

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK)

Trading divisions and subsidiaries

EFFECTIVE DATE: **1 OCTOBER 2023**

A. Notes on the interpretation and application of the information contained herein:

- (i) Unless otherwise specified, any reference to the term “**Business Unit**” (or “**BU**”) refers to a business unit with its own operational identity, whether such business unit is a subsidiary of the Group or a division of any subsidiary. This document also applies to associates and joint ventures, to the extent that the constituting documents of such associates or joint ventures provide that it applies. (In the interest of brevity, “**Group**” refers to the Reunert Group and includes the entities that this document applies to, as the context requires, whether such entities are legally part of the Reunert Group or contractually bound to implement the provisions of this document.)
- (ii) In accordance with Principle 16 of the King IV Code and the recommendations in Recommended Practices 12, this document (“**RRM**”) articulates aspects of the direction of relationships and exercise of authority across the Reunert Group. Reunert’s subsidiaries’ Memoranda of Incorporation provide that the subsidiaries are bound to, among others, the policies, procedures and reserved matters put in place by Reunert Limited from time to time.
- (iii) This document (the “**RRM**”) recognises that boards of directors and management teams owe fiduciary duties to their own Business Units and does not interfere with or supersede these fiduciary duties. In general, it adds additional approval and notification requirements before the item under consideration may be implemented.
- (iv) It is the responsibility of the CEO of the Business Unit concerned to lead the approvals process referred to herein, and (if approved) to retain proof that relevant approvals have been granted for a period of at least seven years.
- (v) Where a transaction requires involvement by the Reunert Board (or any of its committees), it is the responsibility of the Reunert CEO (once notified of the proposed transaction) to engage, as required, with the Reunert Board and the Company Secretary will ensure that evidence thereof is retained - also for a period of at least seven years.
- (vi) If the individual that is authorised to grant the relevant approval is not available, the “one-up” principle applies (in other words the person the designated approver reports to, may grant the approval), unless the designated approver has formally delegated his/her authority, in which event the person’s delegatee may exercise such authority.
- (vii) In cases where the Group CEO is unavailable approval should be sought from Group CFO and *vice versa*. Where the Segment CEO is not available approval may be sought from the Group CEO or Group CFO.

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- (viii) Urgent/emergency matters should be escalated, in the event that the designated approver/committee is not available, and the Group CEO may be contacted for guidance on the process to follow, or may provide approval for the matter if he deems it appropriate. However, this mechanism is intended for matters that are truly urgent/amount to an emergency that are not due to circumstances within control of the party seeking approval and should not be abused to bypass the prescribed process.
- (ix) If the designated approver forms part of the Business Unit that requires the approval, for example in cases where the Segment CEO is also the CEO of the relevant Business Unit, the designated approver must apply the “one-up” principle and approval must be sought from the person that the designated approver reports to.
- (x) Reference to the Reunert Board includes the relevant Board committees, as the formal Reunert Limited Delegation of Authority Framework (also referred to as the “**DoA**”) may provide from time to time.
- (xi) Where financial thresholds are set, transactions below this threshold may be undertaken by Business Units without obtaining the formal approvals prescribed herein, provided the Business Unit’s own framework for approval is followed.
- (xii) Business Units are encouraged to engage with the relevant Segment CEO or the Group CEO or Group CFO if there is any uncertainty about whether or how the approval processes set out herein applies.
- (xiii) No action may be taken if any approval required in terms of this document is not obtained or if the designated approver/committee declines to provide the approval sought.
- (xiv) Where more than one approval is required for a specific transaction or action, all the approvals must be obtained before the transaction or action may proceed.
- (xv) Where a transaction requires recommendation prior to approval (i.e. the description in the table reads “Recommend”), the relevant action or transaction may proceed provided that:
 - a. recommendations have been sought and duly considered; and
 - b. approvals have been obtained.

(Note that Approvers are not obliged to follow recommendations, but they are required to give due consideration to the views of the recommenders and to reasons for such views.)

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- (xvi) The RRM is intended to enhance governance, communication and reporting in the Group and to support Business Units when entering into transactions that may result in elevated risk for the Business Unit or Group. Therefore, adherence to the RRM is mandatory and failure to do so may lead to disciplinary action and, depending on the circumstances that led to the failure, may constitute grounds for summary dismissal.
- (xvii) No person mentioned in this document may make any decision, or implement any course of action, if that person knows or reasonably suspects that he or she may have a conflict of interest in respect of that matter. In cases where a conflict of interest exists, (that is, any relationship or circumstance which may reasonably be seen by an informed third party to be likely to affect a person's ability to act in the best interest of the Business Unit and/or Group), the "one-up" principle will apply. The conflicted person is obliged to fully disclose the existing or potential conflict and must obtain the approval of a person more senior in the Group (or the Board, in the case of the Group CEO) in respect of the relevant action or transaction.
- (xviii) Any Business Unit policies, processes and formalities, as these may be adopted by Business Units from time to time, must be complied with in addition to meeting the requirements set out in this RRM.
- (xix) Business Unit policies, processes and formalities may not conflict with the requirements of this document. If a conflict is unavoidable, the matter must be formally dealt with as provided for in the Exemption process below.
- (xx) Where a Business Unit representative (in most instances the Business Unit CEO) is designated as the authority to provide the "*Recommend*" or "*Approve*" decision as referred to in the table below, it is that individual's responsibility to ensure that all relevant Business Unit-level processes and procedures are followed and Business Unit-level authority/approval requirements are completed, prior to providing the Recommendation or Approval.
- (xxi) Where a Business Unit CEO is designated as the authority to provide the "Recommend" or "Approve" decision, the Business Unit CEO may delegate this decision authority to a member of the Business Unit Executive Committee, particularly where the functional responsibility has better relevance to the transaction concerned, provided a formal delegation/procedure is in place.

B. Role of functional heads

- (i) Reunert Group Functional Heads provide technical and compliance advice and support to Business Units in the areas listed below:
 - a. Finance
 - b. HR
 - c. Internal Financial Controls
 - d. Risk Management
 - e. Internal Audit
 - f. Legal
 - g. Corporate Finance
 - h. Tax
 - i. Company Secretarial
 - j. IT
- (ii) Functional Heads are authorised to request information from Business Units and may require the implementation of processes and systems, or adherence to certain practices and timeliness by Business Units for purposes of implementing or enhancing good governance, reporting, compliance or monitoring in the Reunert Group.
- (iii) Functional Heads may not exercise management or executive responsibility or control in respect of Business Units and may not impede the exercise of such management or executive responsibility or control by the fiduciaries of Business Units. If Business Units have any concerns or difficulty with the requests or instructions from Reunert Group Functional Heads, they should engage with their Segment CEOs to obtain guidance from the Group CEO on the resolution of the matter.

