

## **NOMINATIONS AND GOVERNANCE COMMITTEE TERMS OF REFERENCE**

### **1. INTRODUCTION AND PURPOSE OF THE TERMS OF REFERENCE**

The Company's Nominations and Governance Committee ("the Committee") is constituted as a Committee of the Board ("the Board") and appointed in terms of the Board's powers of authority as set out in the Company's Memorandum of Incorporation ("MOI") and Board Charter. The provisions enunciated in the Board Charter shall apply, *mutatis mutandis*, to the Committee.

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. An additional purpose is to provide a level of comfort to the Board that the Company's policies and procedures for board effectiveness and governance are adequately in place.

The Committee should:

- act on behalf of the Board when specifically so authorised; and
- ensure transparency and full disclosure when reporting to the Board, except where the Committee has been mandated otherwise.

### **2. COMPOSITION AND AUTHORITY OF THE COMMITTEE**

#### **2.1 Composition**

The Committee shall comprise of at least three non-executive directors, a majority of whom must be independent, non-executive directors, as defined by the Companies Act and JSE Listings Requirements ("LRs"). The Board appoints members of this Committee and its Chairman.

The Committee must be structured in a manner that always ensures an appropriate mix and balance of knowledge, skills, experience, diversity and independence, appropriate to the needs and strategic direction of the Company and deliverables as per the remuneration philosophy of the Company. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.

*It is noted that:*

- the Chairman of the Committee must be an independent non-executive director and shall be appointed by the Board. If the nominated Chairman of the Committee is absent from a meeting, the members present must elect an interim Chairman.
- as per King IV™, the Chairman of the Board should be the Chairman of the Committee. If the Chairman is not independent, the Lead Independent Director should be appointed as Chairman.
- the Committee shall invite the Chief Executive to attend meetings, along with any other executive, as deemed necessary and their participation in the meetings whether in part(s) or for the duration of the full meeting shall be at the discretion of the Chairman; and
- the Company Secretary shall be the Secretary to the Committee.

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## **2.2 Authority**

The Committee acts in terms of the delegated authority of the Board as recorded in these Terms of Reference. The Committee is appointed to act on behalf of the Company.

The Committee:

- has the power to investigate any activity within the scope of its terms of reference subject to a Board approved process;
- in the fulfilment of its duties, may call upon the Chairmen of the other Board committees, any of the executive directors, non-executive directors, Company Secretary or any member of management to provide it with information;
- must have reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities;
- may form, and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee, for the processing of certain matters on its behalf; and
- makes the recommendations to the Board that it deems appropriate on any area within the ambit of its Terms of Reference where action or any other decisions is required.

## **3. APPOINTMENT OF MEMBERS – PROCESS AND POLICY**

### **3.1 Process**

Members of the Committee will be appointed by the Board through a formal and transparent process, paying cognisance to the Board's Diversity Policy.

The details and processes to be considered in the appointment of directors are listed in **Annexure A**. The Committee is mandated with the responsibility of implementing a formal succession plan for the Board and the Committees and identifying suitable members for consideration by the Board, based upon this plan.

### **3.2 Vacancies**

A vacancy arises if the minimum of three non-executive Committee members, the majority of whom shall be independent, is not met. In such instances, the Board must fill the vacancy as soon as reasonably possible after the vacancy arises but, at the latest, within sixty (60) days thereafter.

### **3.3 Remuneration**

Members of the Committee shall be paid such remuneration in respect of their functions as approved by shareholders annually. The Chairman of the Committee shall receive an enhanced sum for their role. The Board shall report on the directors' remuneration in the Integrated Annual Report in terms of the requirements of the Companies Act, the JSE LRs and King IV™.

### **3.4 Induction of new members**

A Committee induction programme should be established for new members to facilitate their understanding of the Committee and its role and responsibilities. The induction programme should focus on (*but not be limited to*), an understanding of:

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- the Company's overall corporate governance philosophy;
- the Committee's Terms of Reference and annual work plan;
- a member's role, fiduciary duties, responsibilities and obligations in terms of the Companies Act, JSE LRs and King IV™ recommendations; and
- the material matters addressed by the Committee.

