



ESOR LIMITED

CORPORATE GOVERNANCE APPROVAL FRAMEWORK

GUIDING PRINCIPLES

In considering and applying the governance approval framework attached hereto, you should be guided by the following principles:

1. In line with the company's Code of Ethics you are at all times expected to act with **integrity** and **honesty**.
2. Your **duty of care** requires that any uncertainties as to the application of the framework be discussed and resolved with the company secretary, **prior** to implementation. Also, all decisions and transactions must be completely transparent.
3. Approval of a **budget** does not automatically imply approval of the individual items contained in the budget. All budgeted items require formal approval as defined in the framework.
4. Where appropriate, the relevant **policies and procedures** underlying the various items as listed on the framework (for example tender procedure, credit terms, materials management policy, etc) have to be adhered to in all respects.
5. Any person acting on behalf of the company in the context of a **subsidiary** (wholly owned, joint venture or otherwise) will have the same level of authority in respect of the subsidiary that he/she has within the context of the company.
6. **Marketing transactions** are fully delegated to management with the power of sub-delegation.
7. Executive Directors and General Managers have the right to delegate their authority to appropriate subordinates, as and when required. Such delegation should be in writing and kept on record as part of a controlled delegation of authority document.
8. Expenditure authorised in terms of the framework include all expenditure to be incurred, including those that relate to matters such as licence agreements, know-how agreements, consultancy agreements, etc.
9. The framework is applicable to all **subsidiaries** and **business entities** managed by the company.
10. The authority levels shall be determined by the **cumulative value** of the relevant contract/project, including modifications thereto. These values shall under no circumstances be divided into smaller parts in order to lower the level of authority required.
11. In the event of a decision to lease/rent capital goods/services instead of procuring the goods/services, the authority shall be determined by the equivalent capital value of assets under consideration **or** the cumulative value of the lease/rental payments, whichever is the **greater**.
12. The **conditions of any contract** need to be carefully scrutinised to identify the potential contractual risk exposure to the company. These would include provisions for penalties,

compensation for losses, etc payable by the company in the event of it being unable, for whatever reason, to fulfil its contractual obligations. Take-or-pay or supply-or-pay agreements are of specific importance in this regard.

13. The authority to **contractually commit** the company rests with the Commercial Department, with the right of delegation and sub-delegation. **Note** that this authority can only be exercised once all prior approvals have been obtained and all relevant procedures have been followed.
14. In a sale of any asset, the appropriate value for purposes of the framework will be either the book value of the asset **or** the market value thereof **or** the intended selling value, whatever is the **higher** value.
15. “**Assets**” include not only plant and equipment, but also surplus and redundant materials.
16. Signing authority in respect of **property transactions**, of whatever nature, rests with the chief executive officer or, in his absence, the chief financial officer, both of whom have the power of delegation in this respect.
17. When identifying the appropriate approval authority in respect of business investments (item 9 of the approval framework), the long-term intend has to be taken into account in calculating the amount involved in the transaction.
18. When considering initiating litigation (item 10 of the approval framework) the possible impact thereof on other areas of the business has to be considered and prior consultation with affected areas will be required.

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