C. Exemptions

- (i) Business Units may apply to the Group CEO (who may refer the matter to the relevant Functional Head or Segment CEO/CFO for consideration as he deems appropriate) for an exemption or special dispensation in respect of any aspect of the application of this policy. Exemptions are valid if confirmed by the Group CEO in writing and for the period stipulated when the exemption is granted. If no validity period is specified, the exemption will be valid for the shorter of (a) a period of 24 months, (b) until the Group CEO withdraws or amends the exemption or (c) when there is a material change in the circumstances which led to the granting of the exemption.
- (ii) Any exemptions or dispensations granted by the Group CEO do not affect the application of the provisions of the Reunert Limited Delegation of Authority Framework, if it relates to a matter to which the Reunert Limited Delegation of Authority Framework applies.

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

Description of item or transaction		Reunert Group approval or notification required					
Strategy (Reunert Delegation of Authority Framework paragraph 2)							
1.	Changes in business strategy		Business Unit CEO	Segment CEO and CFO	Group CEO	Exco	Reunert Board
	Group Strategy					Recommend	Approve
	Segment Strategy			Recommend	Approve		
	Business Unit Strategy	Recommend	Recommend	Approve			
2.	Group investments: Change in direction of investments or new countries not previously invested in						
			Business Unit CEO	Segment CEO and CFO	Group CEO & CFO	Reunert Board	
	Any investment change ≤ R10m per FY		Recommend	Recommend	Approve		
	Any investment change > R10m per FY		Recommend	Recommend	Recommend	Approve	
	Establishing a presence or investing in new countries that the <u>Segment</u> has not previously operated or invested in		Recommend	Recommend	Recommend/Approve (if Board Approval not required)	Approve (if required)	

Budget process (*Reunert Delegation of Authority Framework paragraph 4*)

3.	Budget: approval and confirmation The information requirements will be specified at budget time. <ul style="list-style-type: none"> Note: Budget instructions, requirements and economic guidelines and parameters circulated by or on behalf of the Group CFO and/or the Group Finance Executive to be adhered to by all Business Units 						
			Business Unit CEO	Segment CEO and CFO	Group CEO & CFO	Exco	Reunert Board
		Group Budget				Recommend	Approve
		Segment Budget		Recommend	Approve		
		Business Unit Budget	Recommend	Recommend	Approve		

Intellectual property (*Reunert Delegation of Authority Framework paragraph 1*)

4.	Intellectual capital and intellectual property, including the following: <ul style="list-style-type: none"> Sale, disposal or assignment of an intangible asset to a third party: This will include goodwill, logos, names, trademarks, copyright, patents, licences or trademarks, patent or license agreements, or any other intellectual property, including obsolete intellectual 					
		Nature of IP transaction	Business Unit CEO	Segment CEO	Group Legal	Group CEO
		Sale, disposal or assignment to third party (first bullet)	Recommend	Recommend	Approve	Approve
		Transfer of technology to customer in the ordinary course of business (as referred to in the second bullet)	Recommend	Approve	Approve	Notify prior to Group Legal approval
		Exclusion: This item does not relate to the development and transfer of IP in the execution of client assignments, where the BU is contracted by clients to develop IP, e.g. software and R&D paid for by the client.				

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

	<p>property, but excluding intellectual property that is disposed of as part of an M&A transaction approved in accordance with the process in paragraph 5.</p> <ul style="list-style-type: none">• The transfer of technology to empower customers to commission a product, assemble products, to test a product, manufacture subcomponents of a product, or partially manufacture such products in the ordinary course of business. (For example: The majority of export orders of the Defence companies require local - with reference to that export market - content to a lesser or greater extent.)	
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Acquisitions/partnerships/joint venture investments and BBBEE transactions (conclusion and exit)
(Reunert Delegation of Authority Framework paragraph 8)

5.	All: (i) Partnerships (ii) Joint venture agreements (iii) Transactions involving shares (investment, disposal, repurchase or change of ownership) (iv) Purchase and sale of businesses or parts of thereof (collectively referred to as “Transactions”) In order for a proposed transaction to be considered for approval the Group M&A Process (attached hereto as Annexure A) must be followed – including the various notification obligations and steps set out therein		Business Unit CEO	Group Corporate Finance Executive	Segment CEO and CFO	Group CEO & CFO	Exco (incl Group CEO and Group CFO)	Reunert Board
		Transactions ≤ R120m	Recommend	Recommend	Recommend	Approve	All further notifications and approvals to be dealt with in terms of the Group’s M&A process	
		Transactions > R120m	Recommend (if initiated by BU)	Recommend	Recommend	Recommend		

Immovable property (Reunert Delegation of Authority Framework paragraph 9)							
6.	Sale or purchase of immovable property and other transactions related to immovable property, including participation in share block, time share or long-term leases (leases exceeding 10 years) (jointly referred to as "immovable property")	Sale of surplus property & purchase of property	Business Unit CEO	Segment CEO and CFO	Group Legal	Group CEO	Reunert Board
		<u>Disposal</u> of surplus immovable property not in use @ market value, if book value ≤ R30m or <u>any Purchase</u> of immovable property if ≤ R30m	Recommend	Recommend	Recommend	Approve	
		<u>Disposal</u> of surplus immovable property not in use @ market value, if book value > R30m or <u>any Purchase</u> of immovable property if > R30m	Recommend	Recommend	Recommend	Recommend	Approve
		Any other sale of immovable property (that is in use/not surplus)	Business Unit CEO	Segment CEO and CFO	Group Legal	Group CEO	Reunert Board
			Recommend	Recommend	Recommend	Recommend	Approve

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

7.	Leases of immovable property (excluding long-term leases mentioned above): - Amounts refer to cumulative cash flow over initial term of the lease							
		Leases	Business Unit CEO	Segment CEO	Group Legal	Group CFO	Group CEO	Reunert Board
		Total cash flow ≤ R250k	Approve					
		Total cash flow > R250k but ≤ R500k	Recommend	Approve				
		Total cash flow > R500k but ≤ R1m	Recommend	Recommend	Approve			
		Total cash flow > R1 m but ≤ R15m	Recommend	Recommend	Approve	Approve		
		Any lease not in the ordinary course of business or total cash flow > R15m but ≤ R70m	Recommend	Recommend	Approve	Approve	Approve	
		> R70m	Recommend	Recommend	Recommend	Recommend	Recommend	Approve

Property, plant and equipment & intangible assets – excluding immovable property dealt with above (Reunert Delegation of Authority Framework paragraphs 10 and 11)

<p>8. Disposal of fixed assets to third parties</p> <ul style="list-style-type: none"> - The book value of the fixed assets refers to the book value of assets sold in a single transaction, or the cumulative book values of assets sold in related transactions - The thresholds assume that disposals are made to (i) independent third parties, selected fairly, AND (ii) that the Business Unit is able to illustrate that disposals are done at market value. <p>Business Units may exercise their own discretion to determine, in each instance, the processes they wish to implement to ensure fairness and market-related pricing. These may include, for example, obtaining multiple quotes, or running a tender process.</p>					
	Sale of fixed assets to third parties at market value	Business Unit CEO	Segment CEO	Group CEO	Reunert Board
	Disposal of surplus assets if book value ≤ R1m	Approve			
	Disposal of surplus assets if book value > R1m but ≤ R5m	Recommend	Approve		
	Disposal of surplus assets if book value > R5m but ≤ R30m	Recommend	Recommend	Approve	
	All other disposals of fixed assets if book value ≤ R30m (i.e. disposal of fixed assets that are not surplus)	Recommend	Recommend	Approve	
	If book value of asset or cumulative book value of related sales > R30m	Recommend	Recommend	Recommend	Approve

