

ESORFRANKI LIMITED
(REG NO 1994/000732/06)

TERMS OF REFERENCE OF THE
HUMAN RESOURCES AND NOMINATIONS COMMITTEE

1. Constitution

- 1.1. In line with the recommendations contained in the King Report on Governance for South Africa 2009 ("King III"), the board of directors of the company ("the board") resolved to establish a committee of the board to be known as the Human Resources and Nominations Committee ("the committee").
- 1.2. The committee will exercise its function in respect of the company and its subsidiaries and associated entities ("the group").
- 1.3. The board hereby resolves to adopt these terms of reference of the committee.
- 1.4. The purpose of the committee is to provide an independent and objective body that will make decisions and/or recommendations on:
 - (a) the human resources policies and practices in the group;
 - (b) remuneration policies and practices for the executive directors, senior management and the group in general; and
 - (c) the composition of the board and board committees to ensure that the board of directors consists of individuals who:
 - are equipped with the necessary skills to fulfil the role of director of the company; and
 - can contribute to the business judgement calls to be made by the board.

2. Membership

- 2.1. The committee shall be appointed by the board and shall comprise a minimum of 2 (two) non-executive directors of the company, at least one of whom must be independent. The committee shall at all times comprise of only non-executive directors.
- 2.2. A quorum shall be two members present in person or via telecommunication facilities.

- 2.3. The chairman of the committee shall be appointed by the board and should be an independent non-executive director.
- 2.4. The chairman of the committee will be required to attend the company's annual general meeting to answer relevant questions posed by shareholders.

3. Attendance at meetings

- 3.1. The chief executive officer and general manager human resources (if in place) shall be in attendance at meetings of the committee and shall have unrestricted access to the chairman or any other member of the committee as is required in relation to any matter falling within the remit of the committee.
- 3.2. Other board members shall have the right of attendance, with the prior consent of the chairman of the committee.
- 3.3. The company secretary shall be the secretary of the committee.

4. Frequency of meetings

- 4.1 Meetings of the committee shall be held as frequently as the committee, in consultation with the company secretary, considers appropriate, but it shall normally meet not less than twice a year.
- 4.2 Any member of the committee may request a meeting if deemed necessary and a meeting will then be arranged in consultation with the chairman of the committee.
- 4.3 Sufficient time should be allowed to enable the committee to undertake a full discussion as may be required and a sufficient interval should be allowed between committee meetings and board meetings to allow for the committee to undertake such work as is necessary in preparation for each board meeting.

5. Authority

- 5.1. The committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee.
- 5.2. The committee is authorised by the board to obtain outside legal or other independent, professional advice within the scope of these terms of reference and to secure the attendance of outsiders with relevant experience and expertise if deemed necessary.

- 5.3. The company shall meet all expenses reasonably incurred by the committee in the fulfilling of its duties, including the payment of a fee to committee members as determined by the board from time to time.

6. Duties

The duties of the committee, which shall be in respect of the group, shall be:

Remuneration and human resources related matters

- 6.1 to scrutinise all employee benefits including pensions, benefits in kind and other financial arrangements to ensure these are justified, correctly valued and suitably disclosed;
- 6.2 to review the provisions of executive employment contracts with a particular focus on severance payments;
- 6.3 to ensure alignment of the remuneration and human resources strategies and policies with the group's business strategy, needs and the desired culture;
- 6.4 to determine the group's general policy on executive directors and senior management remuneration to ensure fair and responsible remuneration practices;
- 6.5 to review and measure annual bonuses against individual and corporate performance targets, both financial and sustainability related, which targets must be reviewed annually to remain appropriate;
- 6.6 to consider and recommend for approval by the board the remuneration of the chief executive and executive directors;
- 6.7 to regularly review incentive schemes to ensure their continued contribution to shareholder value, guarding against unjustified windfalls and inappropriate gains from the operation of share-based incentives;
- 6.8 to determine any grants to executive directors and other senior employees made pursuant to the group's management share option scheme;
- 6.9 to approve salary increases for non-bargaining employees and mandates for negotiations with trade unions, where appropriate;
- 6.10 to ensure the adequacy of retirement and health care funding for executives and senior management;
- 6.11 to ensure that the structures, policies and procedures facilitate good management and utilisation of human resources;

- 6.12 to ensure adequate succession plans for the executive and senior management;
- 6.13 to ensure adequate consideration of policies for the group in respect of HIV/Aids management, skills development and employment equity
- 6.14 to review the report on the company's remuneration philosophy for inclusion in the integrated report and submission to shareholders for an advisory, non-binding vote; and
- 6.15 to ensure compliance to all statutory and best practice requirements regarding labour and industrial relations management.

Board related matters

- 6.16 to make recommendations to the board on the appointment of the chief executive, new executives and non-executive directors, including making recommendations on the composition of the board generally and the balance between executive, non-executive and independent non-executive directors appointed to the board;
- 6.17 to make recommendations to the board on the appointment of a lead independent director in the event of the chairman of the board not being an independent, non-executive director;
- 6.18 to regularly review the board structure, size and composition and make recommendations to the board with regards to any adjustments that are deemed necessary;
- 6.19 to identify and nominate candidates for the approval of the board to fill board vacancies as and when they arise, as well as put in place plans for succession, in particular for the chairman and chief executive;
- 6.20 to recommend directors that are retiring by rotation, for re-election;
- 6.21 to consider recommendations by management in relation to non-executive director remuneration for final recommendation by the board to shareholders;
- 6.22 to initiate an annual, formal evaluation process of the board, board committees and individual directors, including the chief executive officer and chairman of the board;
- 6.23 to consult other directors in its evaluation of the chairman of the board, the chief executive and individual directors; and
- 6.24 to liaise with the board in relation to the preparation of the committee's report to shareholders.

General

- 6.25 give due consideration to the Listings Requirements of the JSE Limited and the code of governance principles as contained in King III;
- 6.26 retain a copy of the current terms of reference of the committee at the registered office of the company and provide shareowners with a copy of same if requested;
- 6.27 include a report in the annual report describing how the committee carried out its functions; and
- 6.28 consider such other topics and fulfil such other duties as defined by the board.

7. Reporting Procedure

- 7.1. The secretary shall incorporate the approved minutes of meetings of the committee in the meeting files prepared for meetings of the board for noting purposes. In addition thereto, the chairman of the committee shall provide verbal feedback on the most recent activities of the committee.
- 7.2. The company shall disclose in its integrated report whether or not the committee has adopted these formal terms of reference and if so whether or not the committee satisfied its responsibilities for the year in compliance with its terms of reference.
- 7.3. Membership of the committee and attendance at committee meetings shall be disclosed in the company's integrated report.

8. Review and Assessment

The committee's activities and effectiveness should be assessed annually and reviewed with the board.

CHAIRMAN OF THE BOARD OF DIRECTORS

DATE