

Remgro Limited Board Charter

1. INTRODUCTION

Remgro Limited ("**Remgro**" or "**the Company**") endorses and is fully committed to apply the principles of the King IV Report on Corporate Governance for South Africa 2016 ("**King IV**"). Remgro discloses and explains to the Company's stakeholders how it applies the King IV principles. In accordance with the recommended practices of King IV, Remgro's board of directors ("**the Board**" or "**Directors**") adopted this formalised charter ("**Board Charter**"), which is disclosed on Remgro's website and not in Remgro's annual integrated report. The Board Charter has been implemented to:

- ❖ identify, define and record the role, responsibilities, membership requirements and procedural conduct of the Board; and
- ❖ serve as a reference to Directors.

This Board Charter should be read and endorsed by all existing and future Directors.

2. COMPOSITION OF THE BOARD

Remgro has a fully functional Board to lead and control Remgro and its subsidiaries ("**the Remgro Group**"). The Board comprises a balance of executive and non-executive Directors, with a majority of non-executive Directors, of whom the majority are independent. The Board currently consists of three executive and eleven non-executive Directors of whom seven are independent.

The Board shall not comprise fewer than six or more than nineteen Directors, or any other number as the Board may from time to time determine. In addition, the Board shall ensure that the collective knowledge, skills and experience of Directors are suitable to carry out its responsibilities, to achieve the Company's objectives and create shareholder value over the long term. This means that the Board shall be careful in its selection of Directors and that it will ensure that Directors take part in formal induction programmes, as well as mentorship and continuing professional development programmes, where necessary, including regular briefings on changes in risks, applicable laws, rules, codes and standards and the external environment. The results of annual performance evaluations are also considered in determining the training needs of Directors.

Non-executive Directors are selected for their broader knowledge and experience and are expected to contribute effectively to decision-making and the formulation of policy. The categorisation of Directors as executive, non-executive, and independent is included in the annual integrated report. Independent non-executive Directors who have served on the Board for more than nine years may continue to serve in an independent capacity if, upon an assessment by the Board conducted annually, after nine years of service, it is concluded that the relevant Director exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

Executive Directors contribute their detailed insight to day-to-day operations, thereby enabling the Board to identify goals, provide direction and determine the feasibility of the strategies proposed. Executive Directors are generally responsible for taking and implementing all operational decisions.

Directors are appointed through a formal process, with the Remuneration and Nomination Committee assisting with the process of identifying suitable candidates.

The Board promotes diversity in its membership across a variety of attributes, including field of knowledge, skills and experience, age, culture, race and gender, and in regard to race and gender the Board ensures that the Company adopts a policy on the promotion of racial and gender diversity at Board level.

The Board, in determining the requisite number of Directors, considers the following principles:

- ❖ the need for a sufficient number of members that qualify to serve on the committees of the Board ("**Committees**");
- ❖ the need to secure a quorum at meetings of the Board;
- ❖ regulatory requirements; and
- ❖ diversity relating to the composition of the Board.

At least one third of the Directors resign annually on a rotational basis, which retiring Directors may be re-elected. The Board, through the Remuneration and Nomination Committee, makes recommendations regarding the eligibility of retiring Directors to be re-elected, considering past performance, contribution and the objectivity of business judgment calls.

In addition to any provisions dealing with Directors vacating their office as Director contained in the Memorandum of Incorporation, a Director shall vacate his or her office as Director if he or she reaches the age of 70 years (unless otherwise determined by an independent quorum of the Directors).

The chairman of the Board ("**Chairman**") (as well as two Deputy Chairmen) is elected by the Board on an annual basis. The current Chairman is not an independent Director and, given his knowledge of the business and his commercial experience, the Board deems this arrangement not only appropriate but also essential for achieving the business objectives of Remgro. The Chairman's role and function are formalised, as set out in Annexure "A" hereto. The roles of the Chairman and the Chief Executive Officer ("**CEO**") are separated. A retired CEO should preferably not become Chairman until at least three years have lapsed since the end of his tenure as CEO.

An independent non-executive Director is appointed by the Board on an annual basis as lead independent Director ("**Lead Independent Director**"). The Lead Independent Director's role and responsibilities are set out in Annexure "B" hereto. The role of the Lead Independent Director and Deputy Chairmen may be combined.

The Board is responsible for the annual appointment and evaluation of the CEO and the CFO (on recommendation by the Audit and Risk Committee), all of whom will be *ex officio* members of the Board. The CEO's powers, functions and responsibilities are set out in Annexure "C" hereto.

The Board is permitted to remove any Director without shareholder approval.

