



MASTER DRILLING

Master Drilling Group Limited

Remuneration Committee Terms of Reference

1. INTRODUCTION

- 1.1 The role of the Remuneration 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 its recommendations within 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 not less than 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 In appointing the members of the Committee, the Board will nominate the Chairperson of the Committee, who must be an independent non-executive, and determine the period for which he/she shall hold office.
- 3.3 The Chairperson of the Board may be a member of the Committee but shall not be eligible to be appointed as Chairperson of the Committee.
- 3.4 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.
- 3.5 The Chairperson of the Committee will be responsible for the convening of the Committee and the transmission of recommendations to the Board.

3.6 The Group Company Secretary will be responsible for record keeping.

3.7 The Chief Executive Officer should not be a member of the Committee.

4. **ROLE**

4.1 The Committee has an independent role, providing oversight and 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 Company remunerates directors and executives fairly and responsibly; and

4.3.2 the disclosure of director and remuneration is accurate, complete and transparent.

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 at a minimum quarterly per financial 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 Meetings in addition to those scheduled may be held at the request of 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 Chairperson of the Committee may meet with the head of human resources and/or the Group Company Secretary and any other person depending on the circumstances 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, provided that only members of the Committee shall be entitled to vote at such meetings. 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 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 The Company shall normally invite the Chairperson of the Board (if not a member of the Committee) and the Chief Executive Officer to attend meetings to discuss the performance of other executive directors and senior management and make proposals as necessary
- 5.2.3 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 of the Committee or Group Company Secretary.
- 5.2.4 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 of the meeting.

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 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, at least 1 (one) week prior to each meeting to the Board Members and 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 shall be completed as soon as possible after the meeting and circulated to the Chairperson and the Committee members for review thereof. The minutes shall 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 or vote on the issue giving rise to the conflict.

5.4 **Quorum**

5.4.1 A quorum shall be a simple majority of the Committee members present, (one of whom must be independent) who shall vote on any matter for decision.

5.4.2 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 Board approved process being followed;

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

6.3 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.

6.4 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**

7.1 The Committee shall assist the Board with ensuring that Master Drilling and its subsidiaries ("the Group") remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long- term.

7.2 The Committee shall assist the Board with formulating a remuneration policy that in accordance with King IV:

- 7.2.1 Articulates and gives effect to the Board's direction on fair, responsible and transparent remuneration;
- 7.2.2 Is designed to:
 - 7.2.2.1 Attract, motivate, reward and retain human capital;
 - 7.2.2.2 Promote the achievement of strategic objectives within the organization's risk appetite;
 - 7.2.2.3 Promote positive outcomes; and
 - 7.2.2.4 To promote an ethical culture and responsible corporate citizenship.
- 7.3 Addresses organizational-wide remuneration and includes provision for the following specifically:
 - 7.3.1 Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organization;
 - 7.3.2 The use of performance measures that support positive outcomes across the economic, social and environmental context in which the organization operates; and/or all the resources that the organization uses or affects;
 - 7.3.3 The voting by shareholders on the remuneration policy, implementation report, and the measures to be taken should either the policy, the report or both be voted against by 25% or more of the votes exercised;
 - 7.3.4 All elements of remuneration that are offered in the organisation and the mix of these should be set out in the remuneration policy.
- 7.4 The Committee shall co-ordinate its activities with the Chairperson of the Board and the Chief Executive Officer of the Company as well as consult with them in formulating the remuneration policy and when determining specific remuneration packages.
- 7.5 The Committee shall oversee that the implementation and execution of the remuneration policy achieves the objectives of the remuneration policy.
- 7.6 The Committee shall determine specific remuneration packages for executive directors of the Company including but not limited to basic salary, benefits in kind, any annual bonuses, performance base incentives, share incentives, pension and other benefits.
- 7.7 The Committee will aim to position senior executive pay levels relative to local and international industry benchmarks such that they are sufficient to attract, retain and motivate executives of the quality required by the Board. In determining the specific remuneration packages for executive directors and senior managers, the Committee will have due regard to the remuneration policy and local and international industry benchmarks.
- 7.8 The Committee shall determine any criteria necessary to measure the performance of executive directors and senior management in discharging their functions and responsibilities.

