

NOMINATION AND GOVERNANCE COMMITTEE

TERMS OF REFERENCE

Revised on 22 November 2017

1 Role

- 1.1 The role of the Nomination and Governance Committee (**Committee**) is to assist the Board of South32 Limited (**Board**) in exercising its authority in relation to the matters set out in these terms of reference. The Committee is accountable to the Board for its performance.
- 1.2 In discharging its responsibilities, the Committee will have regard to the following:
- (a) the strategic direction of the Company set by the Board;
 - (b) the integral role of succession planning to building, developing, renewing, recruiting and promoting the Company's leaders;
 - (c) the short, medium and long term and on-going needs of the Company;
 - (d) the Group's desire to adopt the better of those standards of corporate governance applicable to the Company which lead to the best outcome from a governance perspective for the Company's stakeholders.
- 1.3 In making decisions and recommendations, the Committee may take into account:
- (a) these terms of reference;
 - (b) legal requirements, including the provisions and recommendations in applicable listing rules and standards of corporate governance applicable in each of the jurisdictions in which the Company is listed;
 - (c) key market trends and the broader external environment, in particular the existing and developing corporate governance and regulatory environment; and
 - (d) any other factors it deems relevant.

2 Responsibilities

Succession planning

- 2.1 The Committee will periodically review the size and composition of the Board and the mix of skills, experience, independence, knowledge and diversity appropriate to competently discharge the Board's duties.
- 2.2 The Committee will develop and implement a succession planning process for the identification of suitable candidates for appointment to the Board, the position of Chair of the Board and each of the Board's standing committees (which may include seeking assistance from appropriately qualified independent recruitment consultants and conducting appropriate checks) and make recommendations to the Board on candidates it considers appropriate for appointment, election or re-election.
- 2.3 The Committee will oversee, periodically evaluate and make recommendations to the Board in relation to succession planning and talent management for the role of CEO and the South32 Lead Team and identified critical roles.

Performance evaluation

- 2.4 The Committee will develop and oversee the performance evaluation process for the Board, the Board Committees and individual directors (including where appropriate engaging appropriately qualified external advisers and both peer and self assessment of performance).
- 2.5 A Committee member will not participate in the review of his or her own performance.

Non-executive directors

- 2.6 The Committee will assess and make recommendations to the Board in relation to the independence of non-executive directors on appointment and then annually and as soon as practicable whenever any new interests or relationships are disclosed by a director.
- 2.7 The Committee will regularly review the time required from non-executive directors, taking account of all aspects of the role including site visits and other non-meeting related aspects.

Training and assessment

- 2.8 The Committee will oversee, review and make recommendations to the Board in relation to the training and development program for directors (including induction processes), so that directors have access to appropriate training and development opportunities to support the work of directors and the Board.

Corporate governance

- 2.9 The Committee will review the Company's Corporate Governance Statement and recommend it to the Board for approval.
- 2.10 The Committee will review and consider the Group's compliance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* and other applicable governance requirements in the jurisdictions in which the Company is listed.
- 2.11 The Committee will monitor significant developments in the law and practice of corporate governance and make recommendations to the Board on all matters of corporate governance including any proposed changes to existing structures or practices, recognising that other standing committees may also advise or make recommendations to the Board on governance matters within their specific areas of responsibility.
- 2.12 The Committee will assist the Board in its review, at least annually, of the Group's progress in achieving its diversity objectives as outlined in the *Diversity and Inclusion Policy*.
- 2.13 The Committee will make recommendations to the Board on the membership of the Board's standing committees. The membership of the Board's standing committees will be reviewed every three years, or earlier if circumstances dictate.

3 Composition

- 3.1 The Committee will consist of:
- only non-executive directors;
 - a minimum of three members;
 - a majority of independent directors; and
 - an independent director as Chair.

4 Procedures

- 4.1 The policies governing meeting procedures are set out in paragraph 3.19 of the *Board Charter*.