The Board ensures that succession plans are in place for the Chairman and CEO positions, as well as for other members of the Management Board.

3. **NOMINATION, ELECTION AND APPOINTMENT OF DIRECTORS**

The nomination of candidates for election as Directors is approved by the Board as a whole.

Before nominating a candidate for election, the Board considers (1) the collective knowledge, skills and experience required by the Board, (2) the diversity of the Board, and (3) whether the candidate meets the appropriate fit and proper criteria.

Nomination for re-election of an incumbent of the Board is considered on the basis of such Director's performance, including attendance at meetings of the Board and Committees.

Candidates for election as non-executive Directors are requested to provide the Board with details of professional commitments and a statement that confirms that the candidate has sufficient time and capacity available to fulfil their responsibilities as Director.

Prior to nomination, candidates' backgrounds are independently investigated, and their qualifications are independently verified.

Upon election, the terms and conditions for serving as an executive Director are formalised in a letter of appointment. The Board ensures that there is a succession plan for Directors, which includes the identification, mentorship and development of future candidates, in place.

4. ROLE AND RESPONSIBILITIES OF THE BOARD

4.1 *Ethical and effective leadership and corporate citizenship*

The Board provides effective leadership based on an ethical foundation, which entails:

- ❖ directing the strategy and operations of the Company to build a sustainable business;
- ❖ considering the short- and long-term impact of the Company's strategy on the economy, society and the environment;
- ❖ doing business ethically;
- ❖ not compromising the natural environment; and
- ❖ taking account of the Company's impact on internal and external stakeholders.

The Board ensures that the Company is, and is seen to be, a responsible corporate citizen, having regard to not only the financial aspects of the Company's business but also the impact that business operations have on the environment and the society in which it operates. The Board ensures that the well-being of the economy, the environment and society is protected and enhanced. The Board promotes the stakeholder-inclusive governance approach, considering, weighing and promoting the interests of all the Company's stakeholders. The Board ensures that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship. Furthermore, the Board ensures that measurable corporate citizenship programmes are implemented. The Board exercises ethical and effective leadership and ensures that all deliberations, decisions and actions are based on the values underpinning good governance, being integrity, competence, responsibility, accountability, fairness and transparency. The Board always acts in the best interests of the Company and the body of shareholders as a whole.

The Board ensures that the Company adopts a tax policy that is compliant with the applicable laws, congruent with responsible corporate citizenship, and that takes account of reputational repercussions.

The Board builds and sustains an ethical corporate culture and ensures that the Company's ethics are managed effectively by, amongst other things:

- ❖ determining clearly articulated ethical standards and values, setting such standards and values in the Company's ethics policy and code of conduct, and ensuring that the Company takes measures to achieve adherence thereof in all aspects of the business and operations of the Company and that the Board and management's conduct aligns therewith;

- ❖ aligning internal and external ethics performance around the same ethical standards;
- ❖ incorporating ethical risks and opportunities in the risk management process; and
- ❖ assessing, monitoring, reporting on and disclosing the Company's ethics performance.

4.2 *Compliance*

The Board is the focal point and custodian of the Remgro Group's corporate governance and is also responsible for ensuring that it complies with all relevant laws and codes of best business practices, and considers adherence to other non-binding rules, codes and standards. In this regard:

- ❖ a legal compliance policy was approved and implemented by the Board and a suitably skilled compliance officer was appointed;
- ❖ compliance with laws, rules, codes and standards are incorporated in the Company's code of conduct;
- ❖ permitted exceptions and shortcomings in, and proposed changes to, laws are handled ethically;
- ❖ compliance with applicable laws are not understood only for the obligations they create, but also for the rights and protection they offer;
- ❖ the Board understands the context of the law and how laws interact with each other, and has a working understanding of the effect of applicable laws, rules, codes and standards on the Company and its business;
- ❖ the Board continually monitors the Company's compliance and the regulatory environment and ensures that appropriate responses to any changes and developments are made;
- ❖ compliance is a regular item on the Board's agenda;
- ❖ non-compliance risks are identified, assessed and responded to through the risk management processes;
- ❖ implementation of an effective compliance framework and processes is delegated to management; and
- ❖ the Board discloses in the annual integrated report details regarding how it discharged its responsibility to establish an effective compliance framework and processes, and also details of material or repeated instances of non-compliance.

4.3 *Stakeholder relationships*

The Board monitors the relationships between itself and management, as well as the relationship between the Company and its stakeholders, appreciating that stakeholders' perceptions affect the Company's reputation. The Company's reputation and its linkage with stakeholder relationships is a regular Board discussion.

