

# Nomination Committee Terms of Reference

## 1. INTRODUCTION

- 1.1 The Board of Directors (hereinafter referred to as the "Board") of Etion Holdings Limited (hereinafter referred to as "Etion" or as "the Company") has resolved to establish a Committee of the Board to be known as the "Nomination Committee" (hereinafter referred to as "the Committee") to act in the capacity of a Nomination Committee for Etion and all of its subsidiaries.
- 1.2 The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.
- 1.3 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.
- 1.4 These Terms of Reference are subject to the provisions of the :
  - 1.4.1 Companies Act and Regulations, 71 of 2008;
  - 1.4.2 Any Requirements of any other regulatory/supervisory authority (i.e. JSE Listings Requirements)
  - 1.4.3 King Code of Governance for South Africa, as amended;
  - 1.4.4 Company's Memorandum of Incorporation; and
  - 1.4.5 any other applicable law or regulatory provision.

## 2. PURPOSE OF 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 Committee comprises of all Non-executive Directors.
- 3.2 Members of this Committee and its Chairperson are nominated by the Board.

- 3.3 The Chairperson of the Board is the Chairperson of this Committee.
- 3.4 The members of the Committee as a whole must have sufficient qualifications and experience to fulfill their duties.

## 4. ROLE

The Committee has an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and final approval. The Committee does not assume the functions of Management, which remain the responsibility of the Executive Directors, Officers and other Members of the Senior Management. The role of the Committee is to assist the Board to ensure that:

- 4.1 the Board has the appropriate composition for it to execute its duties effectively;
- 4.2 directors are appointed through a formal process;
- 4.3 induction and continuous training and development of directors take place; and
- 4.4 formal succession plans for the Board, Chief Executive Officer and senior management appointments are in place.

## 5. DUTIES AND RESPONSIBILITIES

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

- 5.1 Ensure the establishment of a formal process for the appointment of directors, including:-
  - 5.1.1 identification of suitable members of the Board;
  - 5.1.2 performance of reference and background checks of candidates prior to nomination; and
  - 5.1.3 formalising the appointment of directors through an agreement between the Company and the director;

- 5.2 Oversee the development of a formal induction programme for new directors.
- 5.3 Oversee the development and implementation of continuing professional development programs for directors.
- 5.4 Ensure that directors receive regular briefings on changes in risks, laws and the environment in which the Company operates.
- 5.5 Consider the performance of directors and take steps to remove directors who do not make an appropriate contribution.
- 5.6 Find and recommending to the Board a replacement for the Chief Executive Officer when it becomes necessary.
- 5.7 Ensure that formal succession plans for the Board; Chief Executive Officer and Senior Management appointments are developed and implemented.

## 6. REPORTING RESPONSIBILITY

- 6.1 The Chairperson of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 6.2 The Committee shall make whatever recommendations to the Board it deem appropriate, on any area within its ambit, where action or improvement is needed.

## 7. AUTHORITY

- 7.1 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.
- 7.2 The Committee, in fulfillment 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 approval process.

- 7.3 The Committee has access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 7.4 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.
- 7.5 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.
- 7.6 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.

## 8. MEETING PROCEDURES

### 8.1 FREQUENCY

- 8.1.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these Terms of Reference.
- 8.1.2 Meetings in addition to those scheduled may be held at the request of the Chief Executive Officer or at the instance of the Board.
- 8.1.3 The Chairperson of the Committee may meet with the Company Secretary prior to a Committee Meeting to discuss important issues and agree on the agenda.

### 8.2 ATTENDANCE

- 8.2.1 The Chief Executive Officer, Financial Director 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.
- 8.2.2 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 Chairperson or Company Secretary.

- 8.2.3 The Company Secretary is the secretary of this Committee.
- 8.2.4 If the nominated Chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairperson.

### 8.3 AGENDA AND MINUTES

- 8.3.1 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.
- 8.3.2 The annual plan must ensure proper coverage of the matters laid out in these Terms of Reference: the more critical matters will need to be 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.
- 8.3.3 A detailed agenda together with supporting documentation must be circulated, at least seven days prior to each meeting to the members of the Board and other invitees.
- 8.3.4 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 8.3.5 The minutes must be completed within 10 business days after the meeting and circulated to the Chairperson and members of the Committee for review thereof.
- 8.3.6 The minutes must be formally approved by the Committee at its next scheduled meeting.

### 8.4 QUORUM

- 8.4.1 A representative quorum for meetings is a majority of members present.

- 8.4.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 8.4.3 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings

## 9. EVALUATION

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

## 10. APPROVAL OF THESE TERMS OF REFERENCE

The Terms of Reference was approved by the Chairperson of the Board and the Chairperson of the Committee on 23 May 2017 and will be due for review in May 2018.

Nonhlanhla Mjoli-Mncube  
Chairperson of the Board

Nonhlanhla Mjoli-Mncube  
Chairperson of the Committee

20 March 2018

DATE



BOARD CHAIRMAN



BOARD COMMITTEE CHAIRPERSON