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**CLOVER INDUSTRIES LIMITED**  
**NOMINATION COMMITTEE**  
**TERMS OF REFERENCE**

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## 1. Introduction

The Nomination Committee (“**Committee**”) is constituted as a committee of the board of directors of Clover Industries Limited (“**Company**”).

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.

These terms of reference are subject to the provisions of the Companies Act no 71 of 2008, the Company’s Memorandum of Incorporation and any other applicable law or regulatory provision, including the JSE Listing Requirements and the King IV Report on Corporate Governance for South Africa, 2016. Where these terms of reference transgress legislation and/or rules of the Companies Act, that legislation and/or regulation takes precedence over the Charter.

## 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

The Committee comprises at least three non-executive directors, the majority of whom shall be independent. The members of this Committee are nominated by the board and the chairman of the board is an *ex officio* member of this Committee.

The Chairperson of the Board or, the lead independent director, must chair the Committee meetings.

The members of the Committee as a whole must have sufficient qualifications and experience to fulfil 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 senior management.

The role of the Committee is to assist the board to ensure that: -

- the board has the appropriate composition for it to execute its duties effectively;

- directors are appointed through a formal process;
- induction and ongoing training and development of directors take place; and
- formal succession plans for the board are in place.

## 5. Responsibilities

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

- 5.1 Ensure the establishment of a formal process for the appointment of directors, including: -
  - a. identification of suitable members of the board;
  - b. performance of independent reference and background checks of candidates prior to nomination.
- 5.2 Review and evaluate from time to time the size and composition of the Board and its Committees, with particular reference to the directors' effectiveness, expertise, experience, demographic representation, diversity, qualifications and skills.
- 5.3 Recommend to the Board the composition of the Board and its Committees taking into account the desired spread of executive, non-executive and independent non-executive directors.
- 5.4 Consider the performance of directors who retire by rotation, and recommend whether they should be re-appointed.
- 5.5 Oversee the development of a formal induction programme for new directors.
- 5.6 Ensure that inexperienced directors are developed through a mentorship programme.
- 5.7 Oversee the development and implementation of continuing professional development programmes for directors.
- 5.8 Ensure that induction and ongoing training and development of directors takes place, ensuring that directors receive regular briefings on changes in risks, laws and the environment in which the Company operates.
- 5.9 Consider the performance of directors and take steps to remove directors who do not make an appropriate contribution.
- 5.10 Oversee an evaluation of the board and the individual directors annually.

- 5.11 Find and recommend to the board a replacement for the chief executive officer when that becomes necessary.
- 5.12 Give full consideration to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.
- 5.13 Report to shareholders in its Integrated Annual Report regarding the application of the policy on promotion of gender diversity at Board level.
- 5.14 Prepare a policy on how to promote diversity, including race, gender and disability on the Board to aid better decision making and governance. The policy, any measurable objectives set for implementing it and the extent to which these have been achieved shall be disclosed on a regular basis.
- 5.15 Perform such other functions and duties as may be delegated to the Committee by the Board from time to time.

## **6. Authority**

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.

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.

The Committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

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. Board Gender Diversity Policy**

- 7.1 In terms of paragraph 3.84(k) of the JSE Limited Listings Requirements "the board of directors or the nomination Committee, as the case may be, must have a policy on the promotion of gender diversity at board level. The issuer must confirm this by reporting to shareholders in its Integrated Annual Report on how the board of directors or the nomination Committee, as the case may be, have considered and applied the policy of gender diversity in the nomination and appointment of

directors. If applicable, the board of directors or the nomination Committee must further report progress in respect thereof on agreed voluntary targets.

- 7.2 The Company supports the principles and aims of gender diversity at Board level.
- 7.3 The voluntary target set by the company is fully disclosed in its Gender Diversity Policy.

## **8 Meeting procedures**

### **8.1 Frequency**

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 1 (one) meeting per year.

Meetings in addition to those scheduled may be held at the request of the chief executive officer, head of human resources or other members of senior management or at the instance of the board.

The chairman of the Committee may meet with the head of human resources and/or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

### **8.2 Attendance**

The chief executive officer, chief financial officer, head of human resources 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.

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 company secretary.

The company secretary is the secretary to this Committee.

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.

### **8.3 Agenda and minutes**

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.

It is envisaged that the following meetings be held with specific agenda items as detailed in workplan of the Committee attached hereto as annexure "A".

Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and the Committee members for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

#### **8.4 Quorum**

A representative quorum for meetings is a majority of members present. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

### **9 Authority to seek any required information**

The Committee shall have the authority to seek any information that it requires from any officer or employee of the Company.

### **10 Independent Professional Advice**

The Committee is authorised to take such independent professional advice as it considers necessary, the costs of which shall be for the account of the Company, provided the Committee follow the procedure set out in Annexure "B" to the Board Charter.

### **11 No executive powers**

Save for its duties provided for in the Act, the Committee shall have no executive powers with regard to its findings and recommendations.

### **12 Annual Evaluation**

The Committee shall ensure that a formal process as recommended by this Committee and approved by the Board, is followed for evaluating the performance of the Committee, at least every second year.

### **13 Approval of these terms of reference**

These terms of reference were approved by the chairman of the board and chairman of the Committee on 28 November 2017 and will be due for review on 26 November 2018.