The Company's stakeholder policy sets out the Company's approach to stakeholder relationships and communication with them.

The Board identifies important stakeholder groupings, which include, amongst others, the South African government and regulatory bodies, shareholders, employees, the investment community and the community, and strives to achieve the appropriate balance between them, in the best interest of the Company.

The gap between stakeholder perceptions and the Company's performance is managed and measured to enhance and protect the Company's reputation.

The Board delegates the responsibility to proactively deal with stakeholder relationships to management, and management develops strategies and formulates policies for the management of relationships with each stakeholder grouping. The Board does not consider it appropriate to, and does not, publish stakeholder policies.

The Board facilitates the establishment of mechanisms and processes that support stakeholders in constructive engagement with the Company.

The Board considers formal and informal processes for interaction with stakeholders.

The Board discloses in the annual integrated report the nature of the Company's material dealings with stakeholders and the outcomes thereof.

The Board strives to achieve the appropriate balance between its various stakeholder groupings, in the best interest of the Company.

Shareholders (or classes of shareholders) are treated equitably and the minority shareholders are protected. Shareholders are encouraged to attend the Company's annual general meeting.

The Board recognises that transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence. In this regard:

- ❖ complete, timely, relevant, accurate, honest and accessible information is provided by the Company to stakeholders, having regard to legal and strategic considerations;
- ❖ communication with stakeholders is in a clear and understandable language;
- ❖ the Board has adopted communication guidelines that support a responsible communication programme; and
- ❖ the Board discloses in the annual integrated report the number and reasons for refusals of requests for information that were lodged with the Company in terms of the Promotion of Access to Information Act 2 of 2000.

4.4 *Strategy, performance and sustainability*

The Board is ultimately accountable for the performance and affairs of the Company, appreciating that strategy, risk, performance and sustainability are inseparable. It provides strategic direction by proposing, discussing and questioning, whilst evaluating and approving, plans and strategies based on the values and objectives of the Company and stakeholder interests and expectations. The Board must:

- ❖ satisfy itself that strategies and business plans do not give rise to risks that have not been thoroughly assessed by management;
- ❖ identify key performance and risk areas;
- ❖ ensure that strategies strive to result in sustainable outcomes; and
- ❖ consider sustainability as a business philosophy that guides strategy formulation.

After approving operational and investment plans and strategies, the Board empowers management to implement these and to provide timely, accurate and relevant feedback on progress made. The Board is responsible for continually assessing and monitoring the operational and investment performance of the Remgro Group, including relevant financial and non-financial aspects, and remains accountable for the overall success of the approved

strategies. The Board responsibly responds to any negative consequences of its activities and outputs on the triple context (economy, society and environment) in which it operates, and the various capitals which it uses and affects.

4.5 *Risk governance*

The Board is responsible for the risk governance of the Remgro Group. Consequently, the Board is, amongst other things, responsible for:

- ❖ determining the levels of risk tolerance;
- ❖ the processes and policies to ensure:
 - the integrity and effectiveness of risk management;
 - the integrity and effectiveness of internal controls (including an effective risk-based internal audit function); and
 - the integrity of the annual integrated report;
- ❖ defining and approving an internal audit charter;
- ❖ ensuring that the Company has an effective and independent audit committee, complying with statutory requirements;
- ❖ ensuring that risk assessments are performed on a continual basis;
- ❖ ensuring that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks;
- ❖ ensuring that management continually monitors risk and considers and implements appropriate risk responses;
- ❖ receiving assurance regarding the effectiveness of the risk management process;
- ❖ ensuring that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders;
- ❖ technology and information governance, including:
 - the establishment and implementation of a technology and information governance charter and policies that articulate and give effect to Remgro's direction on the employment of technology and information for approval to the Board ("**Technology and Information Policy**");
 - aligning technology and information with the performance and sustainability objectives of the Company;
 - delegating the responsibility for implementation of the Technology and Information Policy to management;
 - monitoring and evaluating significant technology and information investments and expenditure;
 - ensuring that information assets are managed effectively;
 - managing integration of people, technologies, information and processes across the organization;
 - managing integration of technology and information risks into organisation-wide risk management;
 - ensuring arrangements are in place to provide for business resilience;

- proactive monitoring intelligence to identify and respond to incidents, including cyber attacks and adverse social media events;
 - management of the performance of, and the risks pertaining to, third-party and outsourced service providers;
 - assessing the value delivered to the organisation through significant investments in technology and information, including the evaluation of projects throughout their life cycles and of significant operational expenditure;
 - ensuring the responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security;
 - ensuring the ethical and responsible use of technology and information;
 - compliance with relevant laws;
 - the leveraging of information to sustain and enhance the organisation's intellectual capital;
 - providing information architecture that supports confidentiality, integrity and availability of information;
 - ensuring the protection of privacy of personal information;
 - continual monitoring of security of information;
 - providing technology architecture that enables the achievement of strategic and operational objectives of Remgro;
 - managing the risks pertaining to the sourcing of technology;
 - monitoring and providing appropriate responses to developments in technology, including the capturing of potential opportunities and the management of disruptive effects on Remgro and its business model; and
- ❖ ensuring that procedures and practices are in place to protect the Company's assets and reputation.