### **3.5 Members' fiduciary duty of care**

Members appointed to the Committee should conduct themselves according to the highest standards of personal and professional integrity, and participate fully, frankly and constructively in meeting discussions. In addition, members should:

- exercise due care and skill in the best interests of the Company and not for any self-interest, in accordance with sections 76 and 77 of the Companies Act and King IV™ recommendations;
- assume responsibility for the continual development of their competence to ensure that they are effective as members of the Committee;
- regularly attend meetings of the Committee and devote sufficient time to the affairs of the Committee to ensure the exercising of well-considered judgement; and
- maintain the utmost confidentiality over all matters relating to the activities of the Committee and remain responsible for the confidential safekeeping of all related documents.

### **3.6 Continuous education and training**

Members of the Committee should ensure that they take appropriate steps to keep abreast of developments and global trends/best practices in the areas of committee effectiveness and corporate governance, to enable them to effectively perform the Committee's role and mandate, as defined in these Terms of Reference.

Upon request from the Committee and/or individual member(s), the Company Secretary shall provide opportunities for members to continually develop and refresh their knowledge to ensure that they have the requisite skills and knowledge to execute their fiduciary duties in respect of the Committee's mandate.

### **3.7 Conflicts of Interest**

Committee members must avoid any conflicts of interest in accordance with section 75 of the Companies Act. Any conflict of interest in respect of matters on the agenda should be disclosed at the beginning of each meeting, and such conflicts should be proactively managed.

If any matter is to be discussed at a meeting of the Committee which would involve one or more members having a conflict of interest, those conflicted members:

- shall, at the Chairman's discretion, be afforded an opportunity to provide their input on the subject matter in question;
- shall thereafter be recused; and
- shall not participate in any decision on the matter.

The Company Secretary shall be responsible for ensuring that the above process is properly implemented.

#### **4. ROLE AND RESPONSIBILITIES OF THE COMMITTEE**

The Committee has an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and approval. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management of the various group companies and jurisdictions.

The Committee's primary role is to assist the Board in discharging its responsibilities in respect of:

- governance across the Company;
- Board and Committee structures;
- Board continuity in terms of composition and succession; and
- Board effectiveness.

The Committee shall discharge its role and responsibilities with due regard to the values that support the central tenets of the Company's name and brand. When executing its duties, the Committee shall always remain cognisant of the Company's vision, mission and purpose.

##### **4.1 Nominations-related matters**

In discharging its responsibilities to the Board, the Committee will:

- review the formal succession strategy and plans for the Board and the Chairman;
- regularly review the structure, size and composition of the Board and its Committees, as well as the requirement for rotation of directors, and recommend changes to the Board;
- ensure that there is a formal, transparent and accountable process for the nomination, election and appointment of directors to the Board;
- ensure that the terms, as contained in the letter of appointment of directors, are appropriate;
- consider the appropriate balance in regard to skills on the Board and Board Committees, including business, commercial and industry experience;
- recommend to the Board the Diversity Policy;
- endeavour to have a diverse representation on the Board;
- identify suitable members with desired competencies who meet the fit and proper criteria for election and appointment to the Board as and when vacancies arise and recommend the appointment and/ or removal of directors to the Board;
- recommend to the Board the extension of non-executive directors' tenures having given regard to their independence, performance and contribution to the Board in the light of knowledge, skills and experience required, and with specific reference to the annual evaluation and re-election of members who:
  - have served more than 9 years on the Board (independence test); and
  - have exceeded 70 years of age.
- review and assess whether directors' professional commitments enable them to commit enough time for discharging their responsibilities;
- ensure that there is a formal induction programme for new directors;
- oversee that there is a continuous professional development programme for the Board, through suitable director training to meet the relevant needs;
- ensure that directors receive regular briefings on changes in laws and the environment in which the Company operates;
- nominate a Lead Independent Director, for the approval of the Board;

