



# Remuneration Committee Terms of Reference

## 1 INTRODUCTION

- 1.1 The Remuneration Committee (the Committee) is constituted as a committee of the board of directors of AECI (the Company).
- 1.2 The duties and responsibilities of the members of the Committee are in addition to those as members of the Board. 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 judgment 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 COMPOSITION

- 3.1 The members of the Committee will be appointed by the Board from among the directors from time to time and will consist exclusively of non-executive directors.
- 3.2 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

## 4 ROLE

- 4.1 The Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval.
- 4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
- 4.3 The role of the Committee is to assist the board to ensure that:-
  - 4.3.1 the Company remunerates directors and executives fairly and responsibly; and
  - 4.3.2 the disclosure of director and remuneration is accurate, complete; and
  - 4.3.3 transparent.

## 5 RESPONSIBILITIES

The Committee must perform all the functions necessary to fulfil its role as stated above and including the following:

- 5.1 Oversee the setting and administering of remuneration at all levels in the Company.
- 5.2 Oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- 5.3 Ensure that the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year.

- 5.4 Review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- 5.5 Ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the Company's needs and strategic objectives.
- 5.6 Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives.
- 5.7 Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- 5.8 Consider the results of the evaluation of the performance of the CE and other executive directors, both as a director and as executives in determining remuneration.
- 5.9 Select an appropriate comparative group when comparing remuneration levels.
- 5.10 Regularly review incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules.
- 5.11 Advise on the remuneration of non-executive directors.
- 5.12 Oversee the preparation and recommending to the board the remuneration report, to be included in the integrated report, for whether it:
  - 5.12.1 is accurate, complete and transparent;
  - 5.12.2 provides a clear explanation of how the remuneration policy has been implemented; and
  - 5.12.3 provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of section 66(9) of the Companies Act, 2008.

## **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 activity 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, subject to following 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, subcommittees and may delegate authority to one or more designated members of the Committee.
- 6.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to following a board approved process.
- 6.6 The Committee makes the recommendations to the board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

## 7 MEETING PROCEDURES

### 7.1 Frequency

- 7.1.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.
- 7.1.2 Meetings in addition to those scheduled may be held at the request of the Executive, Members of the Board and the Remuneration Committee.
- 7.1.3 The chairman of the Committee may meet with the Chief Executive, Financial Director, Human Capital Executive and/or the Group Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

### 7.2 Attendance

- 7.2.1 The Chief Executive, Financial Director, Human Capital Executive or other members of senior management as may be required, assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 7.2.2 Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or Group Company Secretary.
- 7.2.3 The Group Company Secretary or the Company nominated Senior Manager is the secretary to this Committee.
- 7.2.4 If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

### 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. The annual plan must ensure proper coverage of the matters laid out in these terms of reference. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 7.3.2 A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees.
- 7.3.3 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 7.3.4 The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof.
- 7.3.5 The minutes must be formally approved by the Committee at its next scheduled meeting.

### 7.4 Quorum

- 7.4.1 A representative quorum for meetings is 2 (two) members present and available for the meeting.

7.4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

**8 FEES**

The Committee members shall be remunerated for their services at the Committee, and the chairman of the Committee may be paid a higher fee for services rendered in that capacity. The level of fees payable in this regard shall be set by Board and approved by the Company's shareholders.

**9 EVALUATION**

The board must perform an evaluation of the effectiveness of the Committee every year.

**10 ANCILLARY**

10.1 The Committee in carrying out its tasks under these terms of reference may obtain such outside and other independent professional advice as it considers necessary to carry out its duties.

10.2 The Committee will have access to all such information in the Company as may be necessary to enable it to perform its duties.

**11 APPROVAL OF THESE TERMS OF REFERENCE**

11.1 The Committee's activities and effectiveness should be assessed annually and reviewed by the Board.

11.2 This mandate and terms of reference may, from time to time, be amended as required, subject to the approval of the board.

11.3 These terms of reference will be due for review at 3 (three) year intervals or where otherwise required.

**Prepared by:**

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**Ms EN Rapoo**  
**Group Company Secretary, AECI Ltd**

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**Date**

**Approved and Accepted:**

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**Mr GW Dempster**  
**Chairman, Remuneration Committee**

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**Date**

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**Mr MA Dytor**  
**Chief Executive, AECI Ltd**

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**Date**