A policy and plan for a system and process of risk management, approved by the Board, is implemented by management. Implementation thereof will be continuously monitored and will be reviewed at least once a year by the Board. The Board comments on the effectiveness of such system and process in the annual integrated report.

4.6 *Integrated reporting*

The annual integrated report is prepared every year, conveying adequate information regarding the Company's financial and sustainability performance, and focusing on substance over form.

Sustainability reporting and disclosure is integrated with the Company's financial reporting:

- ❖ the Board includes commentary on the Company's financial results;
- ❖ the Board discloses if the Company is a going concern;
- ❖ the annual integrated report describes how the Company has generated its profit; and

- ❖ the Board ensures that the positive and negative impacts of the Company's operations, and plans to improve the positives and eradicate the negatives in the financial year ahead, are conveyed in the annual integrated report.

Sustainability reporting and disclosure is independently assured, if deemed necessary:

- ❖ general oversight and reporting of sustainability is delegated to the Audit and Risk Committee;
- ❖ the Audit and Risk Committee assists the Board by reviewing the annual integrated report to ensure that information contained in it is reliable and that it does not contradict the financial aspects of the report; and
- ❖ the Audit and Risk Committee oversees the provision of assurance over sustainability issues.

4.7 *Good governance in the Remgro Group*

The Board advocates and promotes good governance by its subsidiaries and associates, which includes the following matters:

- ❖ listed subsidiaries and associates must comply with the Listings Requirements of the JSE Limited or other relevant stock exchange rules;
- ❖ equal treatment of shareholders;
- ❖ rules regarding the flow of information between Remgro and the subsidiaries, to address inside information concerns;
- ❖ Remgro's respect for the fiduciary duties of Directors serving in a representative capacity on the board of a subsidiary;
- ❖ procedures for the nomination and appointment of directors by Remgro to subsidiary boards, including that Remgro will consult with the chairperson and nomination committee (if any) of the relevant subsidiary before nominating someone for appointment as director; and
- ❖ the adoption and implementation of Remgro's policies, processes and procedures by subsidiaries, if their boards consider it appropriate, and disclosure thereof in the subsidiaries' integrated reports;
- ❖ the adoption of a group governance framework that articulates and gives effect to its directions on relationships and exercise of authority across the Group.

4.8 *Dispute resolution*

The Board does not intend to institute a formal dispute resolution process as it believes that the existing processes within the Group operate satisfactorily and do not require a more formal and separate mechanism. Shareholders will have remedies in terms of the Companies Act, 71 of 2008 as amended ("**the Companies Act**").

5. **BOARD COMMITTEES**

Delegation to Committees is recorded by means of a formal terms of reference that are approved and reviewed annually by the Board.

The Board has established sub-committees to assist it in discharging its duties and responsibilities:

- ❖ The Remuneration and Nomination Committee consists of four non-executive Directors, the majority of which are independent. The Chairman of the Board acts as

ex officio Chairman of the Remuneration and Nomination Committee. Although he is not independent the Board is supportive of his Chairmanship of the Remuneration and Nomination Committee given the necessity to align the Company's remuneration approach with corporate strategy. The Chief Executive Officer attends all meetings *ex officio*. The Remuneration and Nomination Committee meets at least once a year. The Committee has a formal mandate, which is reviewed annually, and the Committee's effectiveness is assessed by the Board in terms thereof. The Remuneration and Nomination Committee is, amongst other things, responsible for:

- nominating individuals for appointment to the Board;
 - determining the remuneration of all Directors and non-director members of the Management Board ("**Senior Management**") and other employees of the Company;
 - the implementation and execution of the remuneration policy adopted by the Board, which policy gives effect to the Board's direction on fair, responsible and transparent remuneration;
 - succession planning;
 - participating in the annual performance evaluation of the Board and Committees; and
 - overseeing the training and development of Directors.
- ❖ The Audit and Risk Committee consists of at least three suitably skilled and experienced independent non-executive Directors. An independent non-executive director, to be appointed by the Board, is Chairman of the Committee. The Audit and Risk Committee meets at least four times a year. The Committee has a formal mandate, which is reviewed annually, and the Committee's effectiveness is assessed by the Board in terms thereof. The Audit and Risk Committee is, amongst other things, responsible for:
- nominating auditors for appointment;
 - assessing the independence of the auditors;
 - determining the auditors' remuneration and terms of engagement;
 - assisting the Board with its risk responsibilities;
 - reviewing the adequacy and effectiveness of:
 - the financial and integrated reporting process;
 - the system of internal control;
 - the management of financial, investment, technological and operating risks;
 - risk funding;
 - the internal and external audit processes;
 - the Company's compliance processes;
 - the Company's code of business conduct; and
 - the procedures implemented to safeguard the Company's assets.
- ❖ The Management Board, consisting of all the executive Directors and other nominated executives, deals with issues delegated to it by the Board. This Committee meets

monthly. The Committee has a formal mandate, which is reviewed annually, and the Committee's effectiveness is judged by the Board in terms thereof.

- ❖ The Investment Committee consists of four non-executive Directors, the CEO and CFO. This Committee meets on an *ad hoc* basis. The Committee has a formal mandate, which is reviewed annually, and the Committee's effectiveness is assessed by the Board in terms thereof. The Investment Committee is responsible for, amongst other things, the approval of new investments, the increase of existing investments and the disposal of existing investments, within the limits determined by the Board.
- ❖ The Social and Ethics Committee, consisting of not less than 3 (three) members of which the majority are non-executive Directors, has an independent role with accountability to both the Board and the Company's shareholders. The main objectives of the Committee are to assist the Board in ensuring that the Group is and remains a good and responsible corporate citizen and to perform the statutory functions required of a Social and Ethics Committee in terms of the Companies Act. This Committee meets twice annually. The Committee has a formal mandate, which is reviewed annually, and the Committee's effectiveness is assessed by the Board in terms thereof.

The mandates and terms of reference of the Committees are disclosed on Remgro's website and summaries thereof are included in the annual integrated report.

The minutes of all the Committee meetings are included in the agendas for subsequent Board meetings. Issues that require the Board's attention or a Board resolution are highlighted and included as agenda items for the next Board meeting.

Notwithstanding any delegation of functions to Committees, the Board remains ultimately responsible for the proper fulfilment of such functions, except for the functions of the Audit and Risk Committee relating to the appointment, fees and terms of engagement of the auditors.

6. MEETINGS AND QUORUM

The Memorandum of Incorporation of the Company requires a majority of the Directors to be present to form a quorum for Board meetings.

The Board meets at least five times a year.

The Chairman meets with the CEO prior to Board meetings to discuss important issues and agree on the agenda. The current annual agenda items are set out in Annexure D.

Senior Management, assurance providers and professional advisors may attend Board meetings on invitation by the Board, but will not form part of the quorum or be entitled to vote at meetings.

Board members must attend all Board meetings, unless a prior apology, with reasons, has been submitted to the Chairman or the company secretary of Remgro ("**Company Secretary**").

If the Chairman is absent from a meeting, one of the Deputy Chairmen, as nominated by the Chairman, will act as chairperson for the particular meeting. If there are no Deputy Chairmen appointed at the relevant time or if they are also absent, the Directors present will elect one of their number to act as chairperson for the particular meeting.

The Board follows an annual work plan to ensure that all relevant matters are dealt with by the agendas of the Board meetings planned for the year, including proper coverage of the matters

set out in this Board Charter. Other matters are attended to annually. The number, timing and length of meetings, and the agendas, are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated to Board members at least one week prior to each Board meeting.

The Company Secretary shall keep appropriate records of all meetings as well as minutes of the proceedings and all decisions made.

Minutes of Board meetings are completed as soon as reasonably possible after the meeting and are included in the agendas for subsequent Board meetings for formal approval by the Board.

7. MATERIALITY AND APPROVAL FRAMEWORK

Issues of a material or strategic nature, or which can impact on the reputation of the Company, are referred to the Board. All other issues are dealt with by the Management Board and/or the Investment Committee, as mandated by the Board.

8. REMUNERATION PRINCIPLES

The Remuneration and Nomination Committee assists and acts on behalf of the Board in setting the Company's remuneration policy. The Board shall submit the Company's remuneration policy to shareholders for non-binding approval. The rationale and basis for the Group's executive remuneration policy is carefully considered by the Remuneration and Nomination Committee and is documented in the annual report. The Board determines the remuneration of executive Directors in accordance with this remuneration policy.

