

**RAINBOW CHICKEN LIMITED**

**REMUNERATION AND NOMINATIONS  
COMMITTEE TERMS OF REFERENCE**



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## **RAINBOW CHICKEN LIMITED REMUNERATION AND NOMINATIONS COMMITTEE TERMS OF REFERENCE**

### **1. INTRODUCTION**

- 1.1. The Remuneration and Nominations Committee (“the Committee”) is constituted as a committee of the governing Body (“the Board”) of Rainbow Chicken Limited (“the Company”). The Board acknowledged the need for Committee Terms of Reference (“TOR”) as recommended in the King IV Report on Corporate Governance for South Africa 2016 (“King IV”).
- 1.2. The Committee’s TOR extends to the Company and to all subsidiaries, affiliates and/or joint ventures of the Company who are required to have a Remuneration and Nominations Committee and save where the context requires otherwise, any reference in this TOR to the Company shall be deemed to include a reference to each subsidiary, affiliate and/or joint venture.
- 1.3. 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 the directors, regarding their fiduciary duties and responsibilities, they must continue to exercise due care and judgment in accordance with their legal obligations, and act in good faith and in the best interests of the Company and avoid conflicts of interest.
- 1.4. The TOR are subject to the provisions of the South African Companies Act No.71 of 2008 (“Companies Act”), the Company’s Memorandum of Incorporation (“MOI”), recommendations of the King IV Code of Corporate Governance, the JSE Listing requirements and any other applicable laws or regulatory provisions.
- 1.5. The Committee will serve until such time as the Board elects to make changes and is accountable to the Board.
- 1.6. The Committee must achieve collaboration through cross-membership between this Committee and other committees of the Board.

### **2. PURPOSE, AND OBJECTIVE FOR THE TERMS OF REFERENCE**

- 2.1. The purpose of these TORs is to outline the Committee’s role and responsibilities, membership, meetings, and other procedures.
- 2.2. The role of the Committee as an independent and objective body encompasses nominating directors to the Board and members to Board Committees and overseeing the remuneration and performance management systems and processes of the Company.

### **3. ROLE AND ACCOUNTABILITY**

- 3.1. The Committee has an independent role with direct accountability to the Board.
- 3.2. The Committee does not and shall not assume the functions of Management, which remain the responsibility of the executive members, officers, and other members of senior management.
- 3.3. The role of the Committee shall be to assist the Board with overseeing remuneration and nomination governance, with particular focus on ensuring that the Company remunerates executive members and employees fairly and responsibly and that the disclosure of director’s and other applicable remuneration, is accurate and transparent as required by

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applicable laws and governance guidelines.

- 3.4. The Chairperson of the Committee shall account and report to the Board for its activities, findings, and conclusions, and make recommendations to the Board for approval concerning matters arising from the Committee.
- 3.5. The Committee shall provide a summary of its role and details of its composition, number of meetings and activities in the Integrated Annual Report (IAR). Further it should disclose the required remuneration of each individual director and certain senior executives including the requirements of the Johannesburg Stock Exchange ("JSE") Listing Requirements in addition to overseeing the preparation of the remuneration report included in the IAR.

### **4. RESPONSIBILITY**

#### **Remuneration Responsibilities**

- 4.1. The role of the Committee will be to work on behalf of the Board and be responsible for its recommendations and will, within these terms of reference:
  - 4.1.1 determine, agree, and develop the Company's general policy on executive and senior management remuneration;
  - 4.1.2 determine specific remuneration packages for executive directors of the Company, including, but not limited to, basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives and other benefits; and
  - 4.1.3 determine any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.
- 4.2. The Committee will aim to give the executive directors every encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions and performance.
- 4.3. The Committee will review (at least annually) the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant.
- 4.4. The Committee will approve any awards to executive directors made pursuant to the Company's long-term incentive schemes.
- 4.5. The Committee will recommend to the Board, on an annual basis, the appropriate level of the directors' fees payable to the non-executive directors.
- 4.6. The Committee will not determine the remuneration or terms of any consultancy agreement of any non-executive director, although it may make recommendations to the Board, if requested.
- 4.7. The Committee will co-ordinate its activities with the Chairperson of the Board and the Chief Executive Officer, as well as consult them in formulating the Committee's remuneration policy and when determining specific remuneration packages.
- 4.8. The broad framework and cost of executive remuneration should be a matter for the Board on advice of the Committee.
- 4.9. The Committee will have due regard for the principles of governance and King IV.
- 4.10. The Committee will approve the Remuneration Report (inclusive of the Remuneration Policy and Implementation Report) on an annual basis, whereafter it will be incorporated into the

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Annual Report which will be considered by Shareholders at the Annual General Meeting.

