



AGRARIUS SUSTAINABILITY ENGINEERED (RF) LIMITED
(Registration number 2022/521382/06)
(the "**Company**")

DIRECTORS' NOMINATION AND PERFORMANCE EVALUATION POLICY

1. INTRODUCTION

- 1.1. The Issuer is a duly incorporated South African public company with limited liability and is listed on the debt market of the JSE Limited ("**JSE**").
- 1.2. Agrarius is committed to implementing and maintaining sound corporate governance practices. The Issuer's board of directors ("**Board**") acknowledges that sound governance principles are the foundation upon which stakeholder trust is built and confidence instilled within the organisation.
- 1.3. The Issuer has implemented a formal governance framework, Board charters and related governance practices subject to the provisions of the Companies Act, No 71 of 2008, as amended ("**Companies Act**"), the Companies Regulations, the memorandum of incorporation of the Issuer ("**MOI**"), the JSE Debt Listings Requirements ("**JSE Debt Listings Requirements**"), King IV Report on Corporate Governance ("**King IV**"), other relevant legislation, regulatory and supervisory prescripts, and applicable corporate governance principles, codes and best practices. This policy is drafted in that context.

2. PURPOSE

- 2.1. In accordance with governing laws and practices, the Board is required to adopt a formal nomination and performance evaluation policy, in line with the guidelines contained in the Board charters regarding the appointment of non-executive directors to the Board.
- 2.2. This policy establishes and sets out the Issuer's policy in relation to the nomination, selection, screening and appointment of directors to the Board.

3. SCOPE

This policy deals with the Issuer's Board. It does not apply to appointment, assessment, or diversity in relation to employees of the Issuer or its subsidiaries.

4. GOVERNANCE STRUCTURE

4.1. Board composition -

- 4.1.1. Subject to the provisions of the MOI, the Companies Act and recommended governance practices in terms of King IV, the Issuer's Board should determine the size of the Board.

- 4.1.2. The Board should comprise of executive and non-executive directors, with a majority of non-executive directors being independent. A Chairman and Lead Independent Director (where applicable) should be appointed among the independent NEDs.
- 4.1.3. Succession planning and staggered rotation of directors form part of the Board's responsibilities. This is necessary to introduce new directors who can contribute fresh ideas and perspectives, whilst retaining valuable skills and maintaining continuity of knowledge and experience.
- 4.1.4. In accordance with the JSE Debt Listing Requirements, the Board shall appoint a debt officer. The debt officer shall be appointed from either the financial director or the treasurer of the Issuer or a senior employee who has been delegated with the necessary authority from the financial director or treasurer.

4.2. **Functions of the Board -**

- 4.2.1. In terms of the JSE Debt Listings Requirements, the Issuer is not required to appoint a formal nominations committee. The current size of the Issuer and its operations also does not warrant the appointment of a separate nominations committee. In light of this, the Board is therefore responsible for the functions for which a formal nominations committee would usually be responsible for, which functions include the following:
 - 4.2.1.1. reviewing and considering the size and composition of the Board and Board committees;
 - 4.2.1.2. ensuring that the process for nomination, election, and appointment of members to the Board is formal and transparent and is a matter for the Board as a whole, i.e. such process is openly discussed by the Board;
 - 4.2.1.3. establishing a Board continuity and diversity program;
 - 4.2.1.4. set targets for broader diversity, particularly race and gender representation in the Board membership;
 - 4.2.1.5. ensuring candidates for election as non-executive directors provide details of their professional commitments accompanied by a statement from the candidates confirming that they has sufficient time available to fulfil the responsibilities of a director on the Board;
 - 4.2.1.6. ensuring that each new director signs a letter of appointment containing the terms and conditions for serving as member of the Board;
 - 4.2.1.7. making recommendations for the continuation (or not) of services of any independent non-executive directors who has reached the age of 78 and those who have served as directors for a period of 9 years or longer;
 - 4.2.1.8. evaluating and/or recommending directors, based on their individual performance, who are retiring by rotation to be put forward for re-election;
 - 4.2.1.9. making recommendations regarding the appointment of key executive positions and the company secretary; and
 - 4.2.1.10. ensuring that the necessary regulatory approval is obtained prior to the appointment of the directors and key executive positions (where applicable).

