

REUNERT

REUNERT LIMITED

POLICY ON APPOINTMENTS OF DIRECTORS: REUNERT LIMITED

REUNERT BOARD

RECOMMENDED BY THE NOMINATION AND GOVERNANCE

COMMITTEE ON 25 MAY 2020

APPROVED BY THE BOARD ON 17 JUNE 2020

1. Purpose

This policy (“**the Policy**”) details the procedure for appointments to the board of directors (“**the Board**”) of Reunert Limited (“**the Company**”).

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’s Listings Requirements provides that the board of directors or the Committee must have a policy on the promotion of gender diversity at board level:
 - The issuer must report, in its integrated report on:
 - its policy for the promotion of gender diversity;
 - how the board of directors or the Committee have considered and applied the policy of gender diversity in the nomination and appointment of directors; and
 - progress against voluntary targets, if applicable.
- Paragraph 3.84(j) of the JSE’s Listings Requirements provides that the board of directors or the Committee must have a policy on the promotion of race diversity at board level:
 - The issuer must report, in its integrated report on:
 - its policy for the promotion of race diversity;
 - how the board of directors or the Committee have considered and applied the policy of race diversity in the nomination and appointment of directors; and
 - progress against voluntary targets, if applicable.
- From the Company’s financial year starting on 1 October 2020, the amended paragraph 3.84(i) of the JSE’s Listings Requirements will apply. From 1 October 2020 the Board or the Committee must have a policy on the promotion of broader diversity at board level, specifically focusing on the promotion of diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. The Company must confirm this by reporting to shareholders in its integrated report on how the Board or the Committee, as the case may be, have considered and applied the policy of broad diversity in the nomination and appointment of directors. If applicable, the Board or the Committee 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.

3. Role of the nomination and governance committee

- The Board is advised on the appointment of directors by the nomination and governance committee;
- 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 gender and race diversity on the board and the 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"¹ criteria;

¹ 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.

- 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;
- 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; 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 race and gender diversity:

- The gender diversity target that the Company sets itself is to ensure 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 to ensure that the representation of black people on the Board (considering both executive and non-executive directors) is at least 40%;
- The Committee will, when contemplating proposed appointments:
 - consider the promotion of diversity on the Board, including diversity of race, gender, age, independence, skills, experience, as well as the 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 **17 June 2020**.