

**Comprising:**

CONDUIT CAPITAL LIMITED AND ITS SUBSIDIARIES; AND  
 ENTITIES ASSOCIATED WITH AND/OR CONDROLLED BY A DIRECTOR OF CONDUIT CAPITAL LIMITED

HEREINAFTER REFERRED TO AS THE “CONDUIT GROUP”

# Table of Contents

**APPLICATION.....3**

**INTRODUCTION .....3**

**PURPOSE.....3**

**SCOPE .....3**

**GOVERNANCE PRINCIPLES .....4**

**GOVERNANCE STRUCTURE.....4**

**CONTROL FUNCTIONS.....7**

**CODE OF CONDUCT.....8**

**CONFLICT OF INTEREST MANAGEMENT .....8**

**GOVERNANCE OF FRAMEWORKS, POLICIES AND METHODOLOGIES .....9**

**GOVERNANCE OF THIS FRAMEWORK .....9**

**CLOSING.....10**

**REVISION HISTORY.....10**



The Conduit Capital Limited group of companies recognise the importance of operating in an open and transparent manner in all aspects of its business, be it with clients, suppliers, service providers or members of the greater business community, be they directly a part of the financial services industry or not. Whilst legislative requirements may be the foundation of this policy, this statement is more practical in its application and utilises basic business ethics and practices as its overall primary standard. This policy statement has been approved by the board of directors of the above listed insurers and the Financial Service Providers.

Approved by the Board of Directors.

Date: 5 October 2018

## APPLICATION

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This policy applies to all employees, and is deemed to include:

- Non-Executive Directors
- Chief Executive Officer
- Executive Directors and Senior Management
- Managers and Senior Officials
- Permanent staff
- Temporary staff

## INTRODUCTION

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Sound corporate governance principles are the foundation upon which the trust of investors is built, and King IV endorses the primary characteristics of corporate governance from global standards. These principles are critical to growing the reputation of an organisation dedicated to excellence in performance and integrity. Corporate governance facilitates fairness, accountability, responsibility and transparency across organisations. Corporate governance processes protect executives and employees in fulfilling their duties and good corporate governance instils stakeholder confidence in the Company.

The overall intention of the Corporate Governance Framework (“the Framework”) is to ensure continuous performance improvement while meeting its governance obligations and simultaneously adhering to legislative, regulatory and legal requirements. This Framework summarises the principles, methodologies and procedures used in the Group to support effective governance and living our values.

## PURPOSE

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The purpose of the Framework is to provide for the prudent management and oversight of the businesses within the Group and to adequately protect the interests of all stakeholders. This Framework describes the governance structure and decision-making processes applicable to the Group.

The Company is a JSE listed entity and committed to implementing and maintaining sound corporate governance practices, as set out in the Compliance Act and King IV. The Board recognises that corporate governance practices must be appropriate and relevant to the size, nature and complexity of its operations, while promoting robust practices within the context of economic performance.

The Company’s overarching governance structure and decision-making principles are set out in this policy. Specific frameworks, policies, methodologies, charters, terms of reference and mandates of the various governance structures and committees are set out in separate documents.

## SCOPE

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This policy provides guidance to the Company staff and stakeholders.

## GOVERNANCE PRINCIPLES

The Framework that the Company has implemented uses best practices which include the following:

### FOUR LINES OF DEFENCE

Within the Company there are a number of assurance providers that either directly or indirectly provide certain assurances over the adequacy and effectiveness of those controls that mitigate the risks as identified during the risk assessment process.

<b>4<sup>th</sup></b> Line of defence	<b>OVERSIGHT</b>	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Board Committees</li> </ul>
<b>3<sup>rd</sup></b> Line of defence	<b>INDEPENDENT ASSURANCE</b>	<ul style="list-style-type: none"> <li>Internal audit</li> <li>External audit</li> <li>Other</li> </ul>
<b>2<sup>nd</sup></b> Line of defence	<b>INTERNAL ASSURANCE</b>	<ul style="list-style-type: none"> <li>Risk management</li> <li>Compliance</li> <li>Other</li> </ul>
<b>1<sup>st</sup></b> Line of defence	<b>MANAGEMENT-BASED ASSURANCE</b>	<ul style="list-style-type: none"> <li>Risk management</li> <li>Compliance</li> <li>Other</li> </ul>

### COMBINED ASSURANCE

The Company, in its implementation of combined assurance, has identified the components of combined assurance as per King IV. These components of combined assurance are to integrate, coordinate and align risk management and assurance processes. Assurance processes include internal and external audit.

