



# **SUN Limited**

## **Terms of Reference of the Investment Committee**

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## Glossary

Sun Limited	SUN or the Company
Board of Directors of SUN	Board
Investment Committee of SUN	Committee

## 1. Membership

- 1.1 The Committee shall comprise of at least 3 directors appointed by the Board.
- 1.2 The Board shall appoint the chairman of the Committee.
- 1.3 The Committee shall be composed of a majority of non-executive directors.
- 1.4 The chairman of the Board shall not be the chairman of the Committee.

## 2. Secretary

CIEL Corporate Services Ltd shall act as the company secretary of the Committee and will ensure that the members receive information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## 3. Quorum

The quorum necessary for the transaction of business shall be two members.

## 4. Meetings

- 4.1 The Committee shall meet as and when required.
- 4.2 Meetings shall be called by the company secretary at the request of the chairman of the Committee.
- 4.3 The notice of each meeting, 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 Committee may invite the Chief Executive Officer and other executives of SUN to attend and participate at Committee meetings.
- 4.5 The company secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 4.6 Approved minutes may be circulated to all other members of the Board, unless it is of the opinion of the Committee that it would be inappropriate to do so.

## 5. Duties and Responsibilities

### 5.1 Investment Strategy Framework

The Committee has been established to monitor the key objectives for the enterprise and ensure that its investment and development strategies meet these objectives.

The role of the Committee shall be mainly to recommend to the Board strategies to be adopted and to reflect on investments/divestments prior to making recommendations to the Board.

This Committee seeks to:

- ❖ Ensure that effective and regular access exists for the debate of the Company's/Group's investment strategy options and changes thereto.
- ❖ Understand and assess potential investment and divestment opportunities available to the Company/Group.
- ❖ Understand and match the Company's/Group's investment strategy options with its financing and treasury strategies.
- ❖ Be a forum to debate deal flow opportunities.

The Committee will develop and evolve an analysis and reporting format to cover the consideration of the above.

### 5.2 Investments and Disinvestments

Having regard to the Company's/Group's overall investment strategy framework and objectives, the Committee will discuss and recommend to the Board all strategic investments or divestments to be made by the Company/Group.

The Committee shall have a two steps discussion process for any investment or divestment decision:

#### ❖ Preliminary Recommendation

Management will present an initial document (2-4 pages maximum) that shall provide the important investment considerations motivating the desired course of action and include general information on the target, the promoter and the key terms of the transaction.

The Committee will then provide a recommendation on the interest to carry on analysis, including due diligence work (legal, financial, commercial, technical, environmental and social), subject to the maximum agreed costs.

Management will consult the Committee as and when necessary and keep the members informed of discussions being held as regards investments/divestments, before a final recommendation is proposed to the Committee for approval.

❖ **Final Recommendation**

Management will present an investment memorandum (“the Investment Memorandum”) to the Committee once it has completed all negotiations with the promoter and all the necessary due diligences and drafting of legal documents have been completed.

The Investment Memorandum will cover the key investment considerations and include a full description of the business, profile of promoters and partners, business plans and its future cash flows, debate and analysis of the estimated and planned investment returns including the immediate and longer terms plans for the targeted business, the terms and costs of the transaction, and its environmental and associated risks.

The Committee will provide its recommendation to the Board subject to normal reservations including satisfactory sign off by the Board and management of the due diligence and additional issues raised by the due diligence.

The Committee shall ensure that the principles set out in CIEL Limited’s responsible investment policy (as enclosed in Appendix B), to which SUN has adhered to at a Board Meeting held on 14 February 2018, be followed while considering investment opportunities, particularly regarding the environmental & social impact assessment of such investments.

❖ **Performance**

The Committee will, after two years of making an investment or commitment of USD 3M and above, review its performance.

## **6. Reporting Responsibility**

- 6.1 The chairman of the Committee shall report to the Board on the proceedings of each Committee meeting.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## 7. Remuneration

- 7.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, members may be paid such remuneration, as shall be fixed by the Board.
- 7.2 Such remuneration, which shall be in addition to their fees payable as directors.

