

**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” OR “THE COMPANY”

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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

## INTRODUCTION

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The Board of Directors (“the Board”) of Conduit Capital Limited (“Conduit” or “the Company”) acknowledges the need for a Board Charter as recommended in the King IV Code on Corporate Governance for South Africa 2016 (“King IV”). This Charter is subject to the provisions of the Companies Act 71 of 2008, as amended (“the Companies Act”), the Company’s Memorandum of Incorporation (“MOI”), the Johannesburg Stock Exchange (“JSE”) Listings Requirements, and any other applicable law or regulatory provisions.

Successful companies have moved from focusing exclusively on the “triple bottom line” approach to focusing on both the “triple bottom line” and the “six capitals” approach. These capitals encompass financial, manufactured, intellectual, social & relationship, human and natural aspects of the Company’s activities. The challenge is to create a balance in terms of the capitals broader objectives, considering conformance to governance principles and performance.

This Charter has been adopted by the Board of Conduit to assist the Board and its committees in exercising their responsibilities. The Board shall assume the responsibility for Conduit’s performance by steering and setting the direction for the realisation of Conduit’s core purpose and values through its strategy.

## PURPOSE

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The purpose of the Charter is to provide a concise overview of:

- the roles, responsibilities, functions and powers of the Board, individual directors and the officials and executives of the Group;
- the powers delegated to various Board committees of the Group;
- the relevant principles of the Group’s limits and delegations of authority as well as matters reserved for final decision-making or pre-approval by the Board; and
- the policies and procedures of the Board in respect of matters such as corporate governance, trading by directors in the securities of the Company, declarations and conflicts of interest, Board meeting documentation and procedures, composition of the Board and the nomination, appointment, induction, training and evaluation of directors and members of the Board committees.

## COMPOSITION AND TENURE

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- The Chairperson should be an independent non-executive director.
- The position of Chief Executive Officer shall be separate from the Chairperson as recommended by King IV and prescribed by the JSE Listings Requirements.
- The Board structure should have a balance of executive and non-executive directors. There will be a minimum of four (4) and a maximum of fourteen (14) directors as prescribed by the MOI.
- Two (2) executive directors will be appointed as a minimum, being the Chief Executive Officer and the Chief Financial Officer. The termination of employment relationship of such executive director will result *ipso facto* in the termination of his/her directorship, unless the Board resolves otherwise.

- Notwithstanding the above, there will always be a majority of non-executive directors, most of whom will be independent as defined in King IV.
- The Board recognises and embraces the benefits of having a diverse board, appreciates that diversity at board level is an essential component for sustaining a competitive advantage and is committed to ensuring a diverse and inclusive culture at board level, where directors believe that their views are heard, their concerns are addressed, and they serve in an environment where bias, discrimination and harassment are not tolerated.

Race, age and gender diversity, underpinned by the relevant skills as well as business, geographic and academic experience and background, enhance the composition of a truly diverse board. All facets of diversity will be considered in determining the optimal composition of the Board and, where possible, should be balanced appropriately. All Board appointments are made on merit, having due regard for the benefits of diversity, including gender diversity, thereby contributing to the overall effectiveness of the Board.

- The independence of all independent non-executive directors will be assessed on an annual basis with as a specific focus on the independence of independent non-executive directors who have served for more than nine (9) years. The outcome of such assessment will be documented in the integrated annual report.
- The non-executive directors shall serve for a tenure of nine (9) years, which may be extended and will thereafter be eligible for election to the Board as a non-executive director (provided that such appointment is overseen by the nomination committee and overseen by the Board in accordance with the normal practice of the Board).
- The Board may extend the tenure for a non-executive director, if it believes such extension is in the best interest of the Company and if the executive director is willing to continue serving (and meet the independence criteria).

## ROLE OF THE BOARD

Within the powers conferred upon the Board by the MOI and the Companies Act has determined its main function and responsibility as being to add significant value to the Company by:

- Retaining full and effective control over the Company and providing effective and ethical leadership in the best interest of the Company;
- Informing and setting the strategic director of the Company and ensure that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced;
- Determining and setting the tone of the Company values including principle of ethical business practice, human rights considerations and the requirements of being a responsible corporate citizen, which includes assessing and responsibly responding to the negative consequences of the Company's activities and outputs as it relates to the combined context of the economy, society and environment in which the Company operates as well as the capitals which it uses and affects;
- Bringing independent, informed and effective judgement to bear on material decisions of the Company and Group companies included material Company and Group policies, the framework of delegated authorities, appointment and removal of Chief Executive Officer(s), approval of the appointment of Executive Committee members, capital expenditure, material transactions and consolidated budgets for the Company and the Group;

