

Reviewed and approved by the Board of Directors on 21 November 2023



**MASTER DRILLING** Master Drilling Group Limited

# **Nominations Committee Terms of Reference**

## **1. INTRODUCTION**

- 1.1 The role of the Nominations committee ("the Committee) will be to work on behalf of the Board of Directors ("the Board") of Master Drilling Group Limited ("the Company") and be responsible for the functions and recommendations envisaged in these terms of reference.
- 1.2 The Board has delegated the responsibilities set out below to the Committee.
- 1.3 The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Committee do not reduce the individual and collective responsibilities of the Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 1.4 These terms of reference are subject to the provisions of the Companies Act No, 71 of 2008 ("the Act"), the Company's Memorandum of Incorporation ("MOI"), King IV report on Corporate Governance for South African 2016 ("King IV™") and any other applicable law and regulatory provision.

## **2. MANDATE AND PURPOSE OF THESE TERMS OF REFERENCE**

The purpose of this mandate and 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 OF THE COMMITTEE**

- 3.1 The Committee shall consist of at least 3 (three) directors appointed by the Board, all of whom shall be non-executive directors, with the majority being independent non-executive directors.
- 3.2 The members of the Committee will hold office for such reasonable period as the Board may, in its discretion, determine from time to time.
- 3.3 In appointing the members of the Committee, the Board will nominate the Chairman of the Committee, who must be an independent non-executive director, and determine the period for which they shall hold office.
- 3.4 The Chairman of the Board may be a member of the Committee and shall be eligible to be appointed as Chairman of the Committee. King IV™ recommends that the Chief Executive Officer should not be a member of this Committee.
- 3.5 The Chairman of the Committee will be responsible for the convening of the Committee and the transmission of recommendations and reports to the Board.
- 3.6 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, of providing oversight and making recommendations to the Board for its consideration and 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 Board has the appropriate composition for it to execute its duties effectively;
  - 4.3.2 directors are appointed through a formal and transparent process;
  - 4.3.3 induction and ongoing training and development of directors take place; and
  - 4.3.4 formal succession plans for the Board, Chief Executive and senior management positions are in place.

## **5. MEETINGS AND PROCEDURES**

### **5.1 Frequency**

- 5.1.1 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 2 (two) meetings per year.
- 5.1.2 Meetings in addition to those scheduled may be called at the request of the Chairman of the Committee, any other member of the Committee, the Chief Executive Officer, Head of Human Resources or other members of senior management or at the instance of the Board.
- 5.1.3 The Chairman of the Committee may meet with the Chief Executive Officer, Chief Financial Officer, Head of Human Resources and/or the Group Company Secretary or any other person deemed necessary prior to a Committee meeting to discuss important issues and agree on the agenda.
- 5.1.4 The members of the Committee and invitees, if any, may participate in any meeting of the Committee through the use of a conference telephone, video conference or other communication equipment by means of which all persons participating in the meeting can hear each other at approximately the same time. Such participation by members constitutes attendance and presence in person at the meeting and a member who so participates will form part of the quorum.

### **5.2 Attendance**

- 5.2.1 The Chief Executive, Chief Financial Officer, Head of Human Resources, assurance providers, professional advisors and Board members, or any other members of senior management as may be required, may be in attendance at Committee meetings, but by invitation only and they may not vote.

- 5.2.2 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.
- 5.2.3 The Group Company Secretary or his/her designate is the secretary to this Committee.
- 5.2.4 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.

### 5.3 **Agenda and Minutes**

- 5.3.1 The Group Company Secretary must attend and minute the proceedings of all meetings.
- 5.3.2 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 as may be deemed fit. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 5.3.3 A detailed agenda, together with supporting documentation, must be circulated, as far as practical at least 1 (one) week prior to each meeting to the members of the Committee and, where appropriate, other invitees.
- 5.3.4 Committee members must be prepared for Committee meetings to be able to provide appropriate and constructive input on matters tabled for consideration.
- 5.3.5 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.
- 5.3.6 The Group Company Secretary shall ascertain at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. If any conflict of interest exists, the director subject to the conflict shall not participate in deliberation or vote on the issue giving rise to the conflict.

### 5.4 **Quorum**

A quorum for decisions of the Committee shall be a majority of members present (two of whom must be independent). Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

## 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 carrying out its tasks under these terms of reference, may:

6.2.1 Seek outside legal or other independent professional advice at the cost of the Company, subject to the prior approval of the Chairman of the Board; and

6.2.2 Secure the input of outsiders with the relevant experience and expertise where necessary at the Company's expense.

6.3 These terms of reference shall be reviewed annually and may be amended from time to time as required subject to the approval of the Board.

6.4 The Committee shall be subject to these terms of reference and procedures adopted by the Board and the MOI of the Company, and in the event of conflict between these terms of reference and the MOI, the MOI shall prevail.

6.5 The Committee has the authority and powers delegated to it by the Board to seek any information or records it requires from any employee of the Company in order to fulfil any function within the scope of its functions as set out in these terms of reference, and such employee will be required to co-operate with any reasonable requests made by the Committee in this regard.

## 7. **RESPONSIBILITIES**

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

7.1 The Committee will consider the composition of the Board, retirements, nominations, rotation and appointments of additional and replacement directors, and make appropriate recommendations to the Board.

7.2 Background and reference checks should be performed before the nomination and appointment of directors.

7.3 The appointment of non-executive directors should be formalised through a letter of appointment.

7.4 The Board should make full disclosure regarding individual directors to enable shareholders to make their own assessment of directors.

7.5 The Group Company Secretary will assist the Committee with the process of identifying directors for appointment and in their induction and training programmes.