- 4.11. The Committee will review and approve the Malus and Claw back Policy of the Company on an annual basis.

### **Nominations Responsibilities**

- 4.12. The role of the Committee is to assist the Board to ensure that:
- 4.12.1 The Board has the appropriate composition for it to execute itself effectively;
  - 4.12.2 Directors are appointed through a formal process;
  - 4.12.3 All opportunities to enhance the race and gender diversity of the Board are pursued in terms of the Board's Diversity Policy; and
  - 4.12.4 Induction and ongoing training and development of directors take place.
- 4.13. The Committee shall perform all the functions necessary to fulfill its roles as stated above, including the following:
- 4.13.1 Ensure the establishment of a formal process for the appointment of directors, including:
- identification of suitable members of the Board;
  - performance of reference and independent background checks of candidates prior to nomination; and
  - formalisation of the appointment of directors through an agreement between the Company and the directors.
- 4.14. Oversee the development of a formal induction programme for new directors.
- 4.15. Ensure that inexperienced directors are developed through a mentorship programme.
- 4.16. Oversee the development and implementation of continuing professional development programmes for directors.
- 4.17. Ensure that directors receive regular briefings on changes in risks, laws, and the environment in which the Company operates.
- 4.18. Co-ordinate the annual performance evaluation of the Board and all Board committees, independence assessment of directors, peer reviews, and assessment of the qualifications and competence of the Company Secretary and ensure the implementation of action plans emanating from the annual evaluations.
- 4.19. Ensure that the diversity of the Board is promoted by ensuring targets for race and gender are met with respect to the composition of the Board to enhance the decision making of the Board.
- 4.20. Consider the performance of directors and take steps to remove directors who do not make an appropriate contribution.
- 4.21. Find and recommend to the Board a replacement for the Chief Executive Officer when it becomes necessary.

## **5. COMPOSITION/MEMBERSHIP**

- 5.1. The Committee shall be comprised of a minimum of three non-executive directors appointed by the Board, the majority of whom are independent non-executive directors.

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- 5.2. Executive members may not be members of the Committee but may attend meetings as invitees.
- 5.3. The Board shall appoint a Chairperson from the independent non-executive directors to chair the Committee meetings.
- 5.4. The members of the Committee shall collectively have sufficient qualifications and experience to fulfill their duties. The Committee members are required to keep up to date with developments impacting their relevant skill set as the subject areas relevant to the required skill set needed on the Committee.
- 5.5. The Board shall select members of the Committee from its current members and as far as possible in line with the composition and skills required.
- 5.6. The Committee's composition is reviewed annually by the Board. The Board fills vacancies on the Committee within 40 (forty) business days after the vacancy arises.
- 5.7. The Board shall appoint the Committee Chairperson, an independent non-executive director, and determine the period for which he/she shall hold office. The Chairperson of the Board shall not be eligible to be appointed as Chairperson of the of the Remuneration Committee but will preside as Chairperson when the Committee fulfils its oversight responsibilities on nomination matters and Board/Director interactions.
- 5.8. The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties, as contemplated in this TOR, and may consider the need for *ad hoc* invitees with the necessary technical experience to assist members in their technical deliberations.
- 5.9. The Board shall have the power at any time to remove any member from the Committee who has been appointed by the Board, and to fill any vacancy created by such removal.
  - 5.9.1 the Chairperson of the Committee will be required to attend the Company's Annual General Meeting to answer relevant questions posed by shareholders.
  - 5.9.2 the Company Secretary shall act as Committee secretary.
- 5.10. The office of a member of the Committee shall be vacated if:
  - 5.10.1 he or she resigns his or her office by written notice to the Board and to the Committee; or
  - 5.10.2 he or she is removed by the Board as a member of the Committee or ceases to be a director or prescribed officer of the Company, as the case may be.
- 5.11. The following invitees shall be in attendance at meetings:
  - 5.11.1 Chief Executive Officer;
  - 5.11.2 Chief People Officer.
- 5.12. The Committee may invite executives and/or specialists to assist with its deliberations and decisions, on a permanent or part-time basis, where appropriate. Such executives and/or specialists shall not have a vote at any meetings of the Committee.

