

# REUNERT

REUNERT LIMITED

# POLICY ON APPOINTMENTS OF DIRECTORS AND DIVERSITY OF THE BOARD: REUNERT LIMITED

## REUNERT BOARD

RECOMMENDED BY THE NOMINATION AND GOVERNANCE  
COMMITTEE ON 24 MAY 2022

APPROVED BY THE BOARD ON 24 MAY 2022

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## 1. Purpose

This policy (“**the Policy**”) details the procedure for appointments to the board of directors (“**the Board**”) of Reunert Limited (“**the Company**”), including the manner in which diversity considerations will be taken into account.

The Policy is reviewed and updated annually by the nomination and governance committee (“**the Committee**”) and approved by the Board, with or without further amendment, as the Board deems appropriate. If the review and approval of a new Policy is delayed for any reason, the previous version of the Policy shall remain valid until a new version is approved by the Board.

## 2. Requirements

Requirements applicable to the Company’s Board appointments are highlighted below:

### 2.1 JSE Limited Listings Requirements

- Paragraph 3.84(i) of the JSE Listings Requirements provides that the board of directors, or the Committee, must have a policy on the promotion of broader diversity at board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience;
  - The issuer must confirm, in its integrated report:
    - how the Board or the Committee has considered and applied the policy of broad diversity in the nomination and appointment of directors; and
    - if applicable, the Board must explain why any of the above diversity indicators have not been applied and further report progress in respect thereof on agreed voluntary targets.

### 2.2 Provisions of the Memorandum of Incorporation and the Companies Act

- Any appointment of a director(s) is subject to the provisions of the Memorandum of Incorporation, which provides, amongst others, that:
  - The board shall have no less than the minimum of six directors required by the Companies Act, 2008 and no more than 15 directors;
  - The board, or any shareholder (in accordance with Article 12.2.1 of the Memorandum of Incorporation of the Company), has the right to nominate an individual for the office of director, but the board, the committee or any shareholder does not have the right to permanently appoint or remove (other than in accordance with section 71 of the Companies Act, 2008) a director;
  - Life directorships and directorships for an indefinite period are not permitted;
  - At each annual general meeting, one third of directors, including executive directors, must retire, but retiring directors may be re-elected by shareholders (provided that the director otherwise qualifies for re-election and has made him- or herself available for re-election);
  - The board has the right to fill a casual vacancy, subject to shareholder approval at the next annual general meeting; and
  - Members of the audit committee are appointed (or re-appointed) by shareholders on an annual basis.

- Eligibility for membership of certain board committees, such as the audit committee and social and ethics committee, is subject to specific requirements stipulated by the Companies Act, 2008 and its Regulations.

### 3. Role of the Committee

- The Board is advised on the appointment of directors by the Committee (which is mandated to fulfil the role of a “nomination committee” as envisaged in the JSE Listings Requirements);
- The Committee is mandated, by its terms of reference, inter alia, to:
  - make recommendations to the Board on the composition of the Board and the Board committees;
  - make recommendations to the Board on the formulation of a policy on the promotion of board diversity relating to gender, race, culture, age, field of knowledge, skills and experience and, if the Committee deems it appropriate, setting of race and gender diversity targets;
  - identify and recommend to the Board suitably qualified and experienced individuals for appointment to the Board and Board committees;
  - advise the Board on succession planning for the offices of chair of the board and executive directors; and
  - report to the shareholders, by way of the integrated report, on matters which fall within its mandate.

### 4. Principles and process applicable to board appointments

- All appointments must comply with the relevant requirements of legislation (including the JSE Listings Requirements and the Companies Act), as well as the Company’s Memorandum of Incorporation;
- Appointments to the Board should contribute to the representation of a relevant mix of skills, knowledge and backgrounds on the Board, to provide challenge and different perspectives in order to make quality decisions in the interest of the Company;
- In carrying out its role to advise the Board with respect to Board appointments, the Committee must follow a formal procedure to identify, consider and make recommendations to the Board on the appointment of directors, which must comply with the following:
  - The procedure must be fair;
  - The procedure must ensure that decisions and recommendations are not affected by any conflict of interests of any member of the Committee;
  - The members of the Committee must expressly consider, either at a meeting, by way of telephonic or written communication, or another process approved by the Committee:
    - the merits of any candidate proposed for membership of the Board;
    - whether a candidate meets the “fit and proper”<sup>1</sup> criteria;
    - that the proposed candidate does not have existing interests which could conflict with the interest of the group; and
    - that the candidate is not ineligible or disqualified from acting as a director in terms of section 69 of the Companies Act;
  - In addition to information obtained from the candidate, the Committee should procure that an independent background check is conducted in respect of the candidate;

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<sup>1</sup> In *General Council of the Bar of South Africa v Jiba and others 2017*, Judge Legodi described a fit and proper person as someone possessing integrity, objectivity, dignity, capacity for hard work, respect for legal order and a sense of equality or fairness.