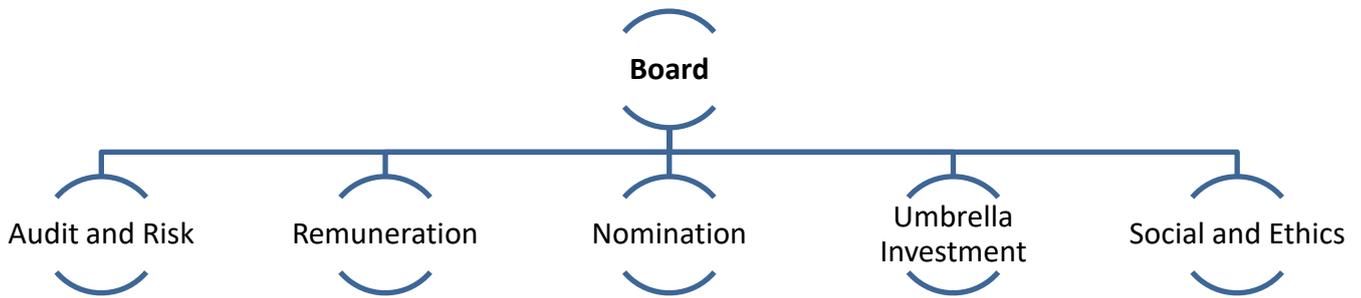
### FIT AND PROPER REQUIREMENTS

The Board is committed to ensuring that the Company’s responsible persons in key positions are fit and proper. Accordingly, the Company has set out in this Framework the Fit and Proper requirement relating to the fitness and propriety of persons who hold positions of responsibility within the Company. Implementation of the Fit and Proper requirement will assist the Company in managing the risk that persons who hold positions of responsibility within the Company might not be fit and proper.

## GOVERNANCE STRUCTURE

The Company recognises the value of King IV, which advocates implementing a governance structure which supports leadership, sustainability and corporate citizenship. For the Company this includes, establishing a Board with appropriate board committees. Therefore, in support of a transparent organisational structure and lines of responsibility, the Company as established the governance structure as set out below:





**GOVERNANCE STRUCTURE**

The Board retains full and effective control of the Group and is ultimately accountable and responsible for the performance of the Group. This includes responsibility for reviewing and guiding corporate strategy, through the establishment of key policies and objectives, undertaking the key risks faced by the Group, determining the risk appetite, tolerance and preferences of the Group and the processes in operation to mitigate these.

The Board has overall responsibility for the management of the Group and for maximising shareholder value. In discharging its responsibilities, the Board is supported by senior management, together with various board committees. These committees have specific charters or terms of reference, appropriately skilled members, senior management participation and access to specialist advice when considered necessary. In addition, the subsidiaries within the Group also have their own boards, which meet as required.

The Company has established the various board committees as reflected in the structure above to assist and support the Board and other subsidiary boards as far as practicable, in discharging their duties.

Various mechanisms such as strategies, policies, processes and documents have been implemented and are used to drive and support good governance in practice.

**BOARD**

The Board acts at all times in the best interests of the Group and takes ultimate responsibility for the Group. The Board has an approved charter which includes details such as the roles and responsibilities of the Board, its directors and the composition of the Board. The Board is mandated in terms of its charter.

The Company has established other licensed legal entities with the Group for generically similar businesses which are clustered together. The roles and responsibilities, authority, composition, operations, functioning and other matters relating to these licensed entities and their boards, are defined and set out in their respective board charters.

The Board is supported by five board committees depicted in the above structure. These committees have delegated responsibility to assist in specific matters. The committees report to the Board on a quarterly basis. The delegated responsibility and the powers, limits and authorities attached to board committees are approved by the Board, and such powers, limits and authorities are limited as determined by the Board from time to time. Each committee has its own charter or terms of reference which sets out its purpose, composition and duties.

