

REMUNERATION AND HUMAN RESOURCES COMMITTEE

TERMS OF REFERENCE

1 INTRODUCTION

- 1.1 The Remuneration and Human Resources Committee (the Committee) is constituted as a committee of the board of directors of Tongaat Hulett Limited (“**the Company**”). The duties and responsibilities of the members of the Committee are in addition to those as members of the board.
- 1.2 The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.
- 1.3 These terms of reference are subject to the provisions of the Companies Act, the Company’s Memorandum of Incorporation and any other applicable law or regulatory provision.

2 PURPOSE OF THE TERMS OF REFERENCE

The purpose of these terms of reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

3 MEMBERSHIP

- 3.1 The Committee shall consist of at least three non-executive directors with the majority independent non-executive directors with relevant and sufficient experience, good knowledge of the company and its executive directors and a keen interest in its progress and a full understanding of shareholders’ concerns. A good understanding of critical aspects of remuneration policies of comparable companies and the business of remuneration committees will be preferable.
- 3.2 The Committee may from time to time require other persons with the requisite skills and expertise to attend the meetings of the Committee.
- 3.3 One of the non-executive directors shall be the chairman of the Committee.
- 3.4 The Company Secretary shall be appointed to act as secretary of the Committee.
- 3.5 The members of the Committee and its chairman are to be nominated by the board and must have sufficient qualifications and experience to fulfil their duties.

- 3.6 The Board determines the period for which the members of the Committee should hold office. In the interest of best governance practice the Chairman of the Board shall not chair the Committee.
- 3.7 The Committee is supported by the chief executive officer and where appropriate a senior executive of the company with suitable expertise in and responsibility for executive and non-executive director remuneration and related responsibilities. It may be necessary to draw on outside advice with regard to remuneration comparisons and philosophies/trends.
- 3.8 The Board will apply its mind on the appropriate composition and tenure of the Committee from time to time, subject to normal rotation/periodic re-election of non-executive directors.

4 **ROLE**

The Committee is constituted to assist the board of directors (“the Board”) of the Company with its oversight and management of the remuneration and human resources philosophy and policies in the Company and its subsidiaries.

5 **RESPONSIBILITIES**

- 5.1 The Committee must perform all the functions necessary to fulfil its role as stated, including the following:

Remuneration

- 5.1.1 Oversee the setting and administering of remuneration policies that promote the achievement of strategic objectives within the company’s risk appetite, in the company’s long-term interest, focussing on the remuneration needed to attract, retain, motivate and reward high performing human capital, to promote positive outcomes, an ethical culture and responsible corporate citizenship.
- 5.1.2 Ensure that the mix of fixed and variable pay in cash, commission, allowances, shares and other elements meets Tongaat Hulett’s needs and strategic objectives, and that incentives are based on targets that are stretching, verifiable and relevant. Risk-based monitoring of short term and long-term incentives should be exercised to ensure that remuneration policies encourage behaviour that is aligned to the company’s risk management strategy.
- 5.1.3 Review performance-related incentive schemes, performance criteria and measurements, including share incentive scheme allocations; to ensure continued contribution to shareholder value and that these are administered in terms of the applicable rules, and satisfy itself as to the accuracy of recorded performance measures that govern the vesting of relevant incentives.
- 5.1.4 Ensure that all benefits for executive directors, executive management and at a high level, other employees, including retirement, health care funding and other financial arrangements are adequate, justified, correctly valued and suitably disclosed.

- 5.1.5 Review individual performance against set management and performance criteria and approve guaranteed and performance-based individual remuneration including share incentive scheme allocations on set principles for executive directors.
- 5.1.6 Ensure that remuneration levels reflect the contribution of executive directors and senior executives, and that management is rigorous in selecting an appropriate comparative group when comparing remuneration levels, taking relative performance and market factors into account.
- 5.1.7 Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives, as a guide in determining remuneration.
- 5.1.8 Consider the appropriateness, where relevant, of early or post vesting of share-based schemes at the end of employment, considering relevant factors.
- 5.1.9 review proposals on the remuneration of non-executive directors.
- 5.1.10 consider proposals for annual salary adjustments across the organisation and make recommendations to the Board;
- 5.1.11 Oversee the review and recommendation to the board of the remuneration report, to be included in the integrated report, for whether it:
 - 5.1.11.1 is accurate, complete and transparent; and
 - 5.1.11.2 provides a clear explanation of how the remuneration policy has been implemented.
 - 5.1.11.3 includes the background statement, the remuneration policy and the implementation report, providing sufficient level of disclosure as required in terms of King IV, or to explain where the principles/practices have not been applied;
- 5.1.12 Ensure that the remuneration policy and implementation report are put to a non-binding advisory vote at the general meeting of shareholders once every year. In the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised at the general meeting of shareholders, the Committee will apply its mind on measures and the appropriate approach to be taken by the company to facilitate an engagement process to ascertain the reasons for the dissenting votes; and to appropriately address legitimate and reasonable objections and concerns raised, which may include enhancing the remuneration policy or adjusting/clarifying remuneration governance processes.
- 5.1.13 Ensure that the remuneration report provides sufficient forward-looking information for the shareholders to pass a special resolution on directors' fees as required in terms of section 66 (9) of the Companies Act.
- 5.1.14 Consider the reports relating to the implementation of employment equity policies as required in terms of the Employment Equity Act of South Africa, and any other applicable legislation of the various countries of operation, taking into account the company's socio-

economic objectives; the company's employment relationships, and its contribution toward the education, training and development of its employees.

