

## **1. Objectives and overall purpose**

### **1.1 Remuneration**

The Committee will:

- 1.1.1. assist the Board of Directors (“Board”) with development of Afrimat Limited’s (“Afrimat” or “Company”) remuneration policy, as well as assisting the Board in administering the remuneration policy;
- 1.1.2. determine and recommend to the Board any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;
- 1.1.3. Annually review the terms and conditions of the Chief Executive Officer’s (“CEO”) and executive directors’ remuneration packages, taking into account relevant market information and information from comparable companies where relevant, to ensure that they are fairly, but responsibly appraised and rewarded for their individual contributions towards enhancing the Company’s performance and make recommendations to the Board accordingly;
- 1.1.4. Determine and recommend to the Board specific remuneration packages for the CEO and executive directors of the Company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share based incentives, pensions and other benefits;
- 1.1.5. Determine and recommend to the Board any grants to executive directors and other senior employees made pursuant to any executive share scheme adopted by the Company in general meeting;
- 1.1.6. Wherever appropriate, consult with the chairman of the Board, the CEO or other executive or non-executive directors in fulfilling their duties under these terms of reference;
- 1.1.7. Assist the Executive Management to determine and recommend to the Board remuneration and employee

benefit policies applicable to the Company's human resources as a whole; and

1.1.8. Table the Company's remuneration policy at the annual general meeting for a non-binding advisory vote by shareholders.

## **1.2 Nomination**

1.2.1 The Committee shall:

1.2.1.1 Regularly review the structure, size and composition (including diversity) of the Board and make recommendations to the Board with regard to any adjustments that are deemed appropriate.

To ensure that the Company's policy on employment equity, particularly gender diversity is aligned with that of the 2013 Codes of Good Practice of the Broad-Based Black Economic Empowerment Act 53 of 2003, as amended, namely:

- 25 percent exercisable voting rights of black female directors as a percentage of all directors; and
- 25 percent black executive female directors as a percentage of all executive directors.

1.2.1.2 prepare a description of the role and capabilities required for a particular appointment;

1.2.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise, ensuring that they consider candidates from a wide range of backgrounds;

1.2.1.4 perform background and reference checks before nomination and appointment of directors;

1.2.1.5 satisfy itself with regard to succession planning, that the processes and plans are in place with regard to both Board and senior appointments;

1.2.1.6 assess and articulate the time needed to fulfill the roles of the non-executive directors on the Board, and undertake an annual performance evaluation

to ensure that all the non-executive members of the Board have devoted sufficient time to their duties.

1.2.1.7 ensure on appointment that a candidate for non-executive directorship has sufficient time to undertake the role and review his commitments;

1.2.1.8 ensure that each non-executive director appointed has received a formal written letter of appointment; and

1.2.1.9 ensure that the company secretary on behalf of the Board has formally written to any appointees, detailing the role and time commitments and proposing an induction plan produced in conjunction with the chairman of the Board.

1.2.2 It shall also make recommendations to the Board:

1.2.2.1 as regards the re-appointment of any non-executive director at the conclusion of his or her specified term of office;

1.2.2.2 for the continuation (or not) in service of any director who has reached the age of 70;

1.2.2.3 concerning the re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's articles of association;

1.2.2.4 concerning any matters relating to the continuation in office as a director of any director at any time;

1.2.2.5 concerning the appointment of any director to executive or other office other than to the positions of chairman of the Board and CEO, the recommendation for which would be considered at a meeting of the full Board.

1.2.3 Detailing items that should be published in the Company's integrated report relating to the activities of the Committee, including the process used for appointments and an explanation if external advice or open advertising has not been used.

## 2. Membership and proceedings

- 2.1. The Committee shall comprise such number of members as the Board may from time to time decide and have a mix of skills and business experience suitable for the purpose of the Committee. The members shall be a majority of non-executive directors, of which the majority should be independent. The minimum number of members shall be three. The CEO, the Financial Director and general manager – human resources may be invited to attend meetings of the Committee on an occasional or permanent basis, but may not participate in discussion of their own remuneration.
- 2.2. The chairperson and the other members of the Committee shall be appointed and removed by the Board which may also determine the period for which they shall hold office. Any vacancy may be filled by the Board.
- 2.3. The chairperson of the Committee is required to report to the Board on the recommendations made by the Committee and to be available at the annual general meeting each year, in order to answer any questions that might be raised concerning the remuneration policy and implementation thereof.
- 2.4. The Committee shall appoint a Committee secretary. The minutes of each meeting of the Committee shall be approved by the Committee and recorded in a bound minute book. The minute book shall be available for inspection by any member of the Board.
- 2.5. Proceedings of the Committee shall, unless specified herein, be conducted *mutatis mutandis* in accordance with the provisions of the Company's memorandum of incorporation relating to the conduct of meetings of the Board itself.
- 2.6. A quorum for a meeting of the Committee shall be two members personally present throughout the meeting and of whom at least one shall be an independent director.
- 2.7. Each member of the Committee shall have one vote. The chairperson of the Committee shall have no casting vote. Where conclusions or decisions have not been reached/taken unanimously or by a majority of votes, the matter under consideration and the reasons for any dissent shall be reported to the Board.
- 2.8. Meetings of the Committee will be held as appropriate but at least twice annually. Special meetings may be convened at any time by the chairperson or by any member of the Committee, if required.

- 2.9. 21 days' notice shall be given to members of the Committee of any ordinary meeting and of the business to be conducted thereat. Special meetings may be convened at shorter notice depending on the availability of the members to attend these meetings.
- 2.10. In carrying out its tasks under these terms of reference, the Committee may obtain at the Company's expense such outside or independent professional advice as it considers necessary or relevant and may appoint a sub-committee(s) on such terms as it shall think fit in order to fulfill the duties and responsibilities assigned to it by the Board. No fees may be paid to any member of such sub-committee(s) without the prior approval of the Board.
- 2.11. The Committee may, at any time, in their sole discretion, engage any expert to advise the Committee on the discharge of any of the issues forming part of the Committee's responsibilities, at the Company's expense.

### **3. Remuneration**

In addition to their remuneration as non-executive directors, members of the Committee whom are non-executive directors shall be paid for their services such remuneration as the Board may recommend to the shareholders in general meeting for approval.

### **4. Reporting responsibilities**

- 4.1. Regularly update the Board about Committee activities and make appropriate recommendations.
- 4.2. The duties and activities of the Committee during each year to be disclosed in the annual integrated report to shareholders.
- 4.3. A remuneration report to be published in the annual integrated report to shareholders.

### **5. General**

- 5.1. The Committee, in carrying out its tasks under this Charter, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties at the Company's expense.
- 5.2. The Committee may obtain such internal/external professional or technical advice deemed necessary for it to perform its duties.
- 5.3. The Committee's activities and effectiveness shall be assessed annually and reviewed with the Board.

- 5.4. This Charter may be amended as required, subject to the approval of the Board.
- 5.5. This Charter shall be reviewed on an annual basis by the Committee and the Board.

**END.**