## BOARD COMMITTEES

### *Audit and Risk Committee*

The Audit and Risk Committee assists the Board in discharging its responsibilities for the total process of risk management, compliance and matters such as recommending approval of the Group financial results, review of integrated annual report, approval of the risk-based internal audit plan, review of the Group's internal financial controls, external auditors and the combined assurance model.

### *Nominations Committee*

The Nominations Committee assists the Board in identifying suitable members that will address the Board's requirements in terms of knowledge and skills required. The committee also assists with appointments, dismissal, succession planning, reviewing committee structures and board and committee performance.

### *Remuneration Committee*

The Remuneration Committee has an independent role to oversee the remuneration process and to consider and approve remuneration-related issues and proposals. It ensures that the remuneration policy is aligned with and promotes the achievement of the strategic objectives of the Company.

### *Umbrella Investment Committee*

The Investment Committee assists the Board to provide direction and assurance on strategic considerations and risks in respect of the following proposed investments or divestments within the Group prior to approval by the Board and matters such as capital investment, merger and acquisition transactions, monitoring and executing the Boards approved investments.

### *Social and Ethics Committee*

The Social and Ethics Committee is mandated and authorised by the Board to fulfil the following monitoring and evaluation roles:

- Transformation, focusing on Black Economic Empowerment and Employment Equity;
- Compliance with relevant social, ethical and legal requirements of the Group as well as best practice codes;
- Risk and compliance as it relates to ethical behaviour within the Group; and
- Environmental sustainability and corporate social investment.

## SENIOR MANAGEMENT

Senior management or the Executive Committee (EXCO) have the responsibility for the day-to-day management of the Company. The EXCO serves an executive function and is the custodian of the Company strategy as approved by the Board and responsible for its execution. The EXCO provides the Board with sound information, advice and recommendations on the organisational structure, objectives, strategies, plans and policies of the Company to enable the Board to make informed decisions.

## RISK MANAGEMENT SYSTEM

The Company's risk management system includes the establishment of various policies, strategies, processes, procedures and tools for identifying, measuring, monitoring, managing and reporting of all material risks to which the Company is exposed.

The Enterprise Risk Management (ERM) Framework sets out the key principles that guide the implementation of risk and capital management at all levels. It provides the necessary foundations and organisational arrangements for managing risk within the Company and illustrates how risk management should be embedded in all business units to ensure effective risk management strategies are integrated in all work contexts.

Risk management is an integral part of the management processes. The Group's effectiveness is enhanced when risk management is part of the culture and is embedded in its daily practices and business processes. Risk management focuses on the relationship between risk and its impact on achieving objectives.

## INTERNAL CONTROL SYSTEM

The internal control system acts as an enabler for the delivery of effective governance and to demonstrate that adequate internal controls are in place and operating satisfactorily.

The internal control system sets out the various elements influencing and contributing to a sound internal control environment to ensure adequate control over operations, compliance and financial reporting and is designed to assist the Board, senior management and other management within the Company, and provides reasonable assurance from a control perspective that the business is being operated consistently within the following areas:

- Strategy and risk appetite;
- Agreed business objectives;
- Agreed policies and processes; and
- Laws and regulations.

The Company's internal control system includes the following control functions:

- Risk management;
- Compliance; and
- Internal audit.

## CONTROL FUNCTIONS

The Company, in supporting the Board, has established an effective system of risk management and internal controls which include the risk management, compliance and internal control functions. The authority and responsibility of these functions have been approved and set out in their respective charters and frameworks.

The appointment, performance assessment, remuneration, discipline and dismissal of the heads of each control function is done in consultation with the relevant board committee responsible for the function of each control function. The head of each control function reports regularly to the applicable board committee. These functions (except for internal audit) are subject to periodic internal review by the internal audit function. The internal audit function is subject to periodic review by an objective external reviewer.

## RISK

The risk management function assists in performing specialist analysis and performing quality reviews of the risk management system, monitoring the risk management system and maintaining an organisation-wide view of the risk profile.

## COMPLIANCE

The compliance function provides guidance and oversight to the Company and provides assurance on the level of compliance to the Board and relevant board committees. Further to this it promotes a corporate culture of compliance. The Company has approved a zero-risk appetite for regulatory non-compliance.

