

# POLICY ON APPOINTMENTS OF DIRECTORS: REUNERT LIMITED

## REUNERT BOARD

RECOMMENDED BY THE NOMINATION AND GOVERNANCE  
COMMITTEE ON 25 MAY 2018

APPROVED BY THE BOARD ON 25 MAY 2018

## 1. Introduction

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

## 2. Background

Relevant requirements applicable to Reunert 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.

### 2.2 Relevant 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, 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 qualified 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**”);
- 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 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 Reunert’s Memorandum of Incorporation;
- Appointments to the board should contribute to the representation of a 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 Reunert;
- In carrying out its role to advise the board with respect to board appointment 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 the conflict of interest 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; and
    - 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;
  - 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

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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.

- 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 Reunert 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 Reunert 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 and 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 sole 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.

## 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, represented by its chair on **25 May 2018**.

Signature \_\_\_\_\_ Date: \_\_\_\_\_

The chair of the board and the nomination and governance committee