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9.	<p>Disposal of BU assets to employees</p> <ul style="list-style-type: none"> - This item includes any transfer of assets to employees, directors or prescribed officers, as well as allowing these individuals to use Business Unit assets for private purposes - Note: transactions with employees and officers may be subject to additional income tax if the transaction amounts to a fringe benefit - No Business Unit assets may be disposed of to or made available to employees in circumstances where such assets may potentially be used to generate income in competition with or in a similar industry than the relevant Business Unit - Values referred to are the value of a single transaction or the aggregate value of transactions that are related to each other. If the manner in which the value should be calculated is not clear, the calculation methodology which yields the higher value should be applied. 	<p>Disposal of Business Unit assets to employees</p>	<p>Business Unit CEO</p>	<p>Segment CEO</p>	<p>Group CEO</p>
		<p>Disposal of (i) surplus assets by way of secret auction sale open to all employees or (ii) surplus assets at or above market value to an employee, director or prescribed officer of < R100k</p>	<p>Approve</p>		
		<p>Disposal of (i) surplus assets by way of secret auction sale open to all employees or (ii) surplus assets at or above market value to an employee, director or prescribed officer of ≥ R100k but < R250k</p>	<p>Recommend</p>	<p>Approve</p>	
		<p>Any other disposal to or use by employees (excluding executive employees) of < R100k</p>	<p>Recommend</p>	<p>Approve</p>	
		<p>Any other disposal or use (other than surplus assets by way of secret auction or ≥ market value) by executives or officers of the Business Unit or if >R100k</p>	<p>Recommend</p>	<p>Recommend</p>	<p>Approve</p>

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

10.	Leases ¹ (not related to immovable property or vehicles) - Amounts refer to cumulative cash flow over initial term of the lease		Business Unit CEO	Segment CEO and Segment CFO	Group CFO	Group CEO	Reunert Board
		In the ordinary course of business and ≤ R500k	Approve				
		In the ordinary course and total cash flow > R500k but ≤ R1m	Recommend	Approve			
		In the ordinary course and > R1m but ≤ R30m	Recommend	Recommend	Approve		
		Not in the ordinary course and ≤ R30m or	Recommend	Recommend	Recommend	Approve	
		> R30m but ≤ R70m	Recommend	Recommend	Approve	Approve	
		> R70m	Recommend	Recommend	Recommend	Recommend	Approve
11.	Acquisition (whether long-term lease or purchase) of business or leisure & luxury passenger vehicles - Leisure & luxury passenger vehicles include: SUVs, 4x4 and luxury vehicles intended for the transport of passengers, such as kombis	Acquisition of vehicles		Business Unit CEO	Segment CEO	Group CEO	
		Acquisition of business vehicle for ≤ R1 million		Recommend	Approve		
		Acquisition of business vehicle for > R1 million or acquisition of leisure & luxury passenger vehicles		Recommend	Recommend	Approve	

¹ NB: Excludes leases by Quince and leases by and to the Nashua businesses in the ordinary course of business of these entities.

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

	<ul style="list-style-type: none"> - Business vehicles include: minibuses, bakkies, trucks or other cargo vehicles 							
12.	<p>Capital expenditure (“capex”) projects</p> <ul style="list-style-type: none"> - Amounts in the table refer to the total estimated cost of the capex item or project, regardless of the period over which it will be depreciated/amortised. - Capex includes acquisition of fixed assets and major repairs (which extend the life of the asset). - Notification to the Group CFO, where required, should be made prior to incurring any financial commitment. <p>Requirement to consider business case/justification:</p> <ul style="list-style-type: none"> - All expansionary capex must be substantiated by a business case - Replacement and maintenance-related capex in the ordinary course that is ≤ R500k does not require a business case - Where a particular item of capex does not require approval 		Business Unit CEO	Segment CEO	Group: Head of Facilities – only for immovable property improvement	Group CFO	Group CEO	Reunert Board
	Capex ≤ R1m	Approve		Approve	Approve if the approval results in the BU’s annual budgeted capex allowance being exceeded	Approve if capex > R500k and returns will be below Business Unit’s Risk Adjusted Cost of Capital**		
	Capex > R1m but ≤ R2,5m	Recommend	Approve	Approve	Approve if the approval results in the BU’s annual budgeted capex allowance being	Approve if capex > R500k and returns will be below Business Unit’s Risk Adjusted Cost of Capital**		

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<p>outside of the Business Unit, the substantiating business case must be available at the Business Unit on request and for internal and external audit purposes (see notes)</p> <p>- The business case must address at least (i) the reason for the capex (ii) confirmation that the expected returns exceed the Business Unit Risk Adjusted Cost of Capital (as circulated by Group Corporate Finance) and (iii) sensitivities relevant to the numbers used</p> <p>** Note: Business Units' Risk Adjusted Cost of Capital is available from the Group's Corporate Finance function or from the Group Finance Executive & Group Management Accountant</p>					exceeded		
	All capex > R2,5m but ≤ R70m	Recommend	Recommend	Approve	Notify (or approve if it exceeds the Business Unit's budgeted capex allowance)	Approve	
	> R70m	Recommend	Recommend	Recommend	Notify (or approve if it exceeds the Business Unit's budgeted capex allowance)	Recommend	Approve
<p>Important Notes – Additional approvals:</p> <ol style="list-style-type: none"> The approval-levels assume that the capex falls within the relevant Business Unit's budgetary allowance and was approved during the annual budget process. Where the Business Unit's budgetary allowance for capex is expected to be exceeded, or the item was not approved as part of the budget process, approval is also required from the <u>Group CFO</u> All capex >R500k that is not expected to yield returns in line with the relevant Business Unit's Risk Adjusted Cost of Capital must be approved by the Group CEO 							

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13.	Scope changes and cost overruns on capex projects		Business Unit CEO	Segment CEO	Group CFO	Group CEO	Reunert Board
	<ul style="list-style-type: none"> - Scope changes refer to changes in scope that has a cost impact, or that materially alters the nature of the project 	Scope changes or cost overruns ≤ R70k	Approve				
	<ul style="list-style-type: none"> - A change in scope is “material” if the information would have been relevant at the time that the initial project approval was granted. 	Scope changes or cost overruns > R70k but ≤ R500k	Recommend	Approve			
	<ul style="list-style-type: none"> - Overruns that will result in the Business Unit’s budgeted capital allowance being exceeded also requires approval from the Group CFO 	Scope changes or cost overruns of more than 10% of approved capex (if it also exceeds R500k)	Recommend	Recommend	Notify (or approve if exceeds Business Unit’s budgeted capex allowance)	Approve	
		Material scope changes or cost overruns of > R2,5m above project budget for any Board approved project	Recommend	Recommend	Notify (or approve if exceeds Business Unit’s budgeted capex allowance)	Recommend	Approve