## INTERNAL AUDIT

The Company has an internal audit function that provides independent, objective assurance to the Board in respect of the effectiveness of its governance, risk management and internal controls. The internal audit function follows a risk-based approach and the internal audit plan is informed by the strategy and risks of the Group.

## CODE OF CONDUCT

The Company has an approved Code of Conduct and a values-based culture has been introduced in the organisation. The values-based culture represents an explicit set of values that play a key role in shaping the culture of the Company. Although the explicit values describe the core of the ethical behaviour, they are not exhaustive of all the ethical norms that guide the behaviour. The Company also subscribes to those generally accepted norms of conduct that find application in society as a whole.

The Company aims to treat all its stakeholders fairly and will strive to enhance and develop products, services and communication channels to meet their expectations. The Company, through its Social and Ethics Committee, ensures the fair treatment of all its stakeholders.

## CONFLICT OF INTEREST MANAGEMENT

Conflicts of Interest Management is primarily to provide mechanisms for the identification and management of conflicts of interest that may arise in ordinary course of business.

Conflicts of Interest Management must be read together with the related policies listed below, some of which reflect specific categories of conflicts of interest:

- Gifts and Entertainment;
- Dealing in Securities;
- Fraud;
- Investment and Capital Allocation;
- Procurement; and
- Whistleblowing.

Potential or actual conflicts of interest must be reported to the EXCO. The onus is on every employee or stakeholder to comply with this Policy. Should any individual be uncertain as to whether they are in a conflicted

situation e.g. whether the offer they wish to make or the offer which has been made to him/her, or whether a particular action or omission amounts to a conflict of interest, then he/she should contact the EXCO immediately.

Non-Executive Directors are bound by their obligations in terms of the Companies Act, No.71 of 2008, the King Code of Corporate Governance and the JSE Listing Requirements to comply with the requirements relating to conflicts of interest.

The EXCO will investigate any potential or actual conflicts of interest to determine whether such conflicts are conflicts as contemplated in the applicable legislation and will determine whether such conflicts of interest are avoidable or unavoidable conflicts. The Company will adopt the necessary internal procedures to ensure that the activity that gives rise to the avoidable conflict is avoided, alternatively, in the case of unavoidable conflicts, the Company will establish a strategy to mitigate the risk of such conflict of interest.

Employees are encouraged to make use of the anonymous “whistleblowing hotline” which is available to all employees, details of which appear in the Whistleblowing Policy.

## NON-COMPLIANCE

If any employee or stakeholder fails to comply with the contents of this Policy or avoids same through any means, it will be regarded as a breach. This will potentially render the individual liable to sanction under the Company’s disciplinary procedures.

## GOVERNANCE OF FRAMEWORKS, POLICIES AND METHODOLOGIES

The development of various other frameworks, policies and methodologies within the Company are to make clear what their aims are, explain how it will achieve them and contribute to the overall direction of the Company. In providing for good governance these documents are finalised after consultation with all impacted management. The policy owner will then ensure that any proposed changes to an existing policy will be submitted to the relevant board committee for approval and ultimately to the Board.

## GOVERNANCE OF THIS FRAMEWORK

### OWNERSHIP OF FRAMEWORK

Ownership of this framework is vested with the Group Corporate Governance function.

### DRAFTING AND AMENDMENTS

The Group Corporate Governance is responsible for the co-ordination, the drafting of and the amendments to the Framework. Any proposed changes to the Framework will be submitted to the relevant board committee for approval and Board, as and when necessary.

### APPROVAL

This Framework must be approved by the Board.

## NON-COMPLIANCE

Non-compliance with any of the Company's policies, procedures or the like, could result in disciplinary action and possible dismissal.

## IMPLEMENTATION

The EXCO are responsible for adherence to and implementation of this Framework in their business and operational areas.

## CLOSING

The Group may amend this Policy from time to time and shall be reviewed no less than once within each calendar year cycle. Reasonable efforts will be made to inform all employees of any amendments to the policy. Non-compliance with this policy will be dealt with as described in the Disciplinary Code of Conduct.

## REVISION HISTORY

Version	Date	Author	Organisation	Revision
1.0	May 2018	R. Kok	Ops Manager	Created policy