- 7.6 The Committee shall assist the Board with the recruitment and appointment of the Chief Executive Officer, Chief Financial Officer and the Group Company Secretary.
- 7.7 The Committee ensures that:
- 7.7.1 Prior to their nomination for election, candidates for election as non-executive directors of the Company are requested to provide details of professional commitments and a statement that confirms that the candidate has sufficient time available to fulfil the responsibilities as a director of the Company; and
- 7.7.2 Such details and statement are obtained and reviewed by the Committee.
- 7.8 The Committee ensures that a brief professional profile of each candidate standing for election at the Annual General Meeting (AGM), including details of existing professional commitments, accompanies the notice of the AGM, together with a statement from the Board confirming whether it supports the candidate's election or re-election.

## 8. EVALUATIONS

- 8.1 The Committee shall on an annual basis evaluate:
- 8.1.1 The performance, competency and suitability of the Chairman of the Board and the Chief Executive Officer;
- 8.1.2 The suitability of any additional professional positions, including membership of other governing bodies, held by the Chief Executive Officer outside of the Company;
- 8.1.3 The independence of the Independent Non-Executive directors and the Lead Independent Director [if any];
- 8.1.4 The suitability of those directors, who are independent, and have served on the Board for more than 9 (nine) years;
- 8.1.5 The composition and Chairmanship of the Board committees, taking into account; -
- 8.1.5.1 The responsibilities of the Board committees;
- 8.1.5.2 Collaboration between the Board committees;
- 8.1.5.3 Diversity of the Board;
- 8.1.5.4 The available skills of directors for the purposes of rotating members across the various Board committees and succession planning; and
- 8.1.5.5 Balancing powers in respect of membership across the Board committees, so that no one individual has the ability to dominate decision- making, and no undue influence by any individual is allowed;
- 8.1.6 That key management functions are:
- 8.1.6.1 Headed up by individuals with the necessary competence and authority; and
- 8.1.6.2 Adequately resourced.
- 8.1.7 The performance and independence of the Group Company Secretary;
- 8.1.8 Together with the Chief Executive Officer, the constitution of the boards of directors of major subsidiaries and affiliates of the Company and make recommendations to the Board.

- 8.2 The Committee may consult with other non-executive directors in its evaluation of the Chairman of the Board or Chief Executive Officer of the Company.
- 8.3 The Committee should conduct a formal evaluation of the Committee's own performance every alternate year, including an evaluation of the Committee's compliance with, and fulfilment of its responsibilities under these terms of reference.
- 8.4 After completing its evaluation, the Committee must report the results of the evaluation to the Board, to enable the Board to ensure that such evaluation supports continued improvement in the Committee's performance and effectiveness.

## 9. SUCCESSION PLANNING

- 9.1 The Committee shall ensure that up-to-date succession plans are put in place for the Board members, the Chairman of the Board and the Chief Executive Officer.
- 9.2 The Committee shall ensure that there is a succession plan in place for executive management and other key positions to provide continuity of leadership. Succession planning should be reviewed periodically but at least annually and provide for both succession in emergency situations and succession over the longer term.
- 9.3 The Committee shall lead the process for the appointment of a lead independent director as and when required and make recommendations to the Board as appropriate.

## 10. REPORTING

- 10.1 The Chairman of the Committee shall report to the Board on a regular basis on matters dealt with by the Committee.
- 10.2 The Committee will liaise with the Board in relation to the preparation of the Committee's report to shareholders, if such a report is required.
- 10.3 The Chairman of the Committee or a member shall attend the annual general meeting and be prepared to answer questions concerning the appointment of executive and non-executive directors.
- 10.4 The following should be disclosed in relation to the evaluation of performance of the Board:
  - 10.4.1 A description of the performance evaluations undertaken during the reporting period, including their scope, whether they were formal or informal, or whether they were externally facilitated or not;
  - 10.4.2 An overview of the evaluation results and remedial actions taken;
  - 10.4.3 Whether the Board is satisfied that the evaluation process is improving its performance and effectiveness.
- 10.5 The Committee must provide the following information in the Integrated Annual Report:

- 10.5.1 a summary of the overall role, responsibilities and functions of the Committee;
- 10.5.2 a statement on whether or not the Committee has adopted formal terms of reference that have been approved by the Board and, if so, whether the Committee is satisfied that it fulfilled its responsibilities, for the period reported on, in accordance with these terms of reference;
- 10.5.3 the composition of the Committee, including the names of all members of the Committee during the period reported on, their qualifications and experience, and the period for which they served on the Committee;
- 10.5.4 any external advisors or invitees who regularly attend committee meetings;
- 10.5.5 the number of meetings of the Committee held during the period reported on and Committee members' attendance at those meetings;
- 10.5.6 key areas of focus during the reporting period; and
- 10.5.7 information about any other responsibilities assigned to the Committee by the Board.

## **11. REIMBURSEMENT OF EXPENSES**

- 11.1 Members of the Committee should ensure that they are reimbursed by the Company for all direct and indirect expenses reasonably and properly incurred in performance of their obligation as a member e.g., accommodation and travelling expenses.
- 11.2 In addition to fees payable to them as directors of the Company from time to time, members of the Committee shall receive attendance fees for attending meetings of the Committee and for performing any additional Committee functions in accordance with the Company's remuneration policies as approved by the shareholders of the Company. The remuneration shall be fair, responsible and transparent so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

## **12. REVIEW**

- 12.1 The Committee's activities and effectiveness should be assessed periodically and reviewed by the Board.
- 12.2 This mandate and terms of reference may, from time to time, be amended as required, subject to the approval of the Board.
- 12.3 These terms of reference will be due for review biennially or where otherwise required.

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