The Company's policy that guides the remuneration of all Directors and Senior Management is aimed at:

- ❖ retaining the services of existing Directors and other members of the Management Board;
- ❖ attracting potential Directors and Management Board members;
- ❖ providing Directors and other Management Board members with remuneration that is fair, just and responsible, also in the context of overall employee remuneration;
- ❖ ensuring that no discrimination occurs; and
- ❖ recognising and encouraging exceptional and value-added performance.

The remuneration policy addresses base pay and bonuses, variable remuneration, employee contracts, retirement benefits, the fees of non-executive Directors and share-based and other long-term incentive schemes.

The Board does not believe that Directors should earn attendance fees in addition to a base fee. Many Directors add significant value to the Group outside of the formal Board and Committee meetings, sometimes greater than they might do within the confines of a formal meeting. In line with these objectives, the Remuneration and Nomination Committee annually reviews and evaluates the performance of each Director and members of the Management Board, and determines their annual salary adjustments. For this purpose it also refers to salary surveys compiled by independent organisations.

Directors do not have long-term contracts or exceptional benefits associated with the termination of their services.

9. DUTIES OF THE DIRECTORS

In addition to the Board's collective authority and decision-making role, Directors also carry individual responsibility. The Board ensures that individual Directors adhere to their duties.

The Directors must adhere to all applicable legal standards of conduct and comply with all relevant statutory obligations, whether in terms of the Companies Act, JSE Listings Requirements, the common law, the Company's constitutional documents or otherwise.

The provisions of the Companies Act and common law place certain fiduciary duties on Directors and stipulate that they should apply the necessary care and skill in fulfilling their duties. Amongst other things, Directors (whether executive or non-executive) have a duty to:

- ❖ prepare annual financial statements in accordance with International Financial Reporting Standards that fairly represent the Company's state of affairs and its profit or loss position for the period under review;
- ❖ select suitable accounting policies and apply them consistently;
- ❖ make judgments and estimates that are objective, reasonable and prudent;
- ❖ keep proper accounting records;
- ❖ take steps to safeguard the assets of the Company;
- ❖ implement a system of internal control and review its effectiveness;
- ❖ disclose conflicts of interest; and
- ❖ disclose information truthfully.

Directors must sufficiently familiarise themselves with the general content of applicable laws, rules, codes and standards, in order to discharge their legal duties.

Directors have access to all the Company's information, records, documents, property, management and staff, subject to procedures determined by the Board.

All Directors, whether they are categorised as executive or non-executive Directors, have a duty to act with independence of mind and in the best interests of the Company.

10. CONFLICTS OF INTEREST AND INDEPENDENCE OF DIRECTORS

10.1 *Conflicts of interest*

Mechanisms are in place to recognise, respond to and manage any actual, potential or perceived conflicts of interest.

The Companies Act requires Directors to disclose their personal financial interests, and those of persons related to them, in contracts or other matters in which the Company has a material interest or which are to be considered at a Board meeting. Directors are required to disclose any potential conflict of interest as soon as they become aware of it.

In addition, at the beginning of each meeting of the Board or Committees, all Directors are required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the Board, subject to legal provisions.

All information not disclosed publicly, which Directors acquire in the performance of their duties, must be treated as confidential, and Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties.

All Directors of the Company are required to comply with, *inter alia*, the Remgro Code of Conduct, the provisions of the Financial Markets Act, 19 of 2012 ("**FMA**") regarding "*inside information*" (as defined in the FMA), and the JSE Listings Requirements regarding the treatment of "*price sensitive information*" (as defined in the JSE Listings Requirements), in any dealings in securities and the disclosure of such dealings.

10.2 *Independence of Directors*

The independence of individual independent non-executive Directors is reviewed on an annual basis in terms of the provisions of King IV, the Companies Act and the JSE Listings Requirements (to the extent applicable).

11. **EVALUATION**

The Board and Committees perform a self-evaluation annually, but have decided not to disclose the overview of the appraisal process, results and action plans in the integrated report due to the potential sensitive nature thereof.

The Board determines its own role, functions, duties and performance criteria, as well as that of Committees, to serve as a benchmark for the performance appraisal.

The nomination for re-appointment of a Director only occurs after the evaluation of his/her performance by the Board.

12. **COMPANY SECRETARY AND PROFESSIONAL ADVICE**

The Board is assisted by a competent, suitably qualified and experienced Company Secretary, appointed by the Board, who is empowered to properly fulfil his/her duties.