- Satisfying itself that the Company and the Group companies are governed effectively in accordance with corporate governance best practices, appropriate and relevant non-binding industry rules, codes and standards as well as internal control systems to:
  - maximise returns sustainably;
  - safeguard the people, assets and reputation of the Group; and
  - ensure an effective control environment and compliance with applicable laws and regulations;
- Monitoring and implementation by Group companies, Board committees and executive management of the Board's strategies, decisions, values and policies with a structured approach to governance, integrated reporting, risk management and combined assurance;
- Identify and monitor non-financial aspects relevant to the business of the Company;
- Record the facts and assumptions on which it relies to conclude that the business will continue as a going-concern in the financial year ahead or why it will not. In the case that the business will not continue as a going-concern, the Board will provide the measures carried out to ensure the business will continue as a going-concern.
- Ensuring that the Company has appropriately constituted an effective Board committees as required by the Companies Act, MOI and recommended by best corporate governance practice that the Company chooses to apply;
- Ensuring that there is an effective risk based internal audit;
- Ensuring adherence to the corporate Code of Conduct;
- Governing the disclosure control processes of the Company included ensuring the integrity of the Company's integrated annual report and reporting the effectiveness of the Company's systems of internal controls;
- Defining levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management;
- The Board must identify key risk areas, risk appetite and risk tolerance levels, which should be monitored regularly, with particular attention given to internal control systems and information technology governance strategies;
- Appoint a competent, suitably qualified and experienced Company Secretary;
- The removal of the Company Secretary is a Board decision;
- The Board may appoint a Lead Independent Director, if it deems that it is necessary to do so.
- Have unrestricted access to all Company information, records, documents and property;
- Agree on a procedure whereby directors may, if necessary, take independent professional advice at the Company's expense;
- Ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible; and

- Monitoring of the relationship between the Company and its stakeholders.

## CHAIRPERSON

- The Chairperson is accountable to the Board.
- The Chairperson has no executive or management responsibilities.
- The Chairperson provides leadership at Board level, represents the Board to the shareholders and is responsible for ensuring the integrity and effectiveness of the Board and its committees.
- Actively participating in the Nominations Committee of the Board and ensuring, subject to Board and shareholder approval, that the membership of the Board is properly balanced.
- Reviewing the minutes of the meetings of the Board, before the meeting at which they will be presented for confirmation, to ensure that:
  - they accurately reflect the Board's deliberations; and
  - matters arising from the minutes and on which further action is required, have been addressed.
- Taking a lead in monitoring and evaluating the individual performance of directors and taking the initiative in initiating annual evaluations of the Board as a whole. The evaluation of the Chair is to be carried out in discussions by the Board under the guidance of the Nominations Committee and Lead Independent Director (if one has been appointed). The Chief Executive Officer shall provide input to the Chairperson's evaluation.
- The Chairperson is also the Chairperson of the meetings of shareholders.

## LEAD INDEPENDENT DIRECTOR

- The Lead Independent Director ("LID") assists the Chairperson in the execution of his/her duties and such other functions as the Board may delegate to the LID.
- Where the Chairperson is absent or unable to perform his/her duties or where the independence of the Chairperson is questionable or impaired, the LID must serve in this capacity for as long as the circumstances exist.
- The LID assists the Board to deal with management of any actual or perceived conflicts of interest that arise on the part of the Chairperson.
- The LID shall also serve as a sounding board for the Chairperson and shall act as an intermediary between the Chairperson and other members of the board, if required.
- Perform all such functions that cannot be performed by the Chairperson due to his absence or the existence of a conflict of interest.
- Perform all duties that the Board may require from time to time.

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## CHIEF EXECUTIVE OFFICER

- The Chief Executive Officer is to run the business and implement and execute approved policies, strategies and operational plans as adopted by the Board and act as a chief link between management and the Board.
- The Chair, in consultation with the Board, shall set certain specific targets directed at achieving the Company's goals and business objectives and an appropriate delegation of authority to the Chief Executive Officer to ensure that the targets are achieved.
- The Board shall annually measure the Chief Executive Officer's performance as it relates to achieving the specific targets.
- The CEO shall, in particular, be responsible for:
  - ensuring the growth and profitability of the Company within the vision, goals and strategic direction approved by the Board;
  - making sure that the assets of the Company are adequately maintained and protected, and not unnecessarily placed at risk;
  - ensuring that the comprehensive and appropriate internal control mechanisms are recommended to and adopted by the Board in order to mitigate against key risks;
  - not causing or permitting any practice, activity or decision by or within the Company that is contrary to commonly accepted good business practice, good corporate governance or professional ethics;
  - communicating to the Board, at least annually, the Company's senior management succession planning and management development initiatives, including details of the Company's compliance with employment equity and human capital development imperatives; and
  - developing and growing the Company's human capital. The Chief Executive Officer should maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels of the Company; and
  - serve as the chief spokesperson for the Group.

## BOARD COMMITTEES

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In terms of the MOI the Board is empowered to appoint Board committees and to delegate powers to such committees. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities.

Delegation is formal and involves the following:

- formal terms of reference are established and approved for each committee of the Board;
- the committees' terms of reference are reviewed as and when necessary;
- the committees are appropriately constituted with due regard to the skills required by each committee;
- the Board establishes a framework for the delegation of authority to management;
- the Board notes reports from and/or minute of the meetings of each committee of the Board; and

- the Board monitors the activities of committees and individuals with delegated authority.

The Board has established the following committees:

- Audit and Risk Committee;
- Remuneration Committee;
- Nomination Committee;
- Social and Ethics Committee; and
- Investment Committee.

