

# **STRATEGY, TRANSFORMATION AND OPERATIONS COMMITTEE**

## **TERMS OF REFERENCE**

### **1 INTRODUCTION**

- 1.1 The Strategy, Transformation and Operations Committee (the Committee) is constituted as a committee of the board of directors of Tongaat Hulett Limited Limited (“**the Company**”). The duties and responsibilities of the members of the Committee are in addition to those as members of the board.
- 1.2 The deliberations of the Committee do not reduce the individual and collective responsibilities of board members regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.
- 1.3 These terms of reference are subject to the provisions of the Companies Act, the Company’s Memorandum of Incorporation and any other applicable law or regulatory provision.
- 1.4 The primary responsibility of the Committee is to steer the Company strategically in line with its core purpose and values by approving as well as monitoring an informed short, medium and long-term strategy whilst taking into account risk and opportunities.

### **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 MEMBERSHIP**

- 3.1 The Committee will comprise at least [3] directors as determined by the board. The membership will include a combination of executive directors, non-executive directors and senior management.
- 3.2 Where requested the Committee will provide its members with training opportunities on topics relevant to the responsibilities of the Committee.

- 3.3 Committee members will be appointed by the board. Unless a chairperson is elected by the full board, the members of the Committee may designate a chairperson by majority vote.
- 3.4 The Committee's composition shall be reviewed at least every three years and members may be eligible for re-appointment.
- 3.5 The CEO and/or CFO may be asked to provide input to the Committee. The Committee will meet at least twice a year, or more frequently as circumstances dictate. The Committee chairperson will approve the agenda for the Committee's meetings, and any member and the CEO and CFO may suggest items for considerations. Briefing materials will be provided to the Committee as far in advance of meetings as practicable.

## 4 **ROLE**

- 4.1 The role of the Committee is to assist the board to ensure that:-
  - 4.1.1 The Committee has an independent role, Act as an interface between the board and management in the development of strategies for business transformation and the tracking of the execution thereof, ensuring the THL Board discharge its' responsibilities insofar as the approval of the company strategy is concerned and that management is responsible for execution of the strategy;
  - 4.1.2 reviewing and approving the strategic direction of the Company and the Group and taking decisions on all issues related to the Company Group strategy, and overseeing and providing guidance to management in deploying these actions;
    - 4.1.2.1 overseeing and monitoring the initiatives of the Company towards its strategic and corporate transformation;
    - 4.1.2.2 directing the Executive Committee in developing the Group's strategic options; and
    - 4.1.2.3 reviewing regularly the implementation of the Group's strategy by management.

## 5 **RESPONSIBILITIES**

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

- 5.1 The consideration and recommendation of approval to the Board of the Company short, medium and long-term strategy as recommended by management. The following should be considered:
  - 5.1.1 The timelines and the parameters which determine the meaning of short, medium and long term respectively;
  - 5.1.2 The extent to which the proposed strategy depends on the resources and relationships connected to the various forms of capital;

- 5.1.3 The legitimate and reasonable needs, interests and expectations of material stakeholders; and
- 5.1.4 The increase, decrease or transformation of the various forms of capital that may result from the execution of the proposed strategy.
- 5.2 Approval of the Company operational plans and policies to implement the strategy (which is to include key performance measures and targets to assess the achievement thereof over the short, medium and long-term periods);
- 5.3 Oversight of the implementation of the strategy and operational plans by management against the agreed performance measures and targets;
- 5.4 Continuous assessment of any negative consequences of the Company outputs and activities as well as the capital used to affect the strategy of your organisation;
- 5.5 Consider the general viability of the Company resilience and effects on capital, solvency and liquidity and your organisation's going concern status;
- 5.6 The Committee is competent to oversee primarily risk related to the following types of key risks: Strategic Risk - Transformation Risk - Disruption/Obsolescence Risk - Financial Risk;
- 5.7 Oversee and consider Human Resources processes & procedures insofar as it relates to: Goal setting, performance tracking/ reports, communication, social systems & routines etc;
- 5.8 Review policies & procedure development (Finance, Sugar, Starch, Regulations, Risk & Governance);
- 5.9 reviewing reports on strategy management that are to be included in the annual integrated report, to ensure that such reports are comprehensive and relevant;
- 5.10 The Committee will have the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting or other advisers, as necessary, to perform its duties and responsibilities;
- 5.11 In carrying out its duties and responsibilities, the Committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

## 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 activities within the scope of its terms of reference.
- 6.2 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, in accordance with a board approved process.

- 6.3 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.4 The Committee may form, and delegate authority to, sub-committees or to one or more designated members of the Committee.
- 6.5 The Committee has the right to obtain independent professional advice to assist with the execution of its duties, at the Company's cost, in accordance with a board approved process.
- 6.6 The Committee should make such recommendations to the board as it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

## 7 MEETINGS AND REPORTING

### 7.1 Frequency

Meetings of the Committee should be held at such times as the Committee deems appropriate, but it should meet at least twice a year. Further meetings may be called by the chairman of the Committee or any other member of the Committee. Meetings should be arranged so that attendance is maximised.

### 7.2 Attendance

- 7.2.1 Members of senior management may be invited to attend meetings of the Committee from time to time, as may be appropriate.
- 7.2.2 The chairman of the Committee may meet with the Managing Director, the Chief Financial Officer and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.
- 7.2.3 If the nominated chairman of the Committee is absent from a meeting, one of the members present shall be elected by the Committee to act as chairman at such meeting.

### 7.3 Agenda, minutes & reporting

- 7.3.1 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, each of which shall be annexed to, and shall be deemed to be incorporated in these Terms of Reference.
- 7.3.2 The annual work plan must ensure proper coverage of the matters laid out in these terms of reference. The plan should ensure that more critical matters are 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.
- 7.3.3 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters for discussion.

7.3.4 Minutes of meetings shall be taken by the Committee secretary, and shall be circulated to all the members of the Committee. The minutes must be formally approved by the Committee at its next scheduled meeting.

#### 7.4 **Declaration of interests**

7.4.1 At the commencement of each meeting, all Committee members should declare whether they have any conflict of interest in respect of any matter on the agenda.

7.4.2 Such conflict should be recorded in the minutes and conflict of interest register (where applicable).

7.4.3 The Committee should discuss the conflict and decide upon its severity, impact and the determine the appropriate management of such.

7.4.4 Depending on the outcome of Clause 6.4.3, when that agenda item arises the member should be recused from the meeting for the duration of that matter being discussed.

#### 7.5 **Quorum**

The quorum for decisions of the Committee shall be two members present, of whom one member shall be a non-executive director.

A decision that could be voted on and at a meeting of the Committee may instead be adopted by written consent of a majority of the members given in person or by electronic communication if it is not possible to obtain a quorum for a meeting of the Committee due to the absence of one or more members. Each committee member shall have 1 (one) vote.

### 8 **EVALUATION**

The board should perform an evaluation of the effectiveness of the Committee every year and may arrange an independent review from time to time.

### 9 **APPROVAL**

9.1 The Committee shall:

9.1.1 Review the charter at least annually and update it as needed to respond to new strategic oversight needs and any changes in regulatory or other requirements; and

9.1.2 Submit the charter to the full board for approval annually.