- 7.9 The Committee will aim to provide the executive directors and senior management every encouragement to enhance the Company's performance and to ensure that they are fairly but responsibly rewarded for their individual contributions and performance.
- 7.10 The Committee shall review (at least annually) the terms and conditions of remuneration packages for executive directors and senior management.
- 7.11 The Committee shall determine any grants to executive directors and other senior employees made pursuant to any share incentive scheme adopted by the Company.
- 7.12 The Chief Executive Officer shall keep the Committee informed of relevant information in respect of other group executives and senior managers whose remuneration packages are not determined by the Committee.
- 7.13 The Group Company Secretary shall keep the Committee informed of all share transactions and shareholdings of all directors of the Company.
- 7.14 The Committee will be responsible for making recommendations to the Board on the fee structure and all fees payable by the Company to non-executive directors for membership of both the Board and any board committee as well as fees to the Chairperson of the Board and Chairpersons of the board committees including fees for additional extraordinary work performed.
- 7.15 In order to achieve and maintain fair, responsible and acceptable levels of remuneration, the Committee should, inter alia, give consideration to the following:
- 7.15.1 the fees payable to non-executive directors of comparable listed companies, established, if considered necessary by the Committee, by reference to independent surveys and consultants;
 - 7.15.2 the general level of hourly/daily rates of fees earned by directors in their professional capacities;
 - 7.15.3 the hours spent in travel and preparation for meetings, as well as actual attendances; and
 - 7.15.4 a fair and reasonable allowance for indirect costs pertinent to the role of directors.
- 7.16 To the extent required by the Company's Memorandum of Incorporation and any relevant legislation and/or regulations, the Board shall be responsible for making recommendations on such fees to the members of the Company in annual general meeting.
- 7.17 The Committee shall review the fees payable to non-executive directors on a regular basis and at least annually.
- 7.18 The Committee shall determine the frequency of payment of the fees.
- 7.19 The Committee shall develop performance criteria for non-executive directors and board committees.

- 7.20 The Committee shall review and recommend to the Board for approval the Group Company Secretary remuneration.
- 7.21 The Committee shall consider the results of the evaluation of the Chief Executive Officer and other executives in determining remuneration and confirming there is alignment between individual performances and rewards.

8. REPORTING REQUIREMENTS

- 8.1 The Chairperson of the Committee shall report to the Board on a regular basis on matters dealt with by the Committee.
- 8.2 The Committee shall ensure that its annual report and the annual remuneration report substantially comply with the recommended practices set out in Principle 14 of King IV which includes:
- 8.2.1 A background statement, which should briefly provide context for remuneration considerations and decisions, with reference to:
- 8.2.1.1 Internal and external factors that influenced remuneration;
 - 8.2.1.2 The most recent results of voting on the remuneration policy and the implementation report measures taken in response thereto;
 - 8.2.1.3 Key areas of focus and key decisions taken by the remuneration committee during the reporting period, including any substantial changes to the remuneration policy;
 - 8.2.1.4 Whether remuneration consultants have been used, and whether the committee is satisfied that they were independent and objective;
 - 8.2.1.5 The views of the committee on whether the remuneration policy achieved its stated objectives; and
 - 8.2.1.6 Future areas of focus.
- 8.2.2 An overview of the main provisions of the remuneration policy (refer to point 7.3 above);
- 8.2.3 An implementation report which contains details of all remuneration awarded to individual Board Members and executive management during the reporting period.
- 8.3 The Committee will liaise with the Board in relation to the preparation of the annual remuneration report to stakeholders as required and will ensure that the remuneration policy and implementation report is put to a non-binding advisory vote at annual general meetings of shareholders.
- 8.4 The Chairperson 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.
- 8.5 The following should be disclosed in relation to each board committee
- 8.5.1 Its overall role and associated responsibilities and functions;
 - 8.5.2 Its composition, including each member's qualifications and experience;
 - 8.5.3 Any external advisors or invitees who regularly attend committee meetings;

- 8.5.4 Key areas of focus during the reporting period;
- 8.5.5 The number of meetings held during the reporting period and attendance at those meetings;
- 8.5.6 Whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference during the reporting period.

9. VOTING ON REMUNERATION

- 9.1 In terms of the Companies Act, fees for non-executive directors for their services as directors must be submitted for approval by special resolution by shareholders within the two years preceding payments.
- 9.2 The remuneration policy and implementation report should be tabled every year for separate non-binding advisory votes taken by shareholders at the Annual General Meeting.

10. REIMBURSEMENT OF EXPENSES

- 10.1 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.
- 10.2 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.

11. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

- 11.1 The Committee should satisfy itself that subject to the reasonable costs thereof, the Company has arranged for directors' and officers' liability insurance to be taken out and paid by the Company.

12. REVIEW AND ASSESSMENT

- 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 annually or where otherwise required.

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