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- agree and recommend to the Board the process in relation to the assessment of the performance of the Board and its Committees and manage the annual process;
- review the outcome of the annual Board and Committee assessment process and:
  - report the results to the Board; and
  - recommend to the Board the disclosure of the results in the Integrated Annual Report;
- evaluate the performance and independence of individual non-executive directors and recommend for re-election those directors retiring by rotation based on the outcome of the performance evaluation;
- appointments and/or changes to the boards of material subsidiaries of the Company shall be noted by the Committee; the appointment, dismissal and/or retrenchment of a CE, Chief Financial Officer and Company Secretary shall be approved by the Board on recommendation from the Committee;
- oversee effective collaboration through cross-membership between Committees, where appropriate;
- review the performance goals set for the CE, in collaboration with the Human Resources and Remuneration Committee ("RemCo"), and recommend to the Board for approval;
- review the RemCo report on the succession plans in place for the executive directors;
- review the competency and independence of the Company Secretary on an annual basis;
- review feedback on shareholder engagement;
- ensure that mechanisms are in place to declare the nature and extent of directors' interests in contracts;
- consider the Integrated Annual Report disclosures and recommend to the Board the approval of the Governance Section of the Integrated Annual Report;
- recommend, to the Board, the approval of the Notice of Meeting of the Annual General Meeting ("AGM"), including recommending the annual election of Audit and Risk Committee members for approval by shareholders; and
- recommend to the Board that directors who have achieved a 12-year tenure retire from the Board unless the Committee is of the view that they should continue to have a seat on the Board having due regard to their independence and contribution to the Board.

#### **4.2 Governance**

In terms of its mandate related to corporate governance, the Committee shall:

- monitor, on an ongoing basis, the adequacy and effectiveness of the Company's corporate governance structures and processes;
- confirm, to the Board that the Committee has fulfilled its mandate;
- ensure, by way of an analysis table, the Company's compliance with the principles of King IV™ and the JSE LRs;
- annually assess and document whether the process of corporate governance implemented by the Company successfully achieves the objectives determined by the Board and in line with prevailing legislation;
- oversee the annual review of the Delegation of Authority and Governance Framework; and
- review the JSE annual compliance certificate.

#### **4.3 Risk assessments related to the Committee's role**

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The Committee shall assess the mitigation of the risks to which the Company may be exposed, specifically in relation to:

- executive director succession planning;
- Board succession planning;
- Board effectiveness;
- corporate governance; and
- shareholder imperatives as these relate to the AGM.

#### **5. FREQUENCY AND QUORUM**

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 three (3) meetings per year. The meetings will be held at such times and at such venues as the Committee deems appropriate. Meetings in addition to those scheduled may be held at the request of a member of the Committee and with the approval of the Chairman of the Committee.

A representative quorum for meetings is a majority of members present. Committee meeting dates shall be set up sufficiently in advance and these will be tabled at Board meetings for the Board's notice and approval. Shorter notice periods for meetings may be given for special ad hoc meetings.

#### **6. ATTENDANCE**

Members of senior management, assurance providers and professional advisors may be in attendance at meetings upon recommendation by the Chief Executive and/or any Committee member and approved by the Chairman. These invitees participate by invitation only and they may not vote on any issues discussed at the meeting.

- Members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless a prior apology, with reasons, has been submitted to the Chairman and/or Company Secretary.
- The Chairman may, at his/her discretion authorise the use of audio or virtual platform facilities to facilitate participation in a committee meeting.
- A member, who is absent from Committee meetings for three consecutive meetings without leave and is not represented at any such meetings, may be required to vacate office should the Board so resolve.
- Should a member attend at least one-third of a Committee meeting, and is thereafter recused/excused, that member shall be marked present in the attendance register.

#### **7. AGENDA, WORK PLAN, BOARD PAPERS AND MINUTES**

The Company Secretary and the Chairman shall develop for approval by the Committee an annual work plan so that all relevant matters are covered by the agendas of the meetings planned for the year.

- The annual work 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 work plan.

A detailed agenda, together with Committee papers, must be circulated to members and other invitees at least one week prior to each meeting. All matters to be discussed and/or voted on at meetings must be included on the agenda for that meeting. Any member may request, through the Company Secretary and/or Chairman, that any matter requiring Committee deliberation be added to the agenda. The Chairman must approve such a request.

The draft minutes of the meetings must be completed within four weeks after the meeting and circulated to the executive management, members and the Chairman for review thereof. A record of attendance, together with all resolutions adopted at the meeting must be contained in the minutes. The minutes must be formally approved by the Committee at the next scheduled meeting or by round robin. To the extent available, minutes of the meetings held In-Committee shall be circulated to members only.

The Chairman of the Committee shall report to the Board on the Committee's proceedings in respect of all significant matters within its duties and responsibilities.

#### **8. INDEMNIFICATION AND DIRECTORS AND OFFICERS INSURANCE ("D&O")**

The Company will annually ensure that sufficient D&O insurance cover is in place in the event that members are exposed to liability and/or litigation in the course of discharging their fiduciary duties, within the necessary authority, provided that such members acted with due care and without malice and gross negligence.