The Company Secretary:

- ❖ has an arm's length relationship with the Board and the Directors and is not a director of the Company;
- ❖ assists the Remuneration and Nomination Committee with the appointment of Directors;
- ❖ assists with the Directors' induction and training programmes;
- ❖ provides guidance to the Board on the duties of Directors and good governance;
- ❖ ensures that Board and Committee charters are kept up to date;
- ❖ prepares and circulates Board papers;
- ❖ elicits responses, input and feedback for Board and Committee meetings;
- ❖ assists in drafting yearly work plans;
- ❖ ensures preparation and circulation of minutes of Board and Committee meetings; and
- ❖ assists with the evaluation of the Board and Committees.

The Company Secretary is evaluated on an annual basis and subjected to a fit and proper test.

All Directors have unlimited access to the services of the Company Secretary, who is responsible to the Board for ensuring that proper corporate governance principles are adhered to and that Board orientation or training is given when appropriate.

The Board, Committees and individual Directors are entitled to seek independent, external professional advice concerning the affairs of the Remgro Group, at the Company's expense, on matters within the scope of their duties, with prior notification to the CEO or Company Secretary.

13. **INTERACTION WITH MANAGEMENT**

The protocol to be followed by the Board's non-executive Directors for requesting documentation from, and setting up meetings with, the management of Remgro is for the relevant non-executive Director(s) to relay such requests to a member of the Management Board or the Company Secretary who will be responsible for providing the necessary documentation and/or setting up the necessary meetings.

14. **GOING CONCERN**

The Board must, at least twice a year, consider the going concern status of the Remgro Group with reference to the following:

- ❖ net available funds and the liquidity thereof;
- ❖ the Remgro Group's residual risk profile;
- ❖ world economic events;
- ❖ the following year's forecast of profitability and cash flows; and
- ❖ the Remgro Group's current financial position.

15. **REPORTING**

The Board assumes responsibility for the integrity of reports issued by the Company to external stakeholders.

The Board oversees that the following information is published on the Company's website, or on other platforms or through other media as is appropriate for access by stakeholders of the Company:

- ❖ corporate governance disclosures required in terms of King IV;
- ❖ integrated reports; and
- ❖ annual financial statements and other external reports.

Disclosures required in terms of King IV shall be updated at least annually, be formally approved by the Board and be publicly accessible.

Approved by the Board on 19 March 2019.

ROLE AND RESPONSIBILITIES OF THE CHAIRMAN

Core functions of the Chairman:

1. setting the ethical tone for the Board and the Company;
2. leading the Board in the objective and effective discharge of its governance role and responsibilities;
3. together with the Board, determining the number of outside professional positions that the non-executive Directors appointed to the Board are allowed to hold, taking into account the relative size and complexity of the Company;
4. providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members;
5. identifying and participating in selecting Board members (via the Remuneration and Nomination Committee), and overseeing a formal succession plan for the Board, CEO and CFO;
6. formulating (with the CEO and Company Secretary) the yearly work plan for the Board and playing an active part in setting the agenda for Board meetings;
7. presiding over Board meetings and ensuring that time in meetings is used productively. The Chairman should encourage collegiality among Board members without inhibiting candid debate and creative tension;
8. managing conflicts of interest. It is not sufficient merely to table a register of interests. All internal and external legal requirements must be met. The Chairman must ask affected Directors to recuse themselves from discussions and decisions in which they have a conflict, unless they are requested to provide specific input, in which event, subject to legal requirements, they should not be party to the decision;
9. acting as a link between the Board and management, and particularly between the Board and the CEO;
10. being collegial with Board members and management while at the same time maintaining an arm's length relationship;
11. ensuring that Directors play a full and constructive role in the affairs of the Company and taking a lead role in the process for removing non-performing or unsuitable Directors from the Board;
12. ensuring that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable Directors to reach an informed decision;
13. knowing the strengths and weaknesses of Board members, and monitoring how the Board works together and how individual Directors perform and interact at meetings;
14. mentoring to develop skill and enhance Directors' confidence (especially those new to the role) and encouraging them to speak up and make an active contribution at meetings. The mentoring role is encouraged to maximise the potential of the Board;
15. ensuring that all Directors are appropriately made aware of their responsibilities through a tailored induction programme, and ensuring that a formal programme of continuing professional education is adopted at Board level;
16. building and maintaining stakeholders' trust and confidence in the Company;

17. upholding rigorous standards of preparation for meetings by example, meeting with the CEO before meetings and studying meeting information packs distributed; and
18. ensuring that decisions by the Board are executed.