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

Impairments of goodwill, other intangible assets or any other asset (Reunert Delegation of Authority Framework paragraph 6)

14.	Impairments of goodwill, other intangible assets or any other assets in terms of IAS 36, cumulative per Business Unit per Annum - Note: All guidelines on impairments and impairment testing provided by the Group CFO and/or the Group Finance Executive must be followed by Business Units - Note: This item does not relate to depreciation in the normal course of business		Business Unit CEO & CFO	Segment CEO and CFO	Group CFO	Group CEO	Reunert Board
		Impairments in accordance with Group guidelines ≤ R1m	Recommend	Approve	Notify		
		Impairments in accordance with Group guidelines > R1 m or ≤ R5m	Recommend	Recommend	Approve	Notify	
		Impairments in accordance with Group guidelines > R5m or any impairment not in accordance with Group guidelines	Recommend	Recommend	Recommend	Approve	Notify (if > R30m)

Donations and sponsorships (Reunert Delegation of Authority Framework paragraph 11)

15.	Donations, sponsorships, socio-economic development or other payments not directly for a commercial purpose (collectively referred to as “donations”) Note: - Amount is determined with	Donations	Business Unit CEO	Segment CEO	Group CFO & HR Director	Group CEO
		Donations ≤ R50k	Approve			
		SED donations for BBBEE but not to Approved Recipients or other donations not for BBBEE purposes > R50k but ≤ R200k	Recommend	Approve	Notify	

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	<p>reference to the spend per annum on a single beneficiary or beneficiaries that are related to each other</p> <ul style="list-style-type: none"> - Donations must be reported in accordance with guidelines issued by the Group CFO or the Group Finance Executive - Bona fide contributions made for BBBEE purposes in order to obtain Enterprise & Supplier Development points do not require approval in terms of this item - Socio-Economic Development (SED) donations in the ordinary course for BBBEE purposes to Approved Recipients do not require approval in terms of this item 	<p>SED donations for BBBEE but not to Approved Recipients or other donations not for BBBEE purposes > R200k</p>	<p>Recommend</p>	<p>Recommend</p>	<p>Notify</p>	<p>Approve</p>
<p>Approved Recipients for BBBEE-related Socio-Economic Development (SED) spend are:</p> <ul style="list-style-type: none"> ○ Reunert College/Reunert Learning Institute ○ Nashua Children’s Charity Foundation ○ Rebatona Educational Trust 						

Research and development projects (Reunert Delegation of Authority Framework paragraph 13)						
16.	Research and development: Projects involving pre-contract spend or development (R&D) projects (collectively referred to as R&D)		Business Unit CEO & CFO	Segment CEO	Group CEO	Reunert Board
		Unfunded R&D ≤ R750k	Recommend	Approve		
	- Amounts to be determined based on the estimated cumulative cost over the period of the relevant project or contract	Unfunded R&D > R750k but ≤ R2m	Recommend	Recommend	Approve	
		Unfunded R&D > R2m	Recommend	Recommend	Approve	Notify or approve, as required by Reunert DoA
		Funded R&D > R10m	Recommend	Recommend	Approve	Notify or approve, as required by Reunert DoA
<p>Accounting notes:</p> <p>The criteria that need to be met in order to classify planned expenditure as development expenditure, (which once classified as development expenditure, must be capitalised onto the Business Unit’s statement of financial position, and then subsequently amortised over the asset’s expected useful life) are:</p> <ul style="list-style-type: none"> (i) The resulting asset (IP etc.) must meet the definition of being controlled by the Business Unit. (ii) Future economic benefits must be expected from the asset. (iii) These benefits must be supported by reasonable and supportable assumptions that are management’s best estimate of the conditions that will prevail over the useful life of the asset. (iv) The full and expected cost of the asset can be measured reliably. (v) The technical feasibility of completing the asset so that it can be sold or used must be demonstrable. (vi) Management must have the intention to complete the asset and either to use it or sell it. 						

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		<p>(vii) The use for or saleability of the asset must be clear.</p> <p>(viii) The market that the asset will be used in or sold to must be clearly identifiable.</p> <p>(ix) The Business Unit must have the resources (technical, financial, and other) to be able to complete the asset.</p> <p>(x) An annual impairment test for the asset/class of assets must be undertaken.</p>
Treasury (Reunert Delegation of Authority Framework paragraph 16)		
17.	Opening and closing of bank accounts	Approval required from Group Finance Executive
18.	Operation of bank accounts – authorised signatories	<p>No Business Unit bank account may be operated by a single signatory.</p> <p>If any authorised signatory leaves the employ of a Business Unit, updated signatories must be provided to the bank as soon as possible, but not later than 30 days from the date on which the relevant individual is no longer employed by the Business Unit.</p> <p>Bank signatories may include members of the Business Unit executive and one seniority level below this.</p>
19.	Business Unit Credit Cards and Garage/Fleet/Petrol Cards	Approval required from Group Finance Executive and the governance process prescribed by the Group Finance Executive must be followed.

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

20.	<p>Structured finance arrangements, i.e. complex financing transactions involving structures such as securitisation</p> <p>- If unsure whether a financing arrangement constitutes “structured finance”, Business Units should engage with the Group CFO for guidance in this regard</p>		Business Unit CEO & CFO	Group Corporate Finance Executive	Segment CEO and CFO	Group CEO & CFO	Reunert Board
		Any structured finance arrangements ≤ R70m	Recommend	Recommend	Recommend	Approve	Notify
		Any structured finance arrangement > R70m	Recommend	Recommend	Recommend	Recommend	Approve
21.	<p>Guarantees, suretyship or indemnity issued on behalf of divisions and subsidiaries to third parties or “facilities” granted by Reunert Group companies to each other (collectively “financial assistance”)</p> <p>- Note that each instance of financial assistance to or on behalf of a related party also requires compliance with section 45 of the Companies Act.</p>	<p>Approval required from both Group Legal and the Group CFO.</p> <p>If the financial assistance is not provided by Reunert head office (that is, by or on behalf of Reunert Limited or Reunert Finance Company Proprietary Limited) the Group Company Secretary must be notified to provide assistance with Companies Act compliance obligations.</p> <p>The Board (Audit Committee) must be notified, by Reunert Finance, of all guarantees, suretyships or indemnities issued by or on behalf of Reunert Group companies to third parties and joint ventures.</p> <p>Note:</p> <p>- The indemnity referred to herein excludes contractual indemnities provided in the ordinary course of business by the BU relating to its own operations (subject to legal sign-off where required in terms of Annexure B”).</p>					

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

22.	Foreign Currency Hedging Transactions	Foreign currency hedging transactions	Business Unit CEO & CFO	Segment CFO	Group CFO and Group CEO	Reunert Board
	<ul style="list-style-type: none"> - An approved guideline for export cover to be signed off per BU for those who regularly engage in this type of transaction - Sale of foreign currency at spot does not amount to forex hedging 	Forex input costs in the ordinary course of the BU's business	Approve			
		Any other hedging transactions (ie hedging of export contracts or forex hedging transactions not in the ordinary course of business for the BU)	Recommend	Recommend	Approve	Notify in accordance with Reunert DoA, if required
23.	Banking facilities: Establishment or material changes in terms or limits	Approval required from Group Finance Executive and Group Legal				

