



ASTRAL FOODS LIMITED

HUMAN RESOURCES, REMUNERATION AND NOMINATIONS COMMITTEE MANDATE AND TERMS OF REFERENCE

References to “the Committee” shall mean the Company’s Human Resources, Remuneration and Nominations Committee.

References to “the Board” shall mean the Company’s board of directors.

References to “Astral” or “the Company” shall mean Astral Foods Limited and its subsidiary companies as contemplated in the Companies Act, 2008.

1. Introduction

The Committee is constituted as a Board committee of Astral in terms of Section 72(a) of the Companies Act, 2008, (“the Companies Act”) and as a committee of the board in respect of all other duties assigned to it by the board.

The duties and responsibilities of the members of the Committee as set out in this mandate and terms of reference 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 in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.

This mandate and terms of reference are subject to the provisions of the Companies Act, the Company’s Memorandum of Incorporation and any other applicable law or regulatory provision.

2. Mandate and purpose of the terms of reference

To assist the board in discharging its responsibilities for the development of the Company’s general policy on executive and senior management remuneration and to determine specific remuneration packages for executive directors of the Company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pensions and other benefits. The Committee determines the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.

The Committee will ensure that the procedures for appointments to the Board are formal and transparent, by making recommendations to the Board on all new Board appointments.

The Committee's Nominations section, at its October / November meeting each year, shall recommend to the board the membership of all board committees as well as the chairman of the board for finalisation at the board's November meeting. This is necessary to fit in with the February annual general meeting where shareholders will vote on the relevant committees. The Chairman will then be appointed at the board meeting following the annual general meeting.

3. Membership and quorum

The Committee, to be elected by the Board, shall comprise a Chairman and minimum of two other members, all of whom shall be independent non-executive directors. The quorum shall be a majority of the members elected.

The Board shall appoint the Chairman. The Chairman will be appointed annually for a maximum period of five years and this period may be extended in exceptional circumstances and shall be reviewed on an annual basis.

The Chairman of the Board, if he or she is an independent non-executive director, may not be appointed as Chairman of the Human Resources and Remuneration section of the committee. The chairman of the Board, if he or she is an independent non-executive director, may be appointed as the Chairman of the Nominations section of the Committee.

A member of the committee shall, in the event that he/she ceases for whatsoever reasons to be a director of the Company, also resign as a member of the Committee. Notwithstanding anything to the contrary contained herein, the board shall have the power at all times to remove any member from the Committee and to fill any vacancies created by such removal. The board must fill vacancies on the committee within 40 business days after the vacancy arises.

The committee shall be entitled to co-opt specialists as invitees on the committee, but this should be an exception rather than the rule and such specialists should comprise a minority at committee meetings.

4. Role

The committee has an independent role with accountability to both the board and the shareholders. 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. Attendance at meetings

The company secretary of the board shall be the secretary of the committee.

If the nominated chairman of the committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

6. Frequency of meetings, agenda and minutes

Meetings shall be held not less than three times per annum. These meetings should preferably take place:-

- a) Once in March each year to inter alia review the performance of the Provident Funds;
- b) Once in August of each year to inter alia review and recommend to the Board for approval, the remuneration packages for executive directors and senior management; and
- c) Once in October / November of each year to inter alia approve the bonus scheme threshold for executive directors and senior management.

Meetings in addition to those scheduled may, with approval of the chairman, be held at the request of the other members of the Committee or senior management or at the instance of the board.

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 the committee's mandate and 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 over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the committee and any other person required to attend, at least 7 days prior to each meeting.

Members and/or invitees of the committee may participate in and act at any meeting of the committee through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting by the person or persons so participating.

7. Authority

The committee has decision making authority in regard to its duties and is accountable in this respect to both the board and the shareholders. To this end the chairman of the committee must be present at all annual general meetings to answer questions, through the chairman of the Board, on the report on the committee's activities and matters within the scope of the committee's responsibilities. On all responsibilities delegated to it by the Board outside of its duties, the committee makes recommendations for approval by the board.

