning of the year.
- 8.1.7 A record shall be kept of meeting attendance by members of the Committee.

8.2 Agenda and Minutes

- 8.2.1 The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agenda of the meetings planned for the year.
- 8.2.2 The annual plan must ensure proper coverage of the matters laid out in these terms of reference: 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 three-year period.
- 8.2.3 A detailed agenda together with supporting documentation must be circulated, at least five days prior to each meeting to the members of the Board and other invitees.
- 8.2.4 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 8.2.5 The minutes must be completed within five days after the meeting and circulated to the Chairman and members of the Committee for review thereof.

- 8.2.6 The minutes must be formally approved by the Committee at its next scheduled meeting.
- 8.2.7 Discussions and records shall remain confidential unless a specific directive is received subject to a Board-approved process being followed.

9 ROUND ROBIN DECISIONS

- 9.1 Decisions of the Committee shall be taken by the committee at a sitting, via a teleconference, or any other acceptable form of digital presence. However, in exceptional circumstances, a decision of the committee may need to be taken and or refined and signed off outside the scheduled meeting, in those instances that decision can be signed off by way of round-robin.
- 9.2 All such decisions shall require approval/support from a majority of the NOMCO members provided that each member has received notice of the matter to be decided. Decisions should be subject to ratification at the subsequent meeting of the NOMCO.

10 REPORTING TO THE BOARD

- 10.1 The Chairperson of the Committee shall report to the Board on all matters dealt with by the Committee by providing a report back to the Board at the Board meeting following the Committee meeting.
- 10.2 Draft minutes of the Committee meetings and the resolutions thereof shall serve at the subsequent meeting of the Board for notification and approval respectively.

11. EVALUATION OF THE EFFECTIVENESS OF THE COMMITTEE

The effectiveness evaluation of the Board Committees is the responsibility of the Board of Directors and will be conducted after every two years.

12. GENERAL


The Committee shall on an annual basis review the provisions of the Committee's terms of reference herein to align with the legal and business environment, the mandate of the Bank and overall responsibilities of the Committee as dictated by the Board from time to time.

13. APPROVAL OF THE TERMS OF REFERENCE

These terms of reference of the Committee as set out above were approved by the Board on:

CHAIRMAN OF THE COMMITTEE

DATE:



DATE: 26 March 2021

**Mr. ENOCH GODONGWANA
CHAIRMAN OF THE BOARD**