

REUNERT

REUNERT LIMITED

POLICY ON BALANCE OF
POWER: REUNERT LIMITED

REUNERT BOARD

RECOMMENDED BY THE NOMINATION AND GOVERNANCE

COMMITTEE ON 25 MAY 2018

APPROVED BY THE BOARD ON 25 MAY 2018

1. Purpose

In compliance with paragraph 3.84(a) of the JSE Listings Requirements and Part V of the King IV Report on Governance for South Africa 2016 (“**King IV**”) this policy summarises the framework for ensuring that the Company maintains a balance of power and authority in respect of its board of directors (“the board”) and that no one director has unfettered powers of decision making

2. Background

Relevant requirements applicable to the balance of power of the board are highlighted below:

2.1 JSE Limited Listings Requirements

The JSE Limited Listings Requirements prescribe that:

- there must be a policy evidencing a clear balance of power and authority at board of directors’ level, to ensure that no one director has unfettered powers of decision-making; and
- the issuer must have an appointed chief executive officer and a chair and these positions must not be held by the same person. The chair must either be an independent non-executive director, or the issuer must appoint a lead independent director, in accordance with King IV.

2.2 King IV has the following applicable principles and recommended practices

- The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively;
- When determining which of its committees the chair of the board should serve on, either as member or chair, the board should consider how this affects the overall concentration and balance of power on the board. Generally, the following should apply:
 - The chair should not be a member of the audit committee;
 - The chair may be a member of the remuneration committee;
 - The chair should be a member of the nomination and governance committee and may also be its chair;
 - The chair may be a member of the risk committee and may also be its chair;
 - The chair may be a member of the social, ethics and transformation committee, but should not be its chair.
- The board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties;
- The board should determine if and when to delegate particular roles and responsibilities to an individual member or members, or to standing or ad hoc-committees. The exercise of judgement by the board, is subject to legal requirements and should be guided by what is appropriate for the organisation and achieving the objectives of the delegation.
- Delegation to an individual member or members of the board should be recorded in writing and approved by the board. The record should set out the nature and extent of the responsibilities delegated, decision-making authority, the duration of the delegation, and the delegates’ reporting responsibilities;
- Delegation to committees should be recorded by means of a formal terms of reference that should be approved and reviewed annually by the board. The board should consider the allocation of roles and associated responsibilities and the composition of membership across committees holistically, so as to achieve the following:
 - Effective collaboration through cross-membership, where required; coordinated timing of meetings; and avoidance of duplication or fragmented functioning in so far as possible;

- Where more than one committee has jurisdiction to deal with a similar matter, the specific role and positioning of each committee in relation to such matter are defined to ensure complementary rather than competing approaches;
- A balanced distribution of power in respect of membership across committees, so that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual; and
- The committee for remuneration should be chaired by an independent non-executive member.

3. Composition

- The composition of the board must reflect professional, racial and gender diversity.
- The board and each of its standing committees must comprise of at least three directors, the majority of such directors being non-executive and the majority of such non-executive directors being independent.
- At least one third of non-executive directors shall retire by rotation annually at the Company's annual general meeting. Consequently, no director is appointed for an indefinite period.

4. Practices

The board will comply with the King IV principles and recommended practices relating to maintaining the balance of power on the board. In particular:

- The board, with the assistance of the audit committee, shall establish and maintain a framework for the delegation of authority to executive management and reserving specified matters for the board or any of its committees, which framework shall be reviewed annually.
- The appointment of directors to achieve a balanced and diverse board is dealt with in the board's policy on appointment of directors.
- The nomination and governance committee's recommendations to the board on the membership and chairing of committees shall be in accordance with the recommended practices of King IV in this regard.
- The chair of any meeting of the board or board committee must ensure that there is reasonable opportunity for each of the members present at that meeting to express their views.
- The board, with the assistance of the nomination and governance committee, shall evaluate, at least annually, the independence of directors classified as "independent", with a particular focus on such directors serving a term beyond nine years.
- The board, the relevant committee of the board, or any one shareholder, shall not have the right to permanently appoint any director, or to remove any director, other than as provided for in section 71 of the Companies Act, 2008.
- The appointment and remuneration of any director employed by the Company must be determined by the board, on the recommendation of the nomination and governance and the remuneration committees.
- The appointment and remuneration of employees of subsidiaries of the Company (determined in accordance with cost to company and/or seniority thresholds set by the remuneration committee) shall be monitored by the nomination and governance and the remuneration committees respectively.
- Written resolutions of the board shall be presented to the board at the first of its meetings following the adoption of such resolution.
- The quorum for board meetings shall be at least 50% of the executive directors (rounded-up) as well as at least 50% (rounded-up) of the non-executive directors. (The quorum for board committee meetings are dealt with in each committee's terms of reference.)
- The votes required to pass a written resolution (resolutions circulated between board meetings) of the Company shall be the vote of the chief executive officer, the chair of the board and (including the chief executive officer and the chair) at least 50% of the executive directors (rounded-up) as well as at least 50% (rounded-up) of the non-executive directors, provided that all directors have received notice of the resolution.
- The delegation of roles and associated responsibilities to standing committees of the board will be in accordance with the recommended practices of King IV, by way of written terms of reference, annually

reviewed by the board and in a manner that enhances collaboration between committees, avoids duplication of work and ensures that no single member of the board dominates decision making. These terms of reference will be available to shareholders.

- Any member of a committee of the board shall be entitled to obtain independent professional advice required in the exercise of his/her duties, subject to following a board-approved process, if any.

5. Chair

- The chair of the board shall be an independent non-executive director.
- The chair of the board shall be elected (or re-elected) by the board on an annual basis.
- The chair of the board may not be a member of the audit committee of the Company, but may attend the meetings of this committee by invitation.
- The chair of the board may not be the chair of the audit committee or of the social, ethics and transformation committee.

6. Lead independent director

The Board will annually elect (or re-elect) an independent non-executive director as lead independent director to enhance the balance of power between members of the board in accordance with the functions recommended under principle 7 of King IV.

7. Amendments to the policy

- The nomination and governance committee may propose amendments to this policy to the board at any time.
- The board may amend this policy at its discretion at any time, having due regard to the JSE Listing Requirements and King IV.

8. Effective date

This policy takes effect on the date of adoption thereof by the board.

9. Approval of the policy

This policy was recommended to the board by the nomination and governance committee following review by its members on **25 May 2018**, and approved by the board, represented by its chair on **25 May 2018**.

Signature _____ Date: _____

The chair of the board and the nomination and governance committee