Tenders and other high risk or high value transactions (Reunert Delegation of Authority Framework paragraph 12)								
24.	Tenders and other high-risk or high-value transactions:		Business Unit CEO	Segment CEO	Group Legal	Group CFO	Group CEO	Reunert Board
	i. At lower than budgeted margins; ii. Exports to new territories; iii. Subject to higher than normal risk;	Any High Risk/High Value Tender ≤ R500m (total estimated contract revenue over initial contract term)	Recommend	Approve	Recommend	Notify	Notify	
	iii. Not in the ordinary course of business; and/or; iv. > 10% of forecast revenue	Any High Risk/High Value Tender > R500m (total estimated contract revenue over initial contract term)	Recommend	Recommend	Recommend	Approve	Approve	Notify
	(collectively referred to as “High Risk/High Value tender”) Note 1: The total estimated contract revenue is measured as a percentage of forecasted revenue for the same period as the initial contract period (for example, one year’s forecast revenue for a one year contract and two year’s revenue forecast for a two year contract.	AFTER tender approval as required above, any adverse change to contract terms and conditions or any change that affects the forecast revenue of a High Risk/High Value tender by > 5% of the value presented for approval	Recommend	Recommend	Recommend	Approve	Approve	

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

	<p>Note 2: Also refer to item 25 for legal processes relating to contractual terms and conditions</p> <p>Note 3: The use of a formal tender vetting form is required in order to formally document the sign-offs obtained by the Business Unit, internally and externally</p>	
Contracts		
25.	<p>Contracts containing onerous clauses or not in the ordinary course of business</p> <p>Note: The concepts “<i>onerous clauses</i>” and “<i>not in the ordinary course of business</i>”, with reference to contracts, are defined in Annexure B.</p>	<p>Approval is required from Group Legal for these contracts.</p> <p>Group Legal’s approval is in addition to any other approvals that may be required for the relevant contract in terms of this RRM.</p>

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

26.	<p>Commission paid to agents – if > 5%</p> <ul style="list-style-type: none"> - “<i>Commission</i>” includes any success fee or similar arrangement calculated on the value of a contract or transaction - “<i>Value</i>” refers to the full financial benefit or revenue that the Business Unit expects to earn over the period of the contract or as a result of the transaction - “<i>In the ordinary course of business</i>” for the purposes of this item 26 means: (i) on commercial terms, (ii) at margins, (iii) to a customer, and (iv) into a territory; that are all substantially the same as that which the Business Unit has historically / usually contractually agreed to 				
			Business Unit CEO	Segment CEO	Group CEO
		Commissions in the ordinary course of business and ≤ 5% of contract value	Approve		
		Any other commissions	Recommend	Recommend	Approve
		<p>Note: The payment of facilitation fees is not allowed. “<i>Facilitation fees</i>” refers to any payment made to speed up (or queue-jump) the process of a task that is within a person's normal range of authorised activities. Such payments constitute an offence in terms of the Prevention and Combatting of Corrupt Activities Act, 12 of 2004.</p> <p>Note: Approval is NOT required for commission/fees paid in the ordinary course of business for recruitment agencies.</p>			

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

27.	Pre-contract expenditure in anticipation of entering into a binding legal agreement - Pre-contract expenditure refers to expenditure in anticipation of a defined contract where the spend is of such a nature that is unique to that contract and does not form part of the business's standard inventory holding or operational expenses.		Business Unit CEO	Segment CEO	Group CFO	Group CEO	Board
		Pre-expenditure ≤ R700k	Approve				
		Pre-expenditure > R700k but ≤ R2,5m	Recommend	Approve	Approve		
		Pre-expenditure > R2,5m	Recommend	Recommend	Approve	Approve	Notify or approve, as required by Reunert DoA
Litigation and investigations by Regulators that may result in financial loss or reputational damage (Reunert Delegation of Authority Framework paragraph 15)							
28.	Litigation fees and costs	All litigation fees and costs (other than the cost of debt collections in the ordinary course of business) to be reported to Group Legal, to enable reporting to the Reunert Board in terms of the Reunert DoA.					

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

		Business Unit CEO	Segment CEO	Group Legal	Group CEO	Group Exco	Reunert Board	
29.	<p>Litigation, arbitration or regulatory investigation (e.g. Competition Commission investigation, SARS investigation) instituted or threatened against or anticipated/expected to be instituted against a Business Unit (collectively referred to as “Litigation/Regulatory Investigation”)</p> <ul style="list-style-type: none"> - Minor or administrative enquiries by regulators with no potential reputational risk, that the Business Unit is confident it can respond to using its own resources, may be dealt with by the Business Unit without following the reporting process set out here. 	All Litigation of Regulatory Investigations	Responsible for notification to Segment CEO and Group Legal	To be notified by Business Unit CEO. Responsible to notify Exco at its next meeting if material.	To be notified by Business Unit CEO and must guide proposed response . Responsible to notify Group CEO immediately if high reputational or financial risk	To be notified by Segment CEO. Responsible to notify the Board Chair and Board in accordance with the Reunert DoA	To be notified by Segment CEO if high reputational or financial risk	To be notified in accordance with the Reunert DoA if potential reputational risk or likelihood of material financial loss
<p>Note: This RRM expressly provides the authority to Group Legal to guide, direct and oversee a Business Unit’s response to Litigation/Regulatory Investigation to the extent that he, in his sole discretion, deems appropriate and a Business Unit is required to act in accordance with his instructions in this regard. Should the Business Unit disagree with the course of action proposed by Group Legal, it may approach the Group CEO who will provide final guidance on the matter.</p>								

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

30.	Litigation or arbitration to be instituted by Business Unit (other than debt collections in the ordinary course of business)		Business Unit CEO	Segment CEO	Group Legal	Group CEO	Group Exco	Reunert Board
		Instituting litigation or arbitration	Recommend	Approve	Approve <u>Responsible</u> to notify Group CEO if high reputational or financial risk	To be notified by Segment CEO. <u>Responsible</u> to notify the Board Chair and Board in accordance with the Reunert DoA	To be notified by Segment CEO if high reputational or financial risk	To be notified in accordance with the Reunert DoA if potential reputational risk or likelihood of material financial loss
31.	Reputational threats and incidents, such as negative press or contact from journalist (collectively referred to as “ reputational threats ”) Note: All interactions with the media must be dealt with in accordance with the Group Media and Investor Relations Policy		Business Unit CEO	Segment CEO	Group CEO	Group Exco	Reunert Board	
		Existing or potential reputational threat	The Business Unit is <u>responsible</u> to notify the Segment CEO immediately	<u>Responsible</u> to notify the Group Exco at its next meeting, or if the reputational threat appears immediate and serious, the Group CEO	To be notified by Segment CEO. <u>Responsible</u> to notify the Board Chair and Board in accordance with the Reunert DoA	To be notified by Segment CEO	Notify (if required by the Reunert DoA)	