The committee, in the fulfilment of its duties, may call upon the chairman of the other board committees, any of the executive directors, company officers, company secretary, other company employees or assurance providers to provide it with information, subject to a board approved process.

The committee has reasonable access to the company's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to following a board approved process.

The committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to a board approved process being followed.

8. Responsibilities

The responsibilities of the committee shall include:-

a) Remuneration

- aim to give the executive directors every encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions and performance;
- review (at least annually) the terms and conditions of executive directors' service agreements, taking into account information from comparable companies where relevant;
- determine any grants to executive directors and other senior employees made pursuant to the Company's executive share schemes;
- keep informed of relevant information for other group executives and senior managers;
- not determine the remuneration and terms of any consultancy agreement of any non-executive director, but will make recommendations to the Board for final approval;
- co-ordinate its activities with the Chairman of the Board and the Chief Executive Officer as well as consult with them in

formulating the Committee's remuneration policy and when determining specific remuneration packages;

- recommend the broad framework and cost of executive and senior management remuneration to the Board; and
- compile a draft report to the Board in relation to the Committee's report to shareholders as required.

Guidelines for components of remuneration of Directors

As part of achieving and maintaining reasonable, acceptable levels of remuneration, the Committee is encouraged to consider the following guidelines:

Base fees

- The general level of hourly or daily rates of fees earned by directors in their professional capacities (e.g. as lawyers, accountants, executives or management consultants);
- The hours spent in travel and preparation for meetings, as well as actual attendance;
- Whilst indirect costs pertinent to the role of directors are separately reimbursed, a fair and reasonable allowance for any direct costs should, however, be made in the base fee;
- Company performance (i.e. profit, dividend and share price) is not considered to be of special significance for the purpose of setting a base fee; and
- The fee must be fair.

Forms of payment

- Cost of employment package for executive directors;
- Cash;
- Shares, share options or long term retention schemes – these can have the advantage of aligning remuneration with the interests of the shareholders by increasing the focus of directors on Company performance and share value. No share options will be offered to non-executive directors.

Reviews

The dates for review would be an appropriate time also to undertake evaluations of the performance of individual directors.

Equal sharing

In line with the principle of collective responsibility, base fees should, wherever possible, be shared equally except in the case of additional responsibility or workload such as the Chairman and Lead Independent Director. The level will depend on the extent of their involvement with the Company.

Supplementary fees

Supplementary work resulting from the membership of Board committees (e.g. audit, remuneration, etc.) should be spread as evenly as possible among Board members and recognized in the level of the base fee. If supplementary fees are charged separately, they may be calculated as an hourly or daily rate rather than annually, and should be subject to review in the same manner as base fees.

Reimbursement of expenses

- Directors should ensure that they are reimbursed for all direct and indirect expenses reasonably and properly incurred (e.g. office, secretarial, accommodation and traveling expenses);
- Accommodation and travelling expenses should include those incurred in attending all meetings of directors and Board committees, shareholders' meetings or otherwise in connection with Company business;
- Where a director uses personal transport, travelling expenses should include a realistic kilometric allowance; and
- Directors should ensure that the Company's Memorandum of Incorporation do not restrict the reimbursement of expenses.

Directors' and Officers' liability insurance

- Directors should, wherever practical, arrange for such insurance to be taken out, and for such insurance to be paid by the Company;
- The cover provided by the insurance should be as extensive as permitted by law, including all risks relating to legal costs; and
- Directors should ensure that the payment of insurance cover is authorised by the Company's articles of association (or Memorandum of Incorporation).

Payments on termination

- Executive directors will qualify for retirement benefits in the same manner as all other senior management, unless differently negotiated by the Board; and
- The Committee should ensure that the payments or benefits of any nature on termination are not restricted by the Company's articles of association (or Memorandum of Incorporation) but are fair to the Company and can be adequately justified to shareholders if called on to do so.