## 8. Other Matters

The Committee shall:

- 8.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties.
- 8.2 Be provided with appropriate and timely training, both in form of an induction programme for new members and on an on-going basis for all members.
- 8.3 Give due consideration to laws, regulations and any published guidelines or recommendations that will impact on the activities of the Committee.

Appendix A:

Composition of the Committee

- Pierre Vaquier, Chairman, Independent Non-Executive Director
- Jean-Pierre Dalais, Non-Executive Director
- Olivier Riché, Non-Executive Director
- Francois Eynaud

## Appendix B:

### Responsible Investment Policy



#### Introduction

As a leading and responsible investment company, we constantly seek opportunities to create and sustain value for all our stakeholders, in accordance with our Corporate Sustainability Policy.

This Responsible Investment Policy highlights our commitment to fully integrate the consideration of environmental and social risks and opportunities for Mergers, Acquisitions, and Greenfield projects.

#### Scope of Application

This policy applies to CIEL Limited, our Main Subsidiaries and Material Investee Companies as well as, on a best effort basis, to the Other Investee Companies.

#### Policy Statement

CIEL Limited and its main Subsidiaries have adopted the EDFI exclusion List (ANNEX I) and the IFC performance standards as a minimum requirement across all investee companies and operations.

#### Mergers & Acquisitions

- All transactions within CIEL Group must include an Environmental and Social Compliance Report as per requirements defined in the IFC Performance Standards from the Management prior to signature.
- All Due-Diligence Exercise mandated by the management of CIEL Limited and its investee companies must either include or be accompanied by an Environmental and Social Compliance Report as per requirements defined in the IFC Performance Standards.

#### Greenfield projects

- All Greenfield projects initiated within CIEL Group must integrate an Environmental & Social Impact assessment and mitigation plan in accordance with the IFC Performance Standards.

#### Strategic & Advisory Committee

Prior to consideration by the CIEL Limited's Strategic and Advisory Committee, all investment opportunities pertaining to Mergers, Acquisitions, and Greenfield projects must undergo an Environmental and Social (E&S) screening as defined in the Decision Making Process for New Investment (ANNEX II)

#### Definition of Responsibilities


It is the prerogative of the respective Management of all CIEL Group entities to maintain allegiance to the CIEL Limited's Responsible Investment Policy.

The Corporate Sustainability Department is mandated to assist the Management of CIEL Limited and of its investee companies in the establishment of the Environmental and Social Compliance Report, whenever deemed necessary.

#### Review Mechanism

The Responsible Investment Policy will be reviewed and edited as and when required or, at least, on a yearly basis, during the review of the CIEL Corporate Sustainability Management System.

Approved by the Board of Directors of CIEL Limited on 29 September 2017.

  
P. Arnaud Dalais  
Chairman

  
Clothilde de Comarmond  
Per CIEL Corporate Services Ltd  
Company Secretary



## Responsible Investment Policy



### ANNEX I – EDFI Exclusion List

EDFI Members will not finance any activity, production, use, distribution, business or trade involving:

1. Forced labor<sup>1</sup> or child labor<sup>2</sup>
2. Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
  - a. Ozone depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
  - b. Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
  - c. Unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length)
3. Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations
4. Destruction<sup>3</sup> of High Conservation Value areas<sup>4</sup>
5. Radioactive materials<sup>5</sup> and unbounded asbestos fibres
6. Pornography and/or prostitution.
7. Racist and/or anti-democratic media
8. In the event that any of these following products form a substantial part of a project's primary financed business activities:<sup>6</sup>
  - a. Alcohol beverages (except beer and wine)
  - b. Tobacco
  - c. Weapons and munitions; or
  - d. Gambling, casinos and equivalent enterprises

<sup>1</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

<sup>2</sup> Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art.2), unless local legislation specifies compulsory school attendances or the minimum age for working. In such cases the higher age shall apply.

