

KUMBA IRON ORE LIMITED

(Registration number 2005/015852/06)
("Kumba" or "the Company")

HUMAN RESOURCES, REMUNERATION AND NOMINATION COMMITTEE
("Remco" or "the committee")

TERMS OF REFERENCE

1. CONSTITUTION

- 1.1 In line with the recommendations of the King Code of Governance Principles for South Africa, 2009 and the King Report on Governance for South Africa, 2009 (“King III”) the board of directors of the Company (“the board”) resolved to establish a committee of the board to be known as the Human Resources, Remuneration and Nomination Committee (“the committee”).
- 1.1 Neither the appointment nor the duties of the committee reduce the functions and duties of the board or the directors of the Company.
- 1.2 These terms of reference are subject to the provisions of the Companies Act of 2008, the Memorandum of Incorporation of the Company and all applicable law and regulation.

2. PURPOSE

The purpose of the committee is to provide an independent and objective body that will

- (a) make recommendations on the remuneration policies and practices for the executive directors, senior management and the Company and its subsidiaries (“the Group”) in general; and
- (b) make recommendations on the composition of the board and board committees and to ensure that the board of directors consists of individuals who are equipped to fulfil the role of director of the Company.

3. MEMBERSHIP/QUORUM

- 3.1 The committee shall be appointed by the board from among the non-executive directors, the majority of whom shall be independent. It shall consist of not less than three members, one of whom shall be the chairman of the board who shall be an *ex officio* member of the committee. At least one member of the committee must have relevant experience.
- 3.2 Provision shall be made for an induction programme and suitable training for all members of the committee.
- 3.3 The board shall appoint a chairman from the independent directors on the committee and determine the period for which he or she shall hold office. The chairman of the board shall act as chairman of the committee during deliberation of matters relating to the nomination duties of the committee.
- 3.4 In the absence of the chairman of the committee and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.
- 3.5 Appointments to the committee will be made by the board on the recommendation of the committee.
- 3.6 The board shall, from time to time, review and revise the composition of the committee, taking into account the need for an adequate combination of skills and knowledge.
- 3.7 A quorum for decisions of the committee shall be a majority of members present throughout the meeting either in person or via telephone or video conference facilities.
- 3.8 The company secretary shall act as committee secretary.

4. MEETINGS

4.1 Attendance

- The chief executive officer and general manager human resources shall be in attendance at meetings of the committee and shall have unrestricted access to the chairman or any other member of the committee as is required in relation to any matter falling within the remit of the committee. Other board members may also attend at the invitation of the chairman of the committee.
- Suitably qualified persons may be invited to attend meetings of the committee when necessary to render such specialist services as may be necessary to assist the committee in its deliberations on any particular matter.
- No invited attendee shall have a vote at the meetings of the committee.
- Members and/or invited attendees of the committee may participate in and act at any meeting of the committee by means of telephone or video conference or other communication equipment provided that all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person by the person(s) so participating.

4.2 Frequency of meetings

- The committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference.
- Meetings shall be held not less than four times a year. The board or any member thereof, including members of the committee may, in consultation with the chairman of the committee, call a meeting at any other time.
- Quarterly meetings shall be scheduled in advance as part of the annual corporate calendar of the company. In addition, ad hoc meetings may be called as and when required with reasonable notice, to the extent possible.

4.3 Agendas

The committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agenda 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 number, timing and length of meetings and the agendas are to be determined in accordance with the annual plan.

5. PROCEEDINGS

5.1 Unless varied by these terms of reference, the Company's Memorandum of Incorporation, regulating the meetings and proceedings of directors and committees, will govern meetings and proceedings of the committee.

5.2 The committee secretary shall take minutes of meetings. The minutes shall record the issues, the salient features pertaining to the issues and the decisions of the committee. The minutes will be formally approved by the committee at its next scheduled meeting. Signed minutes shall be made available to all board members for noting.

- 5.3 The secretary of the committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute these accordingly.
- 5.4 The chairman of the committee shall report on the committee's proceedings and findings to the next meeting of the board.

6. REMUNERATION

- 6.1 Non-executive members of the committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the shareholders on recommendation from the board.
- 6.2 The above fees shall be subject to review by the board from time to time on recommendation from the committee.

7. RESPONSIBILITIES

7.1 Human Resources and remuneration related matters

The duties of the committee shall be to assist the board and to be responsible for decisions and/or recommendations in respect of human resources and remuneration matters, including the following:

- to ensure alignment of the remuneration and human resources strategies and policies with the Group's business strategy and the desired culture;
- to determine the Group's general policy on executive and senior management remuneration;
- to consider and recommend for approval by the board the remuneration of the chief executive and executive directors;
- to review and approve the process of performance management and to approve annual targets set for these purposes, if any;
- to approve any grants to executive directors and other senior employees made pursuant to the Group's management share incentive scheme on recommendation from management;
- to 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;
- to approve salary increases for non-bargaining employees and mandates for negotiations with trade unions;
- to receive and review annual reports on the retirement and health care funding for the Group;
- to consider recommendations by management in relation to non-executive director remuneration for final recommendation by the board to shareholders;
- to review the remuneration report and philosophy for inclusion in the integrated report and submission to shareholders for a non-binding, advisory vote as recommended by King III;
- to ensure that the structures, policies and procedures facilitate good management and utilisation of human resources; and
- to ensure adequate succession plans for the executive and senior management.

7.2 Board related matters

7.2.1 Nomination duties

The committee shall have the responsibility:

- to make recommendations to the board on the appointment of the chief executive, new executives and non-executive directors, including making recommendations on the composition of the board generally and the balance between executive and non-executive directors appointed to the board;
- to regularly review the board structure, size and composition and make recommendations to the board with regards to any adjustments that are deemed necessary;
- to identify and nominate candidates for the approval of the board to fill board vacancies as and when they arise, as well as put in place plans for succession, in particular for the chairman and chief executive;
- to recommend directors that are retiring by rotation, for re-election;
- to annually review the independence of the independent non-executive directors and report on the outcome thereof to the board for inclusion in the integrated report; and
- to initiate the annual evaluation of the performance of the board, board committees, the chairman of the board and individual directors.

7.2.2 Board affairs

The committee shall have the responsibility:

- to review all board related governance processes, structures, policies and related matters from time to time and to recommend changes thereto as deemed necessary to the board for approval; and
- to review the induction programme and monitor the induction process as and when required.

8. AUTHORITY AND GOVERNANCE

- 8.1 The committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the group and all employees are directed to co-operate with any request made by the committee. Such requests will be channelled through the Company's chief executive.
- 8.2 The committee is authorised by the board to, at the company's expense, obtain outside legal, accounting or other independent professional advice as it considers necessary to carry out its duties and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 8.3 The chairman (or, in his absence, an alternate member) of the committee shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the committee.
- 8.4 Subject to the above provisions and any relevant legislation, the members of the committee shall not attract any personal liability arising from their appointment.
- 8.5 The Company shall indemnify members of the committee to the extent possible in terms of its approved liability insurance coverage.

- 8.6 The committee shall annually review and, if appropriate, update its own terms of reference, subject to board approval for all changes.
- 8.7 The committee shall review and report to the board on its operating effectiveness and performance at least annually.

APPROVED BY THE BOARD ON 27 NOVEMBER 2013

CHAIRMAN OF THE BOARD