Flexibility

All the components of remuneration are, in the normal course, a matter of negotiated commercial contract and, accordingly, should be sufficiently flexible to suit each individual circumstance.

Shareholder acceptance

- Every effort should be made to promote acceptance of the necessity for, and benefits of, a realistic approach to director remuneration;
- Requirements to disclose remuneration in the integrated report is seen as a constructive opportunity to communicate with shareholders on all aspects of remuneration;
- The information disclosed in relation to each director, usefully include such matters as a breakdown of remuneration, into its individual components, the remuneration package as a total cost to the Company and the number of meetings attended; and
- The Company should adopt a formal remuneration policy, encompassing matters such as the philosophy behind remuneration assessments, the criteria for remuneration setting, the remuneration components, the composition and role of the Committee and the disclosure of such policies to shareholders should be included in the integrated report and will be voted on, through a non-binding advisory vote, by shareholders at the Company's annual general meeting

b) Employment equity and skills retention matters

The Committee is tasked with implementing the Company's employment equity policy, which is underpinned by a commitment to:

- Enhance business performance through progressive and innovative human resource management;

- Create an environment where individuals that demonstrate the qualities of initiative, enterprise, ability, effort and loyalty are able to develop rewarding careers at all levels, irrespective of their backgrounds;
- Ensure that all employees have the right to work in an environment that is free from discrimination and harassment;
- Ensure equitable access to opportunity;
- Maintain an environment where employment and progression is based on merit;
- Provide meaningful support and appropriate education and training to those from historically disadvantaged backgrounds;
- Enhance diversity through –
 - Recruitment targets that ensure equitable access to employment opportunities; and
 - Developing a culture that values and optimizes the benefits of diversity.

c) Succession planning

Once a year the committee will receive an updated document which spells out the succession planning of key management positions within the group. Specific reference will be made to the positions of the CEO and top management. The framework for succession planning will be as follows:

- Identify key positions;
- Define both management and technical competencies for each position;
- Identify possible successors to key positions;
- List their qualifications and experience; and
- Develop and implement training plans where necessary.

The philosophy of appointing the best available persons in vacancies, the remuneration of employees according to market related trends and proper succession planning will contribute to the retention of skills.

d) Employee benefits

Provident Funds

The appointment of consultants and administrators of the Provident Funds will be approved by the committee. The funds will invite tenders at least every 5 years from consultants and administrators and present its recommendations to the committee. A comprehensive report by the management committee of the funds, stating *inter alia* investment returns, membership, administration matters and overall position of Provident Funds will be submitted to the committee at each meeting.

Medical aid

The medical aid scheme will be approved by the committee.

Wellness programme

A comprehensive wellness report, stating interventions and progress at each business unit will be presented to the committee once a year. The overall strategy and impact of HIV/AIDS on the company should also be reported.

e) Nomination matters

The Committee should ensure that the procedures for appointments to the Board are formal and transparent, by making recommendations to the Board on all new Board appointments. The Committee's responsibilities will be:

Make recommendations to the Board on the appointment of new executive and non-executive directors, including alternate directors, making recommendations as to the composition of the Board generally and the balance between executive and non-executive directors;

Regular review of the required mix of skills of the Board, experience and other qualities of the directors and alternate directors in order to assess the effectiveness of the Board as a whole, its committees and the contribution of each director;

Regular review of the Board structure, size and composition and providing recommendations to the Board with regards to any adjustments deemed necessary;

Perform annual performance evaluations of the directors;

Establish the retirement age for executive and non-executive directors;

Investigate the eligibility of new directors for appointment and their backgrounds along the lines of the approach required for listed companies by the Johannesburg Stock Exchange prior to their appointment; and

Recommend directors who are retiring by rotation to be put forward for re-election.

9. Reporting

The chairman of the committee shall make a brief report of the findings and recommendations of the committee to the board after each committee meeting. Supporting schedules and information reviewed by the committee will be available for examination by any director upon request to the Secretary.

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.

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CHAIRMAN

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DATE