

THE UNION SUGAR ESTATES COMPANY LIMITED

CORPORATE GOVERNANCE COMMITTEE

TERMS OF REFERENCE

The Corporate Governance Committee (CGC) is established to ensure that the reporting requirements of The Union Sugar Estates Company Limited ('USE') on corporate governance are in accordance with the principles of the applicable Code of Corporate Governance.

The Corporate Governance Committee will also act as Nomination Committee, as Remuneration Committee and as Ethics Committee, as and when required.

The Corporate Governance Committee will make recommendations to the Board of Directors of USE on:

- all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles;
- all the essential components of the remuneration of the Chairman of the Board and the Executive Directors;
- preparing the Corporate Governance Report to be published in the Annual Report and ensuring that the reporting requirements with regard to corporate governance be complied to;
- all new Board nominations; and
- all senior executive nominations shall be done in consultation with the Committee Members.

These Terms of Reference may be amended, subject to the approval of the Board of USE

1. Membership

1.1 The Corporate Governance Committee (the 'CGC' or 'Committee') shall comprise at least three (3) Directors. The Chairman of USE shall not sit on the CGC.

1.2 The Chief Executive Officer (the 'CEO') and / or the Manager, may not be a member of the Committee.

1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as members of the management group and external advisers may be invited to attend for all or part of any meeting, as such and when appropriate and necessary.

1.4 Members shall be appointed for a five (5) year term of office and, eventual appointment shall be decided by the Board of USE

1.5 In absence of the Committee Chairman, the remaining members present shall elect one (1) of themselves from those who qualify under these terms of reference to chair the meeting.

2. Secretary

2.1 The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee. The Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

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2.2 The Company Secretary shall communicate to the Board of USE the “*closed periods*” during which the Directors and other officers of USE, who may be party to price sensitive information, should refrain from trading in shares and securities of both companies.

3. Quorum

3.1 The quorum for any Committee meeting shall be a majority of the members.

4. Frequency of Meetings

4.1 Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee shall meet at least once each year.

4.2 The Committee may decide, where appropriate, to meet separately with the other Directors of USE. The Committee Chairman, at his/her discretion, may invite other executives of USE to attend and to be heard at meetings of the Committee.

5. Notice of Meetings

5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Committee Chairman or any member of the Committee.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting documents shall be forwarded to each member of the Committee and any other person required to attend no later than five (5) calendar days before the date of the meeting.

6. Minutes of Meetings

6.1 The Secretary shall minute the proceedings and decisions of all Committee meetings, including the names of those present and in attendance.

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- 6.2** The minutes shall be reviewed and approved by the members of the Committee and once approved, the Chairman of the Committee shall report to the Board of Directors.
- 6.3** The agenda for Board meeting shall provide an opportunity for the Chairman of the Committee to report orally on any matter of importance as well as on the Committee's findings and shall recommend actions.

7. Annual General Meeting

- 7.1** The Committee Chairman should use his/her best endeavours to attend the Annual General Meetings of USE to answer any Shareholders' questions on the Committee's activities.

8. Responsibilities of the Committee

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

- 8.1** Determine, agree and develop USE's policy on corporate governance in accordance with the principles of the applicable Code of Corporate Governance;
- 8.2** Advise and make recommendations to the Boards of USE, on all aspects of corporate governance provisions which should be followed by the company, so that the said Board remain effective while complying with sound and recommended corporate practices and principles;
- 8.3** Prepare the Corporate Governance Report to be published in the Annual Reports of USE;
- 8.4** Review the results of the Board performance evaluation process that relate to the composition of the Board of USE; and
- 8.5** Review regularly the attention given by each Board member to the matters of the Board of USE.

In its role as Nomination Committee, the Committee shall:

- 8.6** Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board of USE and make recommendations to the said Board with regards to any changes;

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- 8.7** Give full consideration to succession planning for Directors and other senior executives in the course of work, taking into account the challenges and opportunities facing USE, and the skills and expertise needed on the Board in the future;
- 8.8** Keep under review the leadership needs of USE;
- 8.9** Identify suitable candidates for the role of Independent Director;
- 8.10** Regularly review the membership of the Audit & Risk Committee;
- 8.11** Recommend to the Shareholders of USE on the election of a Director who has been appointed by the Board of Directors of USE to fill a casual vacancy;
- 8.12** Recommend to the Shareholders of USE on the re-election of the members of the Board of Directors, through resolutions, having due regard to their performance and ability to continue to contribute to Board in the light of the knowledge, skills and experience required;
- 8.13** Make recommendations to the Board of USE concerning any matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of USE, subject to the provision of the law and their service contract;
- 8.14** Be responsible for identifying and nominating, for the approval of the respective Board, candidates to fill Board vacancies as and when they arise;
- 8.15** Before any appointment is made by the Board of USE, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- In identifying suitable candidates, the Committee shall:
- 8.15.1** Consider candidates from a wide range of backgrounds; and
- 8.15.2** Consider candidates on merit with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
- 8.16** For the appointment of a Chairman of the Board, prepare a job specification, including time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the respective Board as they arise;
- 8.17** Prior to the appointment of a Director, request from the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interest that could result in a conflict of interest; and