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

Human resources and Policies (Reunert Delegation of Authority Framework paragraph 17)							
32.	Matters requiring notification	The Group HR Director to be notified of the following: <ul style="list-style-type: none"> - Any formal labour-related processes or litigation involving the CCMA, Labour Court or other Court of Law - Realignment processes within Business Units, that do not fall under sections 189, 189A or 197 of the Labour Relations Act - Employment of individuals who are not citizens of South Africa - Intention to extend fixed term or temporary employment contracts more than twice - Any inspections or investigations by regulators or government departments relating to employment, employment equity or broad-based black economic empowerment 					
33.	HR Matters requiring approval		Business Unit CEO and HR Executive	Segment CEO	Group HR Director	Group CEO	Reunert Board
		Labour Legislation Procedures					
		Application of sections 189, 189A or 197 of the Labour Relations Act	Recommend	Recommend	Approve	Notify	
			Business Unit CEO and HR Executive	Segment CEO	Group HR Director	Group CEO	Reunert Board
Relocation costs							
	Payment of relocation costs for employees > R50k but ≤ R150k	Recommend	Recommend	Approve			

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

	Payment of relocation costs for employees > 150k but ≤ R500k	Recommend	Recommend	Recommend	Approve	
	Payment of relocation costs for employees > R500k	Recommend	Recommend	Recommend	Approve	Notify
		Business Unit CEO and HR Executive	Segment CEO	Group HR Director	Group CEO	Reunert Board
Remuneration						
	Any remuneration matters relating to: Senior executive (top management) employees and other employees earning in excess of R1,2m per annum, comprising <ul style="list-style-type: none"> - Guaranteed remuneration (includes any increases) - Short-term incentive plans - Long-term incentive plans 	Recommend	Recommend	Recommend	Approve	Notify or approve, as required by Reunert DoA

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

		Deviations from the Reunert Group's remuneration policy or average increases	Recommend	Recommend	Recommend	Approve	Notify
		Awarding of <i>ad hoc</i> salary increases (excluding Senior executive (top management) employees and other employees earning in excess of R1,2m per annum) of ≤ 5% and/or ≤ R 50 000 per annum.	Recommend	Approve	Notify		
		Awarding of <i>ad hoc</i> salary increases (excluding Senior executive (top management) employees and other employees earning in excess of R1,2m per annum) of > 5% and > R 50 000 per annum.	Recommend	Recommend	Approve	Notify	

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):

		Business Unit CEO and HR Executive	Segment CEO	Group HR Director	Group CEO	Reunert Board
Changes in senior executives						
Senior executive (top management) recruitment, retrenchment, dismissal, demotion or conclusion of mutual separation agreements	May recommend	Recommend	Recommend	Approve	Notify or approve, as required by the Reunert DoA	
	Business Unit CEO and HR Executive	Segment CEO	Group HR Director	Group CEO	Reunert Board	
Travel						
Overseas Travel	Recommend	Approve unless own travel	Approve for Segment CEOs and member of Exco			
	Business Unit CEO and HR Executive	Segment CEO	Group HR Director	Group CEO	Reunert Board	
Company conferences, incentive travel, incentive entertainment and excursions						
If ≤ R100k	Approve					
If > R100k but ≤ R300k	Recommend	Approve	Notify			
If > R300k	Recommend	Recommend	Notify	Approve		

34.	The following principles apply in respect of staff loans and expense claims	<ul style="list-style-type: none"> (i) Employee/staff accounts must be cleared within 30-days. <ul style="list-style-type: none"> a. No loans or similar financial assistance to staff, employees, executive employees or directors is allowed unless the Business Unit has obtained prior approval from the Group HR Director for the context and manner in which the loans or similar financial assistance is proposed to be provided. (ii) Expense claims: <ul style="list-style-type: none"> a. Expenditure incurred on behalf of the company is to be processed via the employee’s expense claim and must be supported by original documentation; b. The most senior employee at a function is responsible for the payment of that function’s account; c. Authorisation of expense claims must be done on a “one-up” basis; and d. Claims relating to overseas travel must be submitted as soon as possible and no later than three weeks of returning from the trip. (iii) Accountable advances <ul style="list-style-type: none"> a. An accountable advance is acceptable, provided that the expenses incurred against this amount are approved on the same basis as other work-related expenses and that the balance of the funds, not utilised, be returned to the BU within a reasonable period after the event or travel for which the funds were advanced; b. Reconciliation of balance of advanced amount and proof of expenses to be done within 30 days of conclusion of the matter (eg travel or entertainment) to which the advance related.
35.	Policies and Guidelines	<p>Business Units are required to implement all Group communicated policies. A Group Policy takes precedence over a Business Unit Policy.</p> <p>Business Units are required to implement operational and functional policies and guidelines in accordance with relevant legislation and business requirements. Business Unit policies must be aligned to Group policies and/or guidance, if any. A list of compulsory policies will be circulated by the Human Capital and sustainability Director for implementation by all Business Units.</p> <p>Head office Functional Heads may request policies from Business Units and may recommend amendments if deemed appropriate and if in the interest of good governance and fairness.</p>

Secretarial (Reunert Delegation of Authority Framework paragraph)		
36.	Company secretarial	<p>Reunert Management Services functions as the statutory company secretary for all Business Units in the Group. As a result, the Group Company Secretary must be advised and will execute, on behalf of the Business Unit, all of the following:</p> <ul style="list-style-type: none"> - Changes to the board of directors or prescribed officers - Changes to statutory information, such as addresses or auditors - All transactions involving shares or share capital and all other “Transactions” envisaged in item 5. - All transactions involving intra-Group financial assistance or financial assistance to directors or officers of a Business Unit by that Business Unit - All dividend declarations and capital distributions - <u>All written resolutions</u> must be requested from and be prepared by the Group Company Secretary, unless a different prior arrangement has been made. <ul style="list-style-type: none"> o If an urgent written resolution is required and the Group Company Secretary is not immediately available to assist, the Group Legal Counsel may be approached for guidance and assistance. - In order to file annual returns on behalf of companies, final AFS must be provided to the Group Finance Executive before 31 March of each year for the financial year ended on 30 September of the previous calendar year, unless an earlier deadline is communicated (in which event the earlier deadline must be adhered to). The Group Finance Executive will make these AFS available to the Group Company Secretary to facilitate the necessary filings.
37.	Appointment of directors/changes to boards (executive or non-executive)	<p>In addition to the involvement of the Group Company Secretary as indicated above, to be <u>RECOMMENDED</u> by the Segment CEO and <u>APPROVED</u> by the Group CEO.</p>

