

# BOARD COMMITTEES



## King III: Composition and Functions



### Remuneration Committee



#### Functions

Assist board in setting remuneration policies and administering them

The remuneration policy deals with the way that directors earnings are structured and sets out:

- Salaries
- Bonus structures
- Share options etc

Structured with a view to attracting and retaining skilled directors, while maintaining financial stability for the company

#### Meetings

Not specified in King III

If remuneration policy is still considered to be appropriate, there is no need to meet and revise it.

#### Composition

Chairman: Independent non-executive director

Deals with directors salaries, thus, shouldn't be earning a salary

Membership: Majority non-executive directors, of which majority are independent

Majority of the decision-making should come from directors not earning a salary, as there's a risk of exploitation

### Nomination Committee

#### Functions

Assist board in identifying suitable board members

Skills, experience and relevant expertise are vital, but someone has to find them

They don't appoint directors, merely present them as options to the board. They do not have the power to appoint them

#### Meetings

Not specified in King III

The board doesn't necessarily need new directors every month, year etc, thus this committee will meet as and when new directors need to be sourced

#### Composition

Chairman: Independent, non-executive director

To prevent directors from nominating themselves, or protecting their underperforming colleagues, the committee should be chaired by someone with no bias

Membership: Majority non-executive, of which majority independent

As above, this will prevent underperforming directors from being nominated

### Risk Committee

#### Functions

Plan and monitor risk management process

Ensure that the process of assessing risks for the company will identify and address relevant risks

They don't necessarily assess the risks themselves, just ensure that management has a policy and process to assess risks, and monitor whether management are actually assessing and addressing risks

#### Meetings

Meet at least twice a year

It's easy to 'forget' risk assessment when running the company on a daily basis. This forces the consideration of risk more than once a year

#### Composition

Chairman: Independent, non-executive director

Company needs an unbiased chair to guide the risk process and ensure directors are prioritising it

Membership: Executive and non-executive. Minimum of three.

Executives are needed since they know the business and risks better than non-executive or independent directors