ROLE AND RESPONSIBILITIES OF THE LEAD INDEPENDENT DIRECTOR

1. The main function of the Lead Independent Director is to provide leadership and advice to the Board, without detracting from the authority of the Chairman, when the Chairman has a conflict of interest.
2. Such leadership and advice may be provided:
 - a. at any Board meeting (including Committee meetings) or at any other meetings of the Company;
 - b. at any meeting the Chairman might initiate with the Lead Independent Director;
 - c. in any consultations that any other Director or executive of the Company might initiate with the Lead Independent Director;
 - d. in any consultation that the Lead Independent Director might initiate.
3. The Lead Independent Director will chair Board meetings which deal with the succession of the Chairman.
4. The Lead Independent Director will carefully consider the number of outside directorships held by the Chairman, in order to be satisfied that he has the ability and capacity to discharge his duties.
5. The Lead Independent Director will, annually, lead the process of evaluating the independence of the non-executive Directors classified as "independent".
6. The Lead Independent Director will deal with shareholders' concerns where contact through normal channels has failed to resolve concerns, or where such contact is inappropriate.

ROLE AND RESPONSIBILITIES OF THE CEO

1. The collective responsibilities of management vest in the CEO and, as such, the CEO bears ultimate responsibility for all management functions. The Board delegates (without abdicating its duties and responsibilities) to management *via* the CEO, who in turn delegates to those reporting to him.
2. The CEO:
 - a. consistently strives to achieve the Company's financial and operating goals and objectives and ensure that the day-to-day business affairs of the Company are properly managed within the approved framework of delegated authority;
 - b. endeavours to ensure that a long-term strategy of the Company is developed and recommended to the Board to create added value for and positive relations with stakeholders;
 - c. ensures that a positive and constructive work climate conducive to attracting, retaining and motivating employees at all levels in the Company is maintained;
 - d. fosters a corporate culture that promotes sustainable ethical practices, encourages individual integrity and fulfils social responsibility objectives and imperatives; and
 - e. serves as the chief representative of the Company.
3. The CEO's functions are:
 - a. to lead the implementation and execution of approved strategy, policy and operational planning;
 - b. to serve as the chief link between the Management Board and the Board;
 - c. to act as Chairman of the Management Board;
 - d. recommending for appointment the Management Board members and ensuring proper succession planning and performance appraisals;
 - e. developing the Company's strategy for consideration and approval by the Board;
 - f. developing and recommending to the Board yearly business plans and budgets that support the Company's long-term strategy;
 - g. monitoring and reporting to the Board the performance of the Company and its conformance with compliance imperatives;
 - h. establishing an organisational structure for the Company which is necessary to enable execution of strategic planning;
 - i. setting the tone in providing ethical leadership and creating an ethical environment;
 - j. ensuring that the Company complies with all relevant laws and corporate governance principles;
 - k. monitoring opportunities and risks in respect of, and recommending steps to enhance, the black economic empowerment status and diversity of the Company; and
 - l. ensuring that the Company applies all recommended best practices for good governance and, if not, justifiably explaining why such practices are not applied.

4. The CEO will carefully apply his mind, in consultation with the Chairman, about the appropriateness of taking on non-executive Directorships outside of the Company or the Remgro Group. Time constraints and potential conflicts of interests must be considered. The CEO may not become the chairman of a company that is not a subsidiary or associate company of Remgro.
5. The CEO may not be a member of the Audit and Risk Committee or Remuneration and Nomination Committee, and attend meetings of these committees on invitation. However, the CEO must recuse himself when conflicts of interest arise, particularly when his performance and remuneration is discussed.

ANNUAL WORKING PLAN OF BOARD

Agenda items

- Annual appointment of the CEO and the CFO (on recommendation by the Audit and Risk Committee).
- Annual evaluation of the CEO and the CFO.
- Election of the Chairman and two Deputy Chairmen.
- Appointment of Lead Independent Director.
- Categorisation of Directors as executive, non-executive and independent Directors (with the evaluation of non-executive Directors' independence being led by the Lead Independent Director).
- Feedback on evaluation of Board and results of annual performance evaluations of Board considered.
- Training needs of Directors considered.
- Assessment of independent non-executive Directors who have served on the Board for more than nine years.
- Evaluation of Company Secretary and conducting fit and proper test.
- Review and approval of formal terms of reference in respect of each Committee.
- Preparation and approval of annual disclosures required for purposes of the integrated annual report.
- Preparation of annual financial statements.
- Approval of system and process of risk management.
- Review of implementation of system and process of risk management.
- Assessment of effectiveness of Remuneration and Nomination Committee.
- Assessment of effectiveness of Audit and Risk Committee.
- Assessment of the effectiveness of the Management Board.
- Assessment of the effectiveness of the Investment Committee.
- Assessment of the effectiveness of the Social and Ethics Committee.
- Consideration of going concern status.