5. **IDENTIFICATON, NOMINATION AND APPOINTMENT OF DIRECTORS**

5.1. **The need for director appointment -**

- 5.1.1. Should the minimum required number of directors be in jeopardy the Board should immediately commence with the recruitment and nomination of suitable candidates.
- 5.1.2. The Board will also recruit non-executive directors to ensure that the required balance of skills, experience, expertise of the Board and its committees, and the future needs of the Issuer are met.

5.1.3. The Board should continuously seek out new pools of suitable candidates. The Board should also consider the candidates nominated for director appointment by the security holders.

5.2. Principles to consider for selection and appointment of directors -

5.2.1. The Board must expressly consider, either at a meeting or by way of telephonic or written communication, the merits of any candidate proposed for appointment as director.

5.2.2. The formal procedures by the Board to identify, consider and make appointments, must comply with the following:

5.2.2.1. a fair and transparent procedure, in assessing competency and suitability of the candidates;

5.2.2.2. decisions and recommendations are not affected by conflict of interest of any member of the Board;

5.2.2.3. all relevant factors should be considered, including the candidate's experience, skills, reputation and character, and any preference or requirement in respect of the existing and future composition of the Board;

5.2.2.4. candidates should be compliant with the fit and proper requirements and all times be able to meet code of conduct objectives as required in terms of the law. The Issuer's formal Code of Conduct and Fit and Proper Policies have been annexed hereto;

5.2.2.5. the proposed candidate should not have existing interests which could conflict with the interests of the Issuer, otherwise, any such interest should be disclosed. The candidate should also not be ineligible or disqualified from acting as a director;

5.2.2.6. overall, the relevant requirements of the JSE Debt Listings Requirements, the Companies Act and other applicable legislation and standards issued by regulators, if any, are considered;

5.2.2.7. the selection process will include reviewing whether the candidate:

- Possesses the relevant knowledge, skills, experience and, particularly in respect of non-executive directors, independence of mind, given their responsibilities as directors and considering the Issuer's business and risk profile;
- Has a record of integrity and good repute;
- Has sufficient time to fully carry out their responsibilities; and
- Has disclosed all conflicts of interest, where applicable.

5.2.2.8. The following checks/tests are conducted on the appointment of a director and/or thereafter on a regular basis:

- Credit and criminal check;
- SARS Compliance;
- CIPC external directorship check;
- Anti-money laundering (AML) sanctions screening;
- Politically exposed persons (PEP) screening;
- Adverse media screening;
- Qualification checks (on appointment only); and

- Reference checks (on appointment only).

6. APPOINTMENT OF DIRECTORS TO THE BOARD

- 6.1. The Board as a whole will identify suitable candidates for consideration for appointment. All Board appointments are subject to shareholder approval at the annual general meeting following the appointment.
- 6.2. The appointment of non-executive directors is subject to rotation per the MOI and in line with good governance principles.
- 6.3. Each appointed director shall receive a letter of appointment, which will contain, among others, the remuneration of the director, and an induction pack. Board remuneration is determined by the security holders on an annual basis.
- 6.4. Any changes to the Issuer' Board and debt officer shall be made public via the JSE's Securities Exchange News Service ("**SENS**") and on the Issuer's website.

7. BOARD EVALUATION

- 7.1. The Board has the following functions in relation to the performance by the Board, any Board committees and their members:
 - 7.1.1. determining and evaluating the adequacy, efficiency, and appropriateness of the governance structures within the Issuer's group;
 - 7.1.2. overseeing the co-coordinating of the performance assessments of the Board, individual directors and Board committees. Directors will be assessed both individually and collectively as a Board. Board performance will be assessed at least annually;
 - 7.1.3. a formal appraisal process will be followed. This process will either be internally or externally facilitated;
 - 7.1.4. ensuring individual directors adhere to the directors' code of conduct annexed hereto;
 - 7.1.5. ensuring that the Board annually appraise the performance of the chief executive officer, the debt officer and company secretary;
 - 7.1.6. the Board must ensure that an independent non-executive director, who has served in such capacity on the Board for a period of 9 (nine) years, undergo an annual assessment to determine his/her independence; and
 - 7.1.7. the performance evaluation of the Board and the debt officer will be disclosed in the financial statement of the Issuers.

8. POLICY REVIEW

The policy should be reviewed at least annually, or when there is a change in the relevant governance Practices.