



MASTER DRILLING

Master Drilling Group Limited

Corporate Governance Committee Terms of Reference

1. INTRODUCTION

- 1.1 The Board should assume responsibility for the governance of compliance with applicable laws and binding as well as adopted, non-binding rules, codes and standards by setting the direction for how compliance should be implemented and addressed in the organisation (Principle 13 of the King IV Report on Corporate Governance for South African 2016 (“King IV”).
- 1.2 The Corporate Governance Committee (“the Committee”) of Master Drilling Group Limited (“the Company”) is appointed by the Board of Directors (“the Board”).
- 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 The Committee’s procedures should remain flexible to best react to changing conditions and requirements and to assure the Board and the Company’s stakeholders that the corporate governance practices of the Company are in accordance with applicable requirements and are of the highest integrity.
- 1.5 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 and any other applicable law and regulatory provision.

2. MANDATE AND PURPOSE OF THESE TERMS OF REFERENCE

- 2.1 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 three directors appointed by the Board, all of whom must be non-executive, with the majority being independent non-executive directors.
- 3.2 The Chairperson of the Board should be a member of the Committee. The Chairperson of the Committee shall be appointed by the Board.
- 3.3 The members of the Committee will hold office for such reasonable period as the Board may, in its discretion, determine from time to time.

- 3.4 The Chairperson of the Committee will be responsible for the convening of the Committee and the transmission of recommendations and Committee reports to the Board.
- 3.5 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties as members of the Committee.

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 is responsible for making recommendations to the Board in all matters relating to the development, evaluation and monitoring of the Company's corporate governance processes, policies and principles and making recommendations to the Board on revisions from time to time as appropriate; and to assess on an annual basis the independence and any potential conflicts of interests of the Company's independent directors (as defined in Principle 7, recommended practice 25-30 of King IV and the Listing Requirements of the JSE Ltd ("the JSE").
- 4.3 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

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. Further, meetings may be called by the Chairperson of the Committee or any other member of the Committee or at the instance of the Board or the Executive Directors where such further meeting is considered necessary.
- 5.1.2 The Chairperson of the Committee may meet with the Chief Executive, the Chief Financial Officer 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.
- 5.1.3 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 Chairperson or Group Company Secretary.
- 5.2.3 The Chairperson (or in his absence, another member of the Committee) shall attend the annual general meeting of the Company and be prepared to answer questions concerning matters that fall under the Committee's Terms of Reference.
- 5.2.4 The Group Company Secretary or his/her designate is the secretary to this Committee.
- 5.2.5 If the nominated Chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairperson.

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 Board 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 for discussion.
- 5.3.5 The minutes must be completed as soon as possible after the meeting and circulated to the Chairperson 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 nor vote on the issue giving rise to the conflict.

5.4 **Quorum**

5.4.1 A quorum for decisions of the Committee shall be a majority of members present (two of whom must be independent non-executive directors). 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 Chairperson of the Board and/or;

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, 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 this 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 fulfil its role as stated above and including the following:

- 7.1 Monitor that recommendations by the Risk Committee to the Board for approval of policy that articulates and gives effect to its direction on governance compliance, and identifies non-binding rules, codes and standards of the organisation, have been adopted and implemented.
- 7.2 Review, at least annually, the Company's compliance with the corporate governance requirements in applicable listing standards, the Listing Requirements of the JSE or other applicable laws or regulations and report to the Board regarding same.
- 7.3 Advise the Board periodically with respect to significant developments in the law and practice of corporate governance, recognising that the other Board Committees may also advise the Board in relation to significant governance developments within their specific areas of responsibility.
- 7.4 Review and recommend to the Board for approval the Corporate Governance Statement for inclusion in the Integrated Annual Report.
- 7.5 Recommend to the Board the appropriate explanation to be communicated to shareholders in the Integrated Annual Report where "apply and explain" standards are required. Where this overlaps with the work of another Board committee the proposed explanation will also be reviewed by such other Board committee.
- 7.6 Review and make recommendations to the Board regarding conflicts of interest and related party transactions.
- 7.7 Liaise with the Board in relation to the preparation of the Committee's report/s to shareholders, if such a report is required.
- 7.8 Review the outcome of the Board and Committee annual evaluation.
- 7.9 Report regularly to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities.

8. REPORTING

- 8.1 The following should be disclosed in the Integrated Annual Report in relation to each committee of the Board:

- 8.1.1 Its overall role and associated responsibilities and functions;

- 8.1.2 a statement on whether or not the Committee has adopted formal terms of reference 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 this terms of reference;
 - 8.1.3 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;
 - 8.1.4 the number of meetings of the Committee held during the period reported on and Committee members, attendance at those meetings
 - 8.1.5 any external advisors or invitees who regularly attend committee meetings and;
 - 8.1.6 Key areas of focus during the reporting period.
- 8.2 The Committee performs a self-evaluation of its effectiveness each alternate year and reports the results thereof to the Board.

9. REIMBURSEMENT OF EXPENSES

- 9.1 Members of the Committee should ensure that they are reimbursed for all direct and indirect expenses reasonably and properly incurred in performance of their duties as a member, e.g. accommodation and travelling expenses.
- 9.2 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.

10. REVIEW AND ASSESSMENT

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

This Terms of reference was reviewed and approved by the Board of Directors in March 2020.