

REUNERT

REUNERT LIMITED

KING IV™¹
DISCLOSURE MATRIX

2019

This summary outlines Reunert Limited’s (Reunert or the Group) application of King IV. It references information in Reunert’s 2019 Integrated Report, Annual Financial Statements and other supplementary reports and fact sheets. Reunert’s full reporting suite is available on its corporate website at www.reunert.co.za/downloads/reports.

The Integrated Report highlights the application of King IV by using an icon referring to the supporting principle .

| Principle | Commentary | Integrated Report page reference |
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| <p>Principle 1</p> <p>The governing body should lead ethically and effectively.</p> <p><i>Alignment: ✓</i></p> | <p>The Board is committed to leading ethically, setting an ethical tone for the Group, strategically directing the Group, and effectively creating shared value for all stakeholders.</p> <p>Reunert follows a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in Reunert’s best interests over time.</p> <p>Annual Board performance assessments (Board evaluations) assess the performance of the Board as a whole and its committees.</p> | <ul style="list-style-type: none"> > Page 73: The Reunert Board > Page 79: Board policies > Page 80: Ethical leadership > Page 82: Board evaluations > Page 82: Trading in Reunert shares |
| <p>Principle 2</p> <p>The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p> <p><i>Alignment: ✓</i></p> | <p>Reunert’s ethical culture is supported by the Group’s values – which are the Group’s moral compass. Formal Group-wide policies cover ethical matters and legislation, where appropriate.</p> <p>The Social, Ethics and Transformation Committee plays an important role in overseeing the Group’s ethical culture.</p> <p>Reunert’s well-defined governance structures maintain a balance between business units’ autonomy and appropriate Group oversight.</p> | <ul style="list-style-type: none"> > Page 5: Who we are, where we are, and how we create value > Page 80: Ethical leadership > Page 82: Trading in Reunert shares > Page 76: Social, Ethics and Transformation Committee report |
| <p>Principle 3</p> <p>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p> <p><i>Alignment: ✓</i></p> | <p>Reunert’s Sustainability strategy focuses on an ethical culture, stakeholder relationships and increasing awareness of how Reunert implements its responsibilities as a responsible corporate citizen.</p> <p>The Group aims to operate responsible businesses by building trust and accountability, nurturing and growing people, and managing its environmental footprint.</p> <p>In the longer term, Reunert is focused on inclusive growth and transformative solutions.</p> | <ul style="list-style-type: none"> > Page 55: An integrated approach to sustainability > Page 96: Social, Ethics and Transformation Committee report |

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| Principle | Commentary | Integrated Report page reference |
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| <p>Principle 4</p> <p>The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p> <p><i>Alignment: ✓</i></p> | <p>Reunert depends on its relationship with key stakeholders to create value and execute its strategy. Reunert's strategy process was designed to support the Group's value creation objectives and its material matters.</p> <p>The Group Executive Committee and business units' management develop and execute the Group's strategy. The Board oversees, is ultimately accountable for, and approves the strategy.</p> <p>The Board also oversees the Group's risk management processes and delegates their design, implementation and monitoring to management.</p> | <p>The Integrated Report provides providers of financial capital and other stakeholders with insight into how the Group creates sustainable value.</p> |
| <p>Principle 5</p> <p>The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.</p> <p><i>Alignment: ✓</i></p> | <p>Reunert prepares an Integrated Report and supplementary reports that follow the International Integrated Reporting Committee's Integrated Reporting Framework and King IV recommended disclosures as appropriate to the Group.</p> <p>The Annual Financial Statements are prepared in compliance with International Financial Reporting Standards and the Companies Act, 71 of 2008 (as amended) (the Companies Act) and are audited by Reunert's external auditors.</p> <p>The Board and Audit Committee, assisted by other Board committees, oversee the Integrated Report's integrity and completeness, the Annual Financial Statements and other supplementary reports.</p> | <p>> Page 2: Report overview</p> |
| <p>Principle 6</p> <p>The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p> <p><i>Alignment: ✓</i></p> | <p>The Board is the focal point and custodian of Reunert's corporate governance. The Board adopted a Board Charter, various Terms of Reference for the Board's committees, and Board policies. These are reviewed regularly.</p> <p>The Board also oversees adherence to provisions as outlined in the Companies Act, JSE Limited Listings Requirements, the Company's Memorandum of Incorporation, King IV and South African common law.</p> | <p>> Page 73: The Reunert Board > Page 76: Our leadership</p> |

Principle**Commentary****Integrated Report page reference****Principle 7**

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Alignment: ✓

The Board comprises the appropriate number of executive and non-executive directors, the majority of whom are independent. The composition of the Board and committees is appropriate for their respective mandates. Members' mix of knowledge, skills and experience remains a key consideration in the Board's succession planning. The Group has targets to enhance race and gender representation in Board membership.

The Nomination and Governance Committee considers committees' performance and composition in terms of skills, experience, diversity and independence, as well as the feedback received from the Board's and committees' evaluation. The Board's composition is aligned to King IV recommended practices.

- > Page 30: Chair's report
- > Page 76: Our leadership

Also refer to the Notice of Annual General Meeting and the supplementary report: Directors' CVs.

Principle 8

The governing body 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.

Alignment: ✓

The Board is supported by various Board committees which have delegated responsibility to assist it to fulfil certain functions. The Board committees provide feedback on their meetings at every Board meeting. Each committee has a workplan that lists its tasks according to its Terms of Reference. This allows the committees to assess their progress and fulfil their mandates.