#### **9. COMMITTEE'S PERFORMANCE EVALUATION**

The performance evaluation of the Committee, its Chairman and individual members must be conducted internally every year, with an independent, detailed evaluation every three years, unless otherwise decided by the Board, upon recommendation by the Committee. The Committee will consider its progress against the agreed outcomes of the prior evaluation process, if any.

#### **10. INDEPENDENT PROFESSIONAL ADVICE**

Any member of the Committee, or the Committee as a whole, is empowered to take independent professional advice or consult independent experts when necessary and within their duties as a Director of the Company. All requests for independent, professional advice should be directed in writing to the Chairman of the Committee and/or the Company Secretary. Costs incurred as a result of the independent advice will be borne by the Company, subject to prior approval by the Chairman and/or Company Secretary.

#### **11. COMPLIANCE WITH THE TERMS OF REFERENCE**

The Committee shall be required on an annual basis, to confirm whether it has fulfilled its responsibilities in accordance with these Terms of Reference and provide such assurance in the Company's Integrated Annual Report.

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**LIFE HEALTHCARE GROUP HOLDINGS LIMITED**  
("The Company" or "LHC")

**12. REVIEW OF THE TERMS OF REFERENCE**

These Terms of Reference are subject to an annual review by the Committee, for recommendation for approval by the Board.

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## PROCESS FOR THE APPOINTMENT OF NEW DIRECTORS

### **Identification of New Directors**

The Committee shall identify potential new directors for appointment to the Board in accordance with the Board succession plan. The Committee may seek the assistance of a recruiting agent in identifying suitable candidates.

### **Mandatory Checks**

Prior to any candidate being appointed to the Board, the Committee shall ensure that the following checks are undertaken:

- Criminal
- Credit
- CIPC directorships (for SA candidates)
- Media screening in relation to any adverse incidents
- Formal qualifications (on appointment)
- References (on appointment)

It is acknowledged that the above list is not exhaustive, and the Committee may decide upon additional criteria for consideration, with specific regard to the sub-committees the candidate may be required to serve on.

### **Conflicts of Interest**

The Committee shall endeavour to ensure that the proposed candidate does not have a conflict of interest. In the event that any of the following criteria may be applicable in relation to any potential candidate, they will not be considered independent; namely, if the candidate:

- i. Has been a chief executive officer, an executive officer or an executive director of LHC at any time during the preceding 3 years;
- ii. Represents a major shareholder;
- iii. Has a direct or indirect shareholding of more than 5% of the total issued shares of LHC;
- iv. Has a direct or indirect shareholding of less than 5% of the total issued shares of LHC but which is material to their personal wealth;
- v. Is a professional advisor, material customer or supplier to LHC such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that director is compromised by that relationship;
- vi. In the past three years been a key member of the external audit team or directly or indirectly been responsible for performing the statutory audit of the Company;
- vii. A member of an immediate family of an individual who falls within any of the above categories; and
- viii. Is entitled to remuneration contingent on the performance of LHC.

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**LIFE HEALTHCARE GROUP HOLDINGS LIMITED**  
("The Company" or "LHC")

**Domestic Prominent Influential Persons**

A domestic prominent influential person (DPIP) is an individual who holds a public office, including in an acting position for a period exceeding 6 months or has at any time in the preceding 12 months held a prominent position in South Africa. The Committee will be guided by schedule 3A of the Financial Intelligence Centre Act, Act 38 of 2001, as to who would constitute a DPIP.

To the extent that a DPIP is being considered for the Board, the Committee will consider:

- The capacity of the DPIP and whether they would be able to meaningfully contribute to the Board;
- When the DPIP intends to step down from public office.

**Formal Process**

The Committee shall interview candidates and request such assistance from additional Board members as it deems necessary.

Following the interviews of the candidates, a shortlist shall be presented to the Board, whereupon the Board may decide whether or not such candidate(s) should be appointed to the Board.

Upon formal approval of the candidates by the Board, the Company Secretary shall ensure that the necessary announcements are made to the market and all the appropriate documents are filed with the appropriate regulatory bodies.

In the event that a DPIP is appointed to the Board, the Committee will monitor relationships of the DPIP with the objective of mitigating any reputational risk, operational risk and/or legal risk that may arise.

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