<sup>3</sup> Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

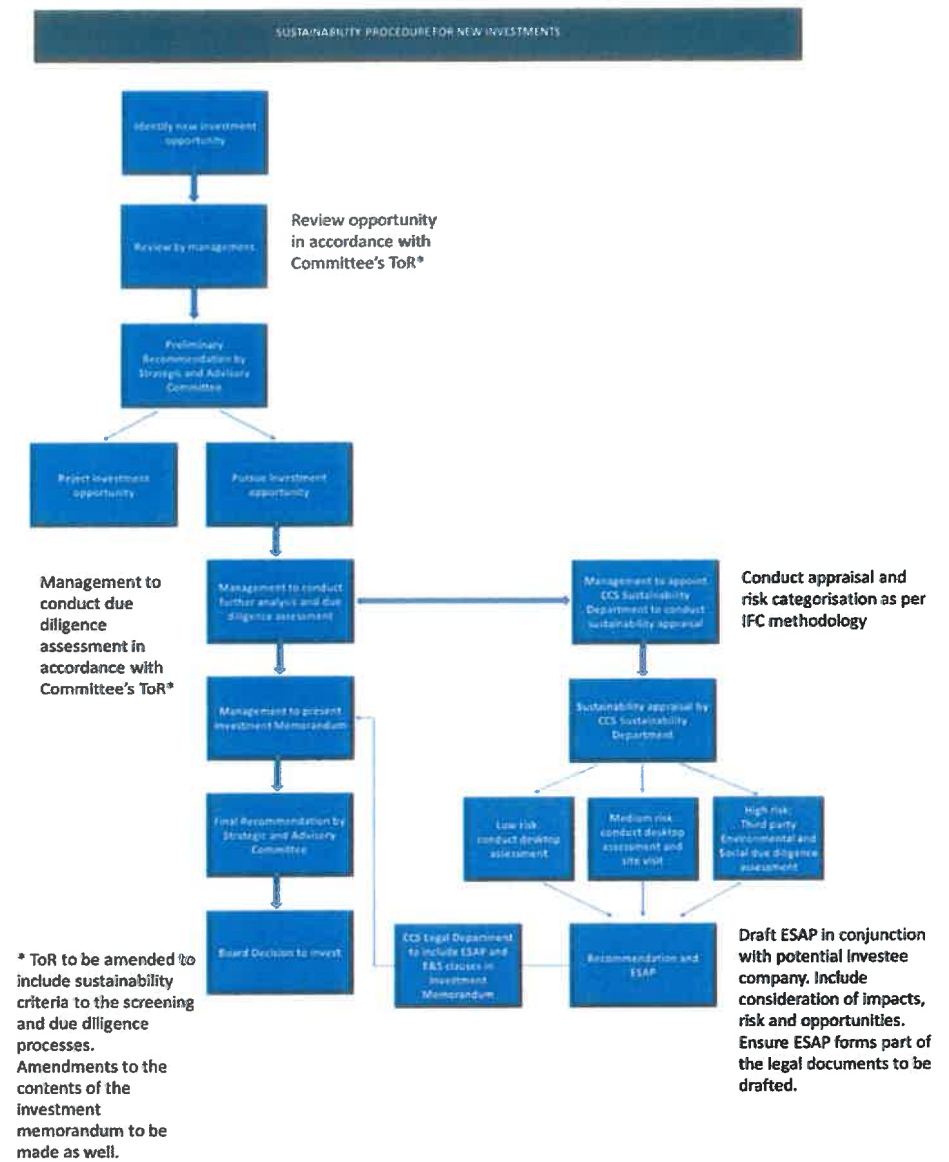
<sup>4</sup> High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (see <http://www.hcvnetwork.org>).

<sup>5</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

<sup>6</sup> For companies, "substantial" means more than 10% of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio.



ANNEX II – Decision-making process for new investments



Reviewed by:	Corporate Sustainability Committee	3 May 2016
Reviewed by:	Strategic & Advisory Committee	27 September 2017
Approved by:	The Board of CIEL Limited	29 September 2017