Human Resources

- 5.1.15 Review and provide guidance with respect to human resource group policies and strategies aimed at creating and sustaining the technical and managerial excellence required to support the attainment of the Company's strategic objectives.
- 5.1.16 Review and give guidance with respect to the implementation of human resource group policies and strategies of the company.
- 5.1.17 Ensure that there is a robust succession planning process for the CEO, executive directors and senior executives. To assist the committee, the CEO periodically provides it with an assessment of potential successors for key executive positions, including that of CEO.
- 5.1.18 Monitor the Company's performance in the area of human resources development against internal targets, legislative imperatives, and the standards applicable to conducting business in other countries where the company operates.
- 5.1.19 Ensure that the Company addresses issues of employee retention, implements strategies to counteract losses, develop careers and promotes mobility in an environment free of discrimination.
- 5.1.20 To promote an organisational culture which affords all employees the development opportunities which will enable them to achieve their optimal levels of career development in the course of their employment with the Company, recognising the diversity of the society within which the Company conducts its business.
- 5.1.21 Approval of the cost of annual general salary increases and remain appraised of the mandates for negotiations with the trade unions, as appropriate.
- 5.2 It shall prepare a statement, for inclusion in the annual report, that describes the committee's composition and responsibilities (including its mandate), and how these responsibilities were discharged.
- 5.3 The Chairman of the Committee, or in his absence, an alternative member of the Committee shall be in attendance at annual general meetings of members of the company and respond to any questions relating to the work of the Committee.

6 AUTHORITY

- 6.1 The Committee acts in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activities within the scope of its terms of reference.
- 6.2 The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, officers or company secretary to provide it with information, in accordance with a board approved process.

- 6.3 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.4 The Committee may form, and delegate authority to, sub-committees or to one or more designated members of the Committee.
- 6.5 The Committee has the right to obtain independent professional advice and auditing functions to assist with the execution of its duties, at the Company's cost, in accordance with a board approved process.
- 6.6 The Committee should make such recommendations to the board as it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

7 MEETINGS AND REPORTING

7.1 **Frequency**

Meetings of the Committee should be held at such times as the Committee deems appropriate, but it should meet at least twice a year. Further meetings may be called by the chairman of the Committee or any other member of the Committee. Meetings should be arranged so that attendance is maximised.

7.2 **Attendance**

- 7.2.1 Members of senior management may be invited to attend meetings of the Committee from time to time, as may be appropriate.
- 7.2.2 The chairman of the Committee may meet with the Managing Director and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.
- 7.2.3 If the nominated chairman of the Committee is absent from a meeting, one of the members present shall be elected by the Committee to act as chairman at such meeting.
- 7.2.4 The Committee must meet at least twice a year to review and approve remuneration practices in accordance with the principles set out in these terms of reference. Further meetings may be called by the chairman of the Committee or any member of it, as well as at the instance of the board, where such meetings are considered necessary.
- 7.2.5 Minutes of all Committee meetings must record the proceedings and decisions taken, the details of which must remain confidential.
- 7.2.6 The Committee may invite any such executive directors, members of senior management and professional advisors to attend meetings as deemed necessary and may excuse from the meeting or from any item on the agenda, any or all executives, staff members or representatives, who could have any conflicts of interest.

7.3 **Agenda and minutes**

- 7.3.1 The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year, each of which shall be annexed to, and shall be deemed to be incorporated in these Terms of Reference.
- 7.3.2 The annual work plan must ensure proper coverage of the matters laid out in these terms of reference. The plan should ensure that more critical matters are attended to each year, while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 7.3.3 The notice of each meeting of the Committee, confirming the venue, date and time and enclosing an agenda of items to be discussed, should be forwarded to each member of the Committee at least four working days prior to the date of meeting.
- 7.3.4 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters for discussion.
- 7.3.5 Minutes of meetings shall be taken by the Committee secretary, and shall be circulated to all the members of the Committee. The minutes must be formally approved by the Committee at its next scheduled meeting.
- 7.3.6 A report on pertinent matters dealt with by the Committee shall be submitted to the board twice a year.

7.4 **Quorum**

The quorum for decisions of the Committee shall be three members present, of whom one member shall be a non-executive director.

8 **EVALUATION**

The board should perform an evaluation of the effectiveness of the Committee every year and may arrange an independent review from time to time.

9 **APPROVAL**

These terms of reference were approved by the Committee on xxxxxx and will be reviewed annually.