Annexure A

Group M&A Process

	Stage 1 Preliminary Assessment	Stage 2 Targeted Assessment	Stage 3 Detailed Assessment	Stage 4 Final Negotiations and Deal Execution	Stage 5 Integration and Post Implementation Review
Please contact the Group Corporate Finance Executive with any questions regarding the Group M&A Process					
ACCURACY OF INFORMATION	Every investment requires a progressive level of information and understanding to support quality decisions throughout the Transaction life cycle. The required accuracy of the information drives the work required to produce the information. The accuracy of information is therefore expected increase over the life cycle of the Transaction as indicated below:				
	25%	70%	90%	100%	
OBJECTIVE	To position the Transaction for approval by Reunert and permission to proceed to the next stage	To perform a targeted assessment of the Transaction and develop a Business Case for approval by Reunert and permission to proceed to the next stage	To perform a detailed assessment of the Transaction and finalise the Business Case for approval by Reunert to proceed with the final negotiations and deal execution	To negotiate and execute the Transaction documents and close the Transaction	To implement the Transaction and integrate the Target into the Reunert Group and track the realisation of synergies and cost saving initiatives
SOURCES OF INFORMATION	<ol style="list-style-type: none"> Teaser Document on Target and/or preliminary information made available by the Target Publicly available information on the: <ul style="list-style-type: none"> target; market; and competitive landscape 	<ol style="list-style-type: none"> Stage 1 information IM on the Target and/ or information based on information request sent to Target Meetings with Target's management and/or Target's advisors Site visits 	<ol style="list-style-type: none"> Stage 2 information Virtual Data Room made available by the Target 		
DELIVERABLES	<ol style="list-style-type: none"> Non-Disclosure Agreement Preliminary business case and assessment of Target contained in a 5 to 10 page Transaction Memorandum 	<ol style="list-style-type: none"> Business Case High level tax, accounting and legal implications of Transaction Impact on Reunert Group Project Plan 	<ol style="list-style-type: none"> Due Diligence Reports Business Case Final tax, accounting and legal implications of the Transaction and external opinions (to the extent necessary) 	<ol style="list-style-type: none"> Confirmation of: <ul style="list-style-type: none"> final tax, accounting and legal opinions (to the extent necessary) purchase price accounting funding plan and execution of financing 	<ol style="list-style-type: none"> Regular progress report on: <ul style="list-style-type: none"> integration of Target; and realisation of synergies and cost saving initiatives Post-implementation review (2 years after the effective date of the Transaction)

Stage 1 Preliminary Assessment		Stage 2 Targeted Assessment	Stage 3 Detailed Assessment	Stage 4 Final Negotiations and Deal Execution	Stage 5 Integration and Post Implementation Review
	<ol style="list-style-type: none"> 3. Identify any preliminary tax, accounting and legal implications of Transaction 4. Project Plan 5. Salient terms of non-binding expression of interest (EOI) (EOI may also be called letter of intent (LOI), heads of agreement (HOA) or memorandum of understanding (MOU)) 	<ol style="list-style-type: none"> 5. Salient terms of non-binding indicative offer (NBIO) 6. Engagement of the relevant external advisors 	<ol style="list-style-type: none"> 4. Impact on Reunert Group 5. Project Plan 6. Salient terms of Binding Offer (BO) 7. Mark-up of definitive agreements (may differ depending on the type of Transaction) 	<ol style="list-style-type: none"> 1. agreements (where applicable) <ul style="list-style-type: none"> – impact on Reunert Group 2. Final deal structure 3. Executed definitive agreements 4. Regulatory approvals, including the submissions and filings to the relevant authority 5. Shareholder approval, including circular, notice of general meeting 6. Approval/ consent from third parties for the Transaction 7. Integration plan, including amended group structure, plan to realise synergies and cost saving/optimisation initiatives 	
<p>BUSINESS CASE (Investment Criteria)</p> <p>Further guidance on the content of the Business Case is provided below</p>	<ol style="list-style-type: none"> 1. High level evaluation of Target, including: <ul style="list-style-type: none"> – strategic fit – cultural fit and reputation – key management team – product range and market – competitive landscape, including key competitors – financial overview – desk-top valuation 	<ol style="list-style-type: none"> 1. Prepare high-level Business Case, including: <ul style="list-style-type: none"> – strategic fit – commercial overview – technical and operational overview – HR overview – legal overview, including regulatory requirements – financial overview – tax overview – B-BBEE requirements – identification and quantification of potential 	<ol style="list-style-type: none"> 1. Due diligence, including among others, financial, tax, legal, HR, IT, commercial and technical 2. Update Business Case with outcome of the Due Diligence, including, among others: <ul style="list-style-type: none"> – strategic fit – commercial overview – technical and operations – HR overview – legal overview, including regulatory requirements – financial overview – tax risk review 		

	Stage 1 Preliminary Assessment	Stage 2 Targeted Assessment	Stage 3 Detailed Assessment	Stage 4 Final Negotiations and Deal Execution	Stage 5 Integration and Post Implementation Review
		<ul style="list-style-type: none"> synergies and cost saving initiatives – business valuation – high level deal structure – high level funding plan 	<ul style="list-style-type: none"> – BBBEE status and requirements – IT overview – identification and quantification of potential synergies and cost saving initiatives – business valuation – final deal structure – final funding plan <p>3. Mark-up of definitive agreements</p>		
<p>PROJECT PLAN TOPICS</p> <p>Further guidance on the elements of the Project Plan is provided in the Reunert Project Management Framework (“RPMF”)</p> <p>The Group Corporate Finance Executive can be contacted for the RPMF. (Please ensure that the latest version of the RPMF is used.)</p>	<p>High level Project Plan, including:</p> <ol style="list-style-type: none"> 1. project timeline (indicative timing) 2. preliminary project budget 3. resource plan, including external advisors and roles and responsibilities 4. governance structure and processes 	<p>Project Plan, including</p> <ol style="list-style-type: none"> 1. preliminary risk analysis (key industry risks, project risks and integration risks) 2. project timeline 3. final project budget 4. resource plan 5. governance structure and process 6. focus areas for Due Diligence 7. high level negotiation plan and tactics 	<p>Update Project Plan, including:</p> <ol style="list-style-type: none"> 1. final risk analysis 2. project timeline 3. actual costs incurred and remaining project budget 4. governance structure and process 5. negotiation plan and tactics 6. preliminary integration plan, including resource plan and budget 7. approach and plan to obtaining regulatory, shareholder and third party approvals 8. stakeholder engagement and communication plan (to be developed in accordance with the Group Media Relations Policy) 	<p>Integration Plan, including:</p> <ol style="list-style-type: none"> 1. confirmation of risk analysis 2. timeline 3. budget 4. resource plan 5. governance structure and process 6. ongoing stakeholder engagement and communication plan 	