The Board Charter and the Balance of Power Policy ensure that Board members understand their roles, and contain safeguards to maintain the appropriate balance of power on the Board.

- > Page 76: Board committees
- > Page 96: Social, Ethics and Transformation Committee
- > Page 100: Remuneration Committee

Also refer to the Audit Committee report in the Annual Financial Statements.

Principle 9

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

Alignment: ✓

The Board conducts an extensive performance assessment process annually.

Board members assess each other's performance, the competency and effectiveness of the Company Secretary and the effectiveness of the Board. They assessed the collective performance of the Board as a whole, individual Board members, and each committee, as well as the mix of knowledge, skills and experience.

- > Page 30: Chair's report
- > Page 82: Board evaluations

Principle 10

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

Alignment: ✓

Reunert's Board-approved Delegation of Authority (DoA) Framework regulates how the Board delegates authority to its committees and the Group Executive Committee, and it stipulates which decisions are reserved for the Board. The Board is satisfied that the DoA Framework is fit for these purposes. The DoA Framework is reviewed regularly.

The Group has succession planning provisions in place for non-executive and executive directors. Reunert evaluates the performance of the Group Chief Executive Officer and Group Chief Financial Officer annually. The executive management succession plan is presented annually to the Nomination and Governance Committee.

- > Page 6: How we are structured and integrated
- > Page 73: The Reunert Board
- > Page 76: Our leadership
- > Page 79: Succession planning
- > Page 82: Company Secretary

| Principle | Commentary | Integrated Report page reference |
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| <p>Principle 11</p> <p>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p> <p><i>Alignment: ✓</i></p> | <p>Reunert practises effective management to mitigate risks and uncertainties which could hinder its value creation. The Board oversees the Group's risk management processes and delegates their design, implementation and monitoring to management. The Risk Committee reviews and approves the Risk Management Policy and Framework annually, giving effect to its direction on and appetite for risk.</p> <p>The Risk and Audit Committees assess the effectiveness of internal controls, including financial and disclosure controls, and the effectiveness of risk management at each meeting.</p> | <p>> Page 84: Risk Committee</p> <p>> Page 86: Management of the Group's risks</p> |
| <p>Principle 12</p> <p>The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.</p> <p><i>Alignment: ✓</i></p> | <p>Reunert's Information and Technology (IT) Governance Framework establishes accountability, strategic alignment and appropriate risk management to optimise the value Reunert derives from IT. The Group's IT Policy Framework outlines the mandatory IT policies, standards and procedures for each business unit.</p> <p>The Audit Committee oversees IT governance.</p> | <p>> Page 94: Technology and information governance</p> |
| <p>Principle 13</p> <p>The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p> <p><i>Alignment: ✓</i></p> | <p>Compliance with relevant laws and regulations in the jurisdictions where Reunert operates is set as a minimum requirement throughout the Group. Regulatory changes are monitored, as appropriate, by business units, functional specialists and/or Group Legal Counsel.</p> <p>Business units' Managing Directors annually certify their businesses' compliance with the Competition Act, 1988, the Prevention and Combatting of Corrupt Activities Act, 2004, and other laws and regulations material to the relevant businesses.</p> | <p>> Page 81: Compliance</p> <p>> Supplementary fact sheet: Standards and principles</p> |
| <p>Principle 14</p> <p>The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p> <p><i>Alignment: ✓</i></p> | <p>Reunert's Remuneration Policy is set to:</p> <ul style="list-style-type: none"> > attract, retain, motivate and reward high-performing individuals; > promote positive outcomes and the achievement of operational and strategic objectives; > be flexible enough to adjust to changing economic conditions and to the Group's needs; > foster individual excellence and teamwork; and > promote an ethical culture and responsible corporate citizenship. <p>The Remuneration Committee reviews the policy annually to ensure it is relevant, in accordance with best practice and addresses the requirements of the business. The Remuneration Policy aligns with Reunert's strategic objectives and shareholder expectations, is market-related, and reflects good business practice.</p> | <p>> Page 100: Remuneration report</p> |

| Principle | Commentary | Integrated Report page reference |
|---|---|---|
| <p>Principle 15</p> <p>The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and external reporting purposes.</p> <p><i>Alignment: ✓</i></p> | <p>The Board guides the Group’s assurance services and functions. It delegates the responsibility for overseeing the combined assurance process to the Audit Committee. Group executives embed the Combined Assurance Framework with the assistance of each business unit’s executive management.</p> <p>The Board approves the frameworks which guide the annual and interim reports’ preparation and the process which determines the Group’s material matters. It oversees that processes are in place to ensure the reliability of data and information reported.</p> | <ul style="list-style-type: none"> > Page 2: Report overview > Page 88: Combined assurance > Page 153: Assurance and data measurement |
| <p>Principle 16</p> <p>In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p> <p><i>Alignment: ✓</i></p> | <p>Effectively engaging with stakeholders is a key component of the Group’s strategy, governance principles and sustainable business practices. Governance processes and the effectiveness of stakeholder management, including the Group’s approach to stakeholder inclusivity, aligns with King IV recommendations.</p> <p>An entrenched Group Governance Framework applies to subsidiaries and is typically incorporated into shareholders’ agreements where companies have third-party shareholders.</p> | <ul style="list-style-type: none"> > Page 98: Stakeholder relationships > Page 73: The Reunert Board |