## **6. TERMS OF REFERENCE**

- 6.1. The Committee has an independent role, operating as an overseer, and a maker of recommendations to the Board for its consideration and final approval.

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- 6.2. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers, and other members of senior management.

### **7. REPORTING RESPONSIBILITIES**

- 7.1. The Committee reports to the full Board through its Chairperson.
- 7.2. Minutes of the meetings of the Committee will be submitted to Board members on request.

### **8. MEETINGS AND PROCEDURES**

#### **8.1. Frequency**

- 8.1.1 The Committee shall hold sufficient scheduled meetings to discharge all its duties as set out in this TOR, but subject to a minimum of three (3) meetings per year, through a duly convened meeting of the Committee at which a quorum is present.

#### **8.2. Quorum and Voting**

- 8.2.1 A quorum for meetings shall be a majority of members. Meetings should be organised so that attendance is maximised, and the Committee is able to exercise any of its authorities, powers and discretions vested in or exercised by the Committee.
- 8.2.2 Meetings should be organised so that attendance is maximised, and the Committee is able to exercise any of its authorities, powers and discretions vested in or exercised by the Committee.
- 8.2.3 The Chairperson of the Committee may meet with the Chief Executive Officer, Chief People Officer and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.
- 8.2.4 The Chairperson of the Committee or any member of the Board or Committee, or the Chief Executive Officer or the Chief People Officer may request, through the Chairperson, a meeting at any other time.
- 8.2.5 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.
- 8.2.6 If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson.
- 8.2.7 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.
- 8.2.8 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.

#### **8.3. Written Resolutions**

- 8.3.1 Resolutions of the Committee shall be passed by unanimous vote. Should any disagreement arise, the issue shall be referred to the Board for decision.

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8.3.2 A resolution in writing signed by a majority of the members of the Committee shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Committee, provided that each member of the Committee shall have been afforded a reasonable opportunity to express an opinion on the matter related to the resolution.

### **8.4. Agenda and Minutes**

8.4.1 An agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than seven calendar days prior to the date of the meeting.

8.4.2 The Company Secretary shall take the minutes of all meetings.

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

8.4.4 The Chairman of the Committee shall report on the Committee's proceedings and findings at the next meeting of the Board.

### **8.5. Declarations of Interest**

8.5.1. Directors shall at all times observe the legal requirements in respect of the declarations of interest and do everything reasonably possible to avoid a conflict of interest in the execution of their duties and responsibilities to the Company. Any possible conflicts of interest shall be declared upfront at the beginning of each meeting of the Committee meeting and the director concerned shall not participate in a discussion, or vote, on the subject matter (refer to the Declaration of Conflicts of Interest Policy).

## **9. AUTHORITY**

9.1. 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.

9.2. The Committee, in the fulfillment of its duties, may call upon the Chairperson 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.

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

9.4. The Company shall pay all expenses reasonably incurred by the Committee, including, if the Committee considers it appropriate, the costs or fees of any consultant or specialist engaged by the Committee in the performance of its functions.

9.5. The Committee may form, and delegate authority to, sub-committees, and may delegate authority to one or more designated members of the Committee.

9.6. The Committee will make recommendations to the Board that it deems appropriate on any area within the ambit of this TOR where action or improvement is required.



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**10. MEMBERS' SKILLS AND TRAINING**

- 10.1. The Committee's effectiveness in performing its functions depends on its members' knowledge and competence in the relevant business matters.
- 10.2. New members should receive an orientation that allows them to function effectively.

**11. EVALUATION**

- 11.1. The Committee shall perform a self-evaluation of its effectiveness every year and shall report the results thereof to the Board. The board may elect to conduct an independent evaluation of the Committee's performance.

**12. REVIEW OF TERMS OF REFERENCE**

- 12.1. The Committee, in carrying out its tasks under the terms of reference may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.
- 12.2. These terms of reference will be reviewed and updated at least annually, or more frequently as circumstances may necessitate, subject to the approval of the Board.

**13. APPROVAL**

These terms of reference were recommended to the Board for approval by the Chair of the Committee on 27 May 2024.	These terms of reference were approved by the Board on 27 May 2024.
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