- When considering the merits of any proposed candidate, the Committee must consider all relevant factors, which could include:
  - the candidate(s)'s experience, skills, reputation and character;
  - details of the candidate(s)'s other professional commitments and obtain a statement from the candidate which confirms that the candidate has sufficient time available to fulfil his/her Board responsibilities; and
  - any preference or requirement in respect of the existing and future composition of the Board or any of its committees;
- The Board must be constituted such that the majority of the directors on the Board are non-executive and the majority of the non-executive directors are independent<sup>2</sup>; and
- Any member of the board may request further information and/or an interview with any proposed director prior to such person's appointment.

## 5. Policy for the promotion of diversity on the Board

On the recommendation of the Committee, the Board adopts the following policy on Board diversity:

- The gender diversity target that the Company sets itself is that the representation of women on the Board (considering both executive and non-executive directors) is at least 40%;
- The race diversity target that the Company sets itself is that the representation of black people on the Board (considering both executive and non-executive directors) is at least 50%;
- The Committee will, when contemplating proposed appointments:
  - consider the promotion of broad and appropriate diversity on the Board, including diversity of gender, race, culture, age, field of knowledge, skills and experience, as well as any diversity targets that the Committee may set from time to time, including (but not limited to) race and gender targets; and
  - ensure that any Board appointment process and criteria are transparent and free from unfair bias and discrimination.

## 6. Exceptions and amendments

- The Committee may consider and deal with any aspect relating to an appointment to the Board that is not specifically dealt with in this policy as it in its discretion decides, subject to applicable legislation;
- Emergency actions outside the mandate of the Committee, as set out in its terms of reference, must be put to the Board for its consideration as soon as possible;
- The Committee may propose amendments to this policy to the Board at any time; and
- The Board may amend this policy at its discretion at any time, subject to applicable regulatory requirements.

## 7. Effective date

This Policy takes effect on the date of adoption thereof by the Board.

## 8. Approval of the policy

This Policy was recommended to the Board by the Committee following review by its members and approved by the Board on **24 May 2022**.

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<sup>2</sup> Guidelines regarding the assessment of whether a director is executive or non-executive and independent, are set out in Annexure A

## Classification as executive

### JSE Listing Requirements

(i) Executive directors:

Directors that are involved in the management of the company and/or in full-time salaried employment of the company and/or any of its subsidiaries;

(ii) Non-executive directors are directors that are not:

- (1) Involved in the day to day management of the business, or
- (2) Full-time salaried employees of the company and/or any of its subsidiaries;

## Classification of non-executive directors as independent

### JSE Listings Requirements

Independent directors should be determined holistically, and on a substance over form basis in accordance with the indicators provided in Section 94(4)(a) and (b) of the Companies Act and the King Code. In addition, it must be noted that any director that participates in a share incentive/option scheme, will not be regarded as independent;

### Section 94(4) of the Companies Act

A director **will not be independent** if he/she is:

- Involved in the day-to-day management of the company's business or have been so involved at any time during the previous financial year;
- A prescribed officer, or full-time employee, of the company or another related or interrelated company, or have been such an officer or employee at any time during the previous three financial years; or
- A material supplier or customer of the company, such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that director is compromised by that relationship; and
- Related (ie spouse/parent/child) to any person who falls within any of the criteria set out above.

### King IV

The term "*independence*" in the King Code is defined as exercising objective, unfettered judgement. In relation to a board member, independence means the absence of any:

- interest;
- position;
- association; and
- relationship

which, when judged by a reasonable and informed third party is likely to:

- influence unduly or cause bias in decision making; or to
- affect the ability of the director to act in the best interest of the company.

King IV provides that the board should determine whether non-executive members are independent, holistically, and on a substance over form basis. The following will be regarded as indicators that a director is **not** independent:

- The directors is a provider of significant or ongoing funding or represents such person;
- The director owns securities in the company to a value material to his or her personal wealth;
- The director has been in the employ of the company in the previous three years in executive management;
- The director has been the designated auditor or key member of the audit team during the preceding 3 years;
- The director is a significant or ongoing professional advisor;
- The director is a member of the board or executive management of a significant supplier or customer;
- The director is a member of the board or executive management of a related company; or
- The director is entitled to remuneration contingent on the performance of the company.

Independence of member serving for longer than 9 years should be tested annually in order to assess whether the member exercises objective judgement.