## PERFORMANCE EVALUATIONS

A formal evaluation of the Board, its committees and individual directors, including the Chairman, must be performed, either externally facilitated or not, in accordance with methodology approved by the Nomination Committee, on an annual basis.

The Nomination Committee is responsible to review the effectiveness of the Board and Board committees and its individual members. The Nomination Committee adopts an appropriate methodology to perform the performance evaluations.

An independent non-executive director, appointed by the Board, shall ensure that the performance of the Chairman is evaluated and shall chair those portions of meetings at which the Chairman's performance appraisal is discussed.

## BOARD PROCEDURES

### FREQUENCY

- The Board usually hold quarterly meetings. However, additional meetings may be held at the request of the Chairperson or any one of the directors, after discussion with the Chairperson.
- The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this Charter.

### AGENDAS, MEETING PAPERS AND MINUTES

- A detailed agenda, together with supporting documentation must be circulated approximately seven (7) days prior to each meeting to the members of the Board and other invitees.
- The Chairman, with the assistance of the Company, must ensure that the agenda, as prepared, raises all relevant issues requiring attention in such a way and sequence that effective proceedings are facilitated.
- The minutes must be completed, by the Company Secretary, within two (2) weeks of the meeting. The draft minutes must be circulated to the Company for review, where after the minutes shall be circulated to the Chairperson for review.
- The directors must treat the meeting papers with the strictest of confidence and to manage their electronic access to their meeting packs with due care and vigilance.

## ATTENDANCE

- Directors shall attend all Board meetings and prepare adequately.
- Directors who are unable to attend a meeting should advise the Chairperson or the Company Secretary at least one (1) week prior to the intended meeting date.
- Directors may invite any person to attend specific meetings or part of a meeting, with the prior approval of the Chairperson.
- Directors are expected to provide appropriate and constructive input on matters for discussion and also to participate fully, frankly and constructively in order to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as directors.
- Executive management, assurance providers and advisors may be in attendance at meetings, but by invitation only.

## QUORUM

- The quorum for the Board meeting shall be determined by the MOI.

## WRITTEN RESOLUTIONS

- A resolution in writing, signed by all the members of the Board shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Board, provided that each member of the Board was afforded reasonable opportunity to express an opinion on the matter to which such resolution relates.

## COMPANY SECRETARY

- The Company Secretary provides a central source of guidance and support to the Board and within the Company on matters of good governance and changes in legislation.
- The Board is aware of the duties of the Company Secretary and empowers them to fulfil those duties.
- The Company Secretary maintains an arms' length relationship with the Board and its directors as far as is reasonably possible.
- The Company Secretary is not a director of the Company and has a direct channel of communication to the Chairperson.
- The Company Secretary is accountable to the Board.

## GROUP COMPANIES

The Group has several direct and indirect subsidiaries. As shareholder of these subsidiaries, the Group exercises its shareholder rights to ensure that the Group approves material decisions of its subsidiaries and that the Group's minimum requirements in respect of matters such as governance, internal controls, financial management, internal audit, ethics management, human resource management, information management, stakeholder relationships and

sustainability are complied with. Group functions include designing the systems, processes and capacity to ensure adherence by all companies within the Group to conform to minimum Group requirements.

## DISCLOSURE AND CONFLICTS OF INTEREST

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In terms of the Companies Act, a director who has a personal financial interest in respect of a matter to be considered at a Board meeting or knows that a related person has a personal financial interest in the matter, must disclose the general nature of the interest before the matter is considered. Furthermore, he/she must disclose all material information known to the director to the Board and may disclose observations and insights relating to the matter if requested by the other directors to do so. He/she may not be present at the meeting where the matter is discussed and may not participate in the consideration of the matter.

A director may disclose any personal financial interest in advance by delivery to the Company, the Company Secretary or Chairperson, a notice setting out the nature and extent of the financial interest to be used until charged or withdrawn. A director who acquires a direct personal financial interest after an agreement or other matter has been approved by the Company, must promptly disclose the nature and extent of that interest to the Board. Failure to make disclosure of interest in compliance with the Companies Act will render decisions, transactions or agreements invalid, unless subsequently ratified by shareholders or a court.

## CORPORATE GOVERNANCE

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The Company complies with all applicable corporate governance requirements. It is also the policy of the Company to apply the principles of the King IV Report on Corporate Governance for South Africa 2016 ("King IV") to the extent that they advance effective business leadership. In addition, the Company's corporate governance practices must be reviewed frequently to take account of changes to the Company and national as well as international developments in respect of corporate governance, in order to proactively adapt the corporate governance practices of the Company.

## RISK MANAGEMENT

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The Board directly assumes responsibility for the governance of risk, ensuring that the Company's strategy takes account of the risks and opportunities the Company may be exposed to. The Board must set and approve the risk profile, risk appetite and tolerance levels.

To support the Board in ensuring effective risk management oversight, the Board committees are responsible for ensuring effective monitoring of risks, in compliance with the Company's risk management framework, risk policy and risk profile, with the ambit of the Board committee's scope.

## DEALING IN