	Stage 1 Preliminary Assessment	Stage 2 Targeted Assessment	Stage 3 Detailed Assessment	Stage 4 Final Negotiations and Deal Execution	Stage 5 Integration and Post Implementation Review
<p>OVERSIGHT AND SUPPORT BY GROUP CORPORATE FUNCTIONS</p> <p>Including:</p> <ul style="list-style-type: none"> – Group Corporate Finance – Group Finance – Group Legal – Group Company Secretary 	<ol style="list-style-type: none"> 1. Assess need for, and lead selection of, external advisors (legal, transaction/ financial, tax, reporting accountants and other specialists for due diligence) 2. Review and sign-off on the preliminary assessment of the Target and Project Plan 3. Review of the preliminary tax, accounting and legal implications of Transaction 4. Review and sign-off on terms of EOI 	<ol style="list-style-type: none"> 1. Execution of engagement letters for external advisors 2. Assessment of the impact of the Transaction on the Reunert Group (including key financial metrics, accounting and tax implications) 3. Review and sign-off on Business Case and Project Plan 4. Review and sign-off on terms of NBIO 	<ol style="list-style-type: none"> 1. Review of Due Diligence Report 2. Assessment of the impact of the Transaction on the Reunert Group (including key financial metrics, accounting and tax implications) 3. Review and sign-off on Business Case and Project Plan 4. Review and sign-off on terms of Binding Offer 5. Review and sign-off on mark-up of definitive agreements 	<ol style="list-style-type: none"> 1. Coordinating the preparation of all submissions for regulatory approvals 2. Coordinating the preparation of any circular required for shareholder approval 3. Tracking the fulfilment of suspensive conditions and coordinating the closing of the Transaction 4. Review and sign-off on Integration Plan 5. Review and sign-off on definitive agreements 	<ol style="list-style-type: none"> 1. Coordinating and review of the post-implementation reviews for material Transactions
<p>INTERNAL APPROVALS REQUIRED</p>	<ol style="list-style-type: none"> 1. Approval by the Group CEO and Group CFO to proceed with next stage, including the salient terms of the EOI (based on recommendation by the Business Unit and Segment CEO) 2. Approval of Project Plan, including budget (if outside the approved budget or current RRM) 	<ol style="list-style-type: none"> 1. Approval of engagement of external advisors (as applicable) 2. Approval by Group Exco of Business Case and Project Plan 3. Approval of the Transaction and terms of any NBIO for a Transaction: <ul style="list-style-type: none"> – <R120m (or <USD12m) by Group Exco (based on recommendation of Business Unit and Segment CEO) – >R120m (or >USD12m) by the Investment Committee (based on recommendation of Group Exco) 	<ol style="list-style-type: none"> 1. Approval by Group Exco of the Business Case (including the outcome of the Due Diligence) and Project Plan 2. Approval of the Transaction and terms of Binding Offer (including salient terms of the definitive agreements) for a Transaction: <ul style="list-style-type: none"> – <R120m (or <USD12m) by Group Exco – >R120m (or >USD12m) but <R360m (or <USD36m) and provided that the Transaction is not categorised by the JSE as CAT 1 or CAT 2) by the Investment Committee (based on 	<p>To the extent required, final approval of the Transaction by the following governance structures (as applicable):</p> <ol style="list-style-type: none"> 1. Group Exco; 2. Investment Committee; and/or 3. Reunert Board 	<p>The post-implementation review of material Transactions have to be presented to the Reunert Board within 2 years following the effective date of such Transactions</p>

REUNERT RESERVED MATTERS (APPROVALS FRAMEWORK):



Stage 1 Preliminary Assessment		Stage 2 Targeted Assessment	Stage 3 Detailed Assessment	Stage 4 Final Negotiations and Deal Execution	Stage 5 Integration and Post Implementation Review
			recommendation of Group Exco) – >R360m (or >USD36m) or categorised by the JSE as CAT 1 or CAT 2 by the Reunert Board (based on recommendation of Group Exco and Investment Committee)		
EXTERNAL APPROVALS REQUIRED				To the extent applicable, approval for the Transaction may be required from, among others: <ol style="list-style-type: none"> 1. Competition Authorities 2. JSE 3. TRP 4. SARB 5. shareholders 6. third parties 	

Annexure B

**PRINCIPLES RELATING TO THE LEGAL APPROVAL OF
CONTRACTS AND OTHER DOCUMENTS**

NOTE - Please provide Group Legal with some context in respect of the contract, document or a particular clause in order for the review to be most efficient.

“Onerous clauses” for purposes of item 25

Any contract (whether in the ordinary course of business or not) that contains one of the following provisions:

- i. Clauses relating to damages or strict liability, if:
 - the Business Unit’s potential liability under the contract is uncapped or > 100% of contract value;
 - the Business Unit’s liability for indirect or consequential damages is not excluded;
 - the contract provides for “strict” liability (i.e. liability without negligence); or
 - the contract provides for payment by a Business Unit of legal costs on an “Attorney-and-Own Client” scale.
- ii. Cession or assignment of the contract by the counterparty may be done without the Business Unit’s permission
- iii. Exclusivity (regardless whether the Business Unit is the supplier or the purchaser) as to
 - territory, or
 - time, or
 - product / service.
- iv. Force majeure:
 - Contract does not contain a force majeure clause;
 - Contract does not allow for termination thereof in the event of force majeure; or
 - Termination of the contract as a result of force majeure may only be made after a period exceeding 30 days from commencement of the Force Majeure.
- v. Intellectual capital and property (IP):
 - IP is to be sold, transferred, or exclusively licensed (exclusive as to territory, time or product/service) to the counterparty or a third party;
 - Contract provides for royalty-free use of IP by the counterparty or a third party;
 - Contract provides for IP (or data pack containing IP) to be placed in escrow;
 - Contract provides for joint development of IP; or
 - Contract provides for the export of IP.
- vi. Payment terms (where the Business Unit is the supplier):
 - Payment to be made more than 30 days after date of invoice;

- Contract provides for a customer process/requirement (over and above proof of delivery) as a precondition to payment;
 - Contract provides for multiple payment milestones; or
 - An intra-group transaction that is not on substantially the same terms as transactions with third parties.
- vii. Penalty clauses (where the Business Unit is the supplier):
- For any subject other than delays in delivery;
 - Exceeding 10% of the value of the relevant item;
 - Exceeding 5% of contract value; or
 - If penalties are not the sole remedy for delays.
- viii. Product or service warranties not in line with the norms in the industry.
- ix. Service levels (where the Business Unit is the supplier):
- Timeframes are shorter than the Business Unit's standard service level agreement; or
 - Failure to meet service levels constitutes a material breach of the contract.
- x. Termination, if:
- only the counterparty has the right to terminate; or
 - the counterparty may terminate with less than 30 days' written notice.
- xi. Governing law and jurisdiction: if any system of law or any court jurisdiction, other than South Africa, applies;
- xii. If the contract does not provide for arbitration.

Contracts “*not in the ordinary course of business*” for purposes of item 25

Examples of contracts that will typically not be in the ordinary course of business are:

- i. High Risk/High Value contracts as described in **item 24**;
- ii. Transactions resulting in a change of control of the Business Unit/company (for example getting or granting the right to appoint the majority of directors on a board);
- iii. Critical contracts to the Business Unit, for example licence agreement that relate to core business or OEM Supplier/Distributor agreements.

Important notes:

- Review and approval of a contract from a legal point of view does not constitute permission for the transaction, if such transaction requires other approvals in terms of the RRM.
- Group Legal requires a reasonable time to review a contract (typically 10 to 14 days).