



**PAN AFRICAN RESOURCES PLC**

**NOMINATIONS COMMITTEE TERMS OF REFERENCE**

**CONTENTS**

1. INTRODUCTION ..... 3

2. PURPOSE OF THE TERMS OF REFERENCE ..... 3

3. COMPOSITION ..... 3

4. ROLE ..... 3

5. RESPONSIBILITIES ..... 3

6. AUTHORITY ..... 4

7. MEETING PROCEDURES ..... 4

8. EVALUATION ..... 5

9. APPROVAL OF THESE TERMS OF REFERENCE (INCLUDING ADDENDUM BELOW) ..... 5

10. ADDENDUM TO THE NOMINATIONS COMMITTEE TERMS OF REFERENCE ..... 5

## 1. INTRODUCTION

The Nominations Committee (the Committee) is constituted as a committee of the board of directors of Pan African Resources Plc (the 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 South African Companies Act, the UK Companies Act, the Company's Memorandum and Articles of Association 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

The Committee comprises at least three non-executive directors, a majority of whom is independent non-executive directors.

Members of this Committee and its chairman are nominated by the board.

The chairman of the board is an *ex officio* member of this Committee.

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, chief executive officer and senior management appointments 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:

- Identification of suitable members of the board;
- Performance of reference and background checks of candidates prior to nomination;
- Formalising the appointment of directors through an agreement between the company and the director;

5.2. In the determination of whether the candidate is fit and proper to hold office as a director of the company, the consideration of, inter alia, the following factors prior to nominating a candidate for election as a director of the board:

- The skills, knowledge and experience of the candidate considered in conjunction with the collective skills, knowledge and experience required on the board;
- The ability of the candidate to commit the necessary time, interest and attention to discharging his/her

- duties as a director;
  - The integrity, commitment to ethics and reputation of the candidate;
  - Details of the candidate’s current and past directorships;
  - The existence of any actual or perceived conflicts of interest;
  - Ability to develop a working relationship with other board members and contribute to the board’s working relationship with management;
  - any other relevant factors as may be determined by the board from time to time; and
  - in the event that the proposed candidate is a Domestic Prominent Influential Person, as defined in the Financial Intelligence Centre Act, 2001, the board shall obtain the services of external consultants to perform the necessary background and media checks to mitigate the potential for reputation damage to the company;
- 5.3. Oversee the development of a formal induction programme for new directors.
  - 5.4. Ensure that inexperienced directors are developed through a mentorship programme.
  - 5.5. Oversee the development and implementation of continuing professional development programmes for directors.
  - 5.6. Ensure that directors receive regular briefings on changes in risks, laws and the environment in which the Company operates.
  - 5.7. Consider the performance of directors and take steps to remove directors who do not make an appropriate contribution.
  - 5.8. Find and recommending to the board a replacement for the chief executive officer when that becomes necessary.
  - 5.9. Ensure that formal succession plans for the board, chief executive officer and senior management appointments are developed and implemented.

## **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 chairman 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 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.

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**

### **Frequency**

The Committee must hold sufficient scheduled meetings to discharge duties as set out in these terms of reference but subject to a minimum of two meetings 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 request 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.

## **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.

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.

In addition to face to face meetings, meetings may be held via electronic media, provided it allows all members to participate in discussions and decisions.

## **Agenda and minutes**

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 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 annual requirements.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the committee and other invitees.

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.

## **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.

## **8. EVALUATION**

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

## **9. APPROVAL OF THESE TERMS OF REFERENCE (INCLUDING ADDENDUM BELOW)**

These terms of reference were approved by the chairman of the board and chairman of the Committee on 29 May 2014 and will be due for review annually.

## **10. ADDENDUM TO THE NOMINATIONS COMMITTEE TERMS OF REFERENCE**

The Board has approved the Nominations Committee Terms of Reference as detailed above.

However, at present, the function of the Nominations Committee of Pan African Resources is fulfilled by the entire Pan African board. The board has considered this position and believes that it does not in any manner detract from the effectiveness of the Nominations Committee, it also does not affect the Purpose, Role, Responsibilities or Authority of the Nominations Committee.

The board has taken note of the Nominations Committee Terms of Reference, and ensures that these terms are followed by the board, when considering its role and responsibilities as Nominations Committee.

In particular, the following matters should be noted:

**Composition**

- The Nominations Committee currently comprises the entire board of the Company, of which a majority is independent non-executive directors.
- The chairman of the board functions as the chair of the Nominations Committee

**Meeting Procedures**

The board will consider its function and responsibilities as Nominations Committee during each quarterly board meeting, but formally no less than semi-annually.