



**KUMBA IRON ORE LIMITED**  
(Registration number: 2005/015852/06)  
("Kumba" or "the Company")

**HUMAN RESOURCES AND REMUNERATION COMMITTEE**  
("Remco" or "the Committee")

**TERMS OF REFERENCE**



## 1. CONSTITUTION

- 1.1 The Human Resources and Remuneration Committee (“RemCo” or “the Committee”) is constituted as a standing Committee of the Kumba Board.
- 1.2 The committee will also perform the functions of a RemCo on behalf of the subsidiaries of Kumba Iron Ore Limited.
- 1.3 These terms of reference are subject to the provisions of the Companies Act (as amended), the Company's Memorandum of Incorporation, the JSELR and any other applicable law or regulatory provision and should be read together with the Governing Principles Regulating Kumba Board Committees.
- 1.4 The Committee shall be accountable to shareholders and report to shareholders as provided for in the Companies Act. In respect of all other duties as contained in these terms of reference, the Committee shall be accountable to and report to the Board.
- 1.5 The Committee shall have decision-making power in respect of its duties where decision-making power has been specifically delegated by the Board to the Committee in these terms of reference. In respect of all other duties as contained herein, the Committee shall only have the power to make recommendations to the Board.
- 1.6 Committee meetings shall be held four times a year, unless agreed otherwise with the Chairperson of the Committee.

## 2. COMPOSITION

- 2.1 The Chairperson, who must be an independent non-executive director, and members of the Committee shall be nominated by the Nominations and Governance Committee and appointed by the Board. The Committee shall comprise of at least three members, the majority of whom shall be independent non-executive directors. The Chairperson of the Board shall be a member of the Committee.
- 2.2 In the absence of the Chairperson, the members present may nominate and elect one of their members to chair the meeting, provided the member is an independent non-executive director.
- 2.3 Invitations to attend the Committee meetings shall be extended to:
  - the Chief Executive Officer, the Executive Head People and Organisation;
  - ABAS, and
  - any other senior executives and professional advisors as deemed appropriate.



### 3. ROLE

The role of the Committee is to:

- ensure the employee value proposition promotes fair, responsible, transparent remuneration and fair employment practices within the Company;
- to assist the board to ensure that the company has a clearly articulated remuneration philosophy and human resource strategy that supports the strategic objectives of the company;
- establish an appropriate remuneration framework and ensure the adoption of remuneration policies to attract and retain top talent with the capacity to drive the Company's long-term strategy and sustainable performance; and
- ensure that the Company's talent management strategies and practices are appropriate to drive the Group's long-term success.

### 4. RESPONSIBILITIES

In discharging its responsibilities, the Committee will consider the following:

- i. ensure alignment of the remuneration and human resources strategies and policies with the UN sustainable development goals (SDG 4, 5, 8 and 16), the group's business strategy and the desired culture;
- ii. approve the group's general policy on executive and senior management remuneration;
- iii. approve specific remuneration packages for the executive directors and other senior management as deemed appropriate by the committee including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pension and other benefits;
- iv. approve senior executive pay levels relative to appropriate benchmarks such that they are sufficient to attract, retain and motivate executives of the quality required by the board;
- v. approve annually, any criteria necessary to measure the performance of executive directors and senior management in discharging their functions and responsibilities to objectively test that performance conditions are met;



- vi. approve any grants to executive directors and other senior management and other senior employees made pursuant to the group's management share incentive scheme on recommendation from management and verify that performance conditions were met when such options are exercised;
- vii. consider recommendations by management in respect of proposed amendments to the rules applicable to any incentive schemes and to approve and/or recommend same to the board and/or shareholders as appropriate, based on the nature of the proposed amendments;
- viii. approve salary increases for non-bargaining employees and provide executive management with the necessary mandates for negotiations with trade unions;
- ix. approve the Band 7 and below annual short-term incentive performance metrics, weighting, targets and methodology per site or operation should there be any variation outside of the approved budget parameters;
- x. approve ad-hoc allocation of attraction and retention share awards;
- xi. receive and review annual reports on the retirement and healthcare funding for the group;
- xii. consider recommendations by management in relation to non-executive director remuneration for final recommendation by the board to shareholders;
- xiii. ensure that structures, policies and procedures facilitate good management and utilisation of human resources;
- xiv. ensure adequate succession plans for executive and senior management;
- xv. review the remuneration disclosure in the integrated report to ensure that it is accurate, complete and transparent, provides a clear explanation of how the remuneration policy has been implemented and provides sufficient forward looking information for the shareholders to assess the remuneration policy and for passing a resolution in terms of section 66(9) of the Companies Act, 2008;
- xvi. review and approve the Committee Chairperson's Letter for the Integrated Report;
- xvii. approve the appointment of an external remuneration advisor;
- xviii. ensure the proper discharge of the board's obligation regarding skills retention and employment equity;
- xix. ensure good administration in entities connected to the delivery of remuneration (share trusts, pension funds, etc);



## 5. RISK MANAGEMENT

To support the board in ensuring effective risk management oversight, specifically in relation to material risks within its scope, the Committee will:

- i. ensure the effective monitoring of these risks and that potential opportunities are considered as appropriate;
- ii. consider and review executive management's reports on the design and implementation of appropriate risk responses, overseeing that the risks are managed within the approved levels of appetite and tolerance and the integration and embedding of risk management in the business activities and culture of the Company;
- iii. obtain confirmation that there is adequate assurance and that controls in relation to these risks are appropriate in design and effectiveness; and
- iv. inform the board of its findings and recommendations in respect of material risks within its scope, which may have an impact on the Company.

## 6. OVERSIGHT AND MONITORING

- i. The committee must adhere to the minimum King IV™ disclosure requirements relating to remuneration background statements, an overview of the provisions in the remuneration policy and an implementation report.
- ii. The committee must oversee ongoing dialogue with shareholders based on mutual understanding of what performance and value creation constitutes for the purpose of evaluating the remuneration policy.
- iii. The committee must provide shareholders with an opportunity to pass a separate, non-binding advisory vote on the remuneration policy and implementation report. In the event of a 25% or higher advisory vote against the adoption of a policy or an implementation plan, the remuneration policy should set out specific measures that the committee will take to address the shareholders' objections and underlying concerns.
- iv. The committee shall review and report to the board and shareholders on its operating effectiveness and performance at least annually.



## **UN SUSTAINABLE DEVELOPMENT GOALS**

### **Workforce culture and capability:**

**SDG 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

**SDG 5 - Achieve gender equality and empower all women**

**SDG 8 - Promote sustained inclusive and sustainable economic growth, full productive employment and decent work for all**

**SDG 16 - Peace, justice and strong institutions**

**APPROVED BY THE BOARD ON 10 NOVEMBER 2023**