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- 8.18** Ensure that on appointment to the Board of USE Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of commitment, Committee service and involvement outside Board meetings.

In its role as Remuneration Committee, the Committee shall:

- 8.19** Review and advise on the remuneration policy of all Directors and Senior management generally of USE. No Director or Senior management shall be involved in any decisions as to their own remuneration;
- 8.20** Review the on-going appropriateness and relevance of the remuneration policy;
- 8.21** Obtain reliable and recent information about remuneration in other companies in the industry sector and of comparable scale and complexity;
- 8.22** Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of USE but within any budgetary restraints imposed by the Board;
- 8.23** Be fully responsible for the establishment of the selection criteria, selecting, appointing and setting the Terms of Reference for any remuneration consultants who advise the Committee; and
- 8.24** Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.

In its role as Ethics Committee, the Committee shall:

- 8.25** Be responsible for monitoring the ethical conduct of the executives, senior officials and staff of USE;
- 8.26** Review regularly the Group Code of Ethics and assist in developing and implementing such code. The Committee should also ensure that USE promote best practices in terms of ethics and it should ensure that both companies' values and rules of good conduct are respected;
- 8.27** Identify any violations of ethical conduct;
- 8.28** Make recommendations on any potential conflict of interest or questionable situation of a material nature.

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9. Compliance, Whistleblowing and Fraud

The Committee shall:

- 9.1** Review the adequacy and security of USE's arrangements for their employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;
- 9.2** Review the procedures of USE for detecting fraud;
- 9.3** Review the systems and controls of USE for the prevention of bribery and receive reports on non-compliance;
- 9.4** Review significant transactions not directly related to USE's normal business as the Committee might deem appropriate; and
- 9.5** Review significant cases of senior management conflicts of interest, misconduct or fraud, or any other unethical activity by senior management or USE.

10. Compliance with Laws and Regulations

The Committee shall:

- 10.1** Give due consideration to laws and regulations, USE's Constitutions, the Code of Corporate Governance, the Stock Exchange of Mauritius Rules and other applicable rules, as appropriate;
- 10.2** Obtain regular updates from management and USE's legal counsel regarding compliance matters;
- 10.3** Be satisfied that all regulatory compliance matters have been considered in the preparation of the Financial Statements of USE; and
- 10.4** Review the findings of any examinations by regulatory agencies.

11. Reporting Responsibilities

- 11.1** The Committee Chairman shall report on the Board of USE on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2** The Committee shall make whatever recommendations it deems appropriate to the Board of USE on any area within its remit where actions or improvements are needed.

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12. Remuneration

- 12.1 Having regard to the functions performed by the members of the Committee, in addition to their functions as Directors, the Committee members may be paid such remuneration as shall be fixed by the Board. Such remuneration shall be in addition to the annual fees payable to Directors.
- 12.2 The Chairman of the Committee may, in addition to his remuneration as member, receive a further sum as shall be determined by the Board.

13. Other Matters

The Committee shall:

- 13.1 Be authorised by the Board of USE to investigate any activity within its Terms of Reference;
- 13.2 Seek any information it requires from any employee of USE, in line with the company's procedures, in order to perform its duties;
- 13.3 Obtain, at USE expense, independent legal, accounting or other professional advice on any matter it believes necessary to do so;
- 13.4 Have access to sufficient resources in order to carry out its duties, including access to USE secretariat for assistance as required;
- 13.5 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;
- 13.6 Give due consideration to laws and regulations, the principle of the Corporate Governance Code and any other applicable rules, as appropriate;
- 13.7 Arrange for periodic reviews of its own performance and at least annually, review its Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 13.8 Call any employee to be questioned at a meeting of the Committee as and when required; and
- 13.9 Have the right to dissent with the views of the Board of USE and its views shall be recorded in the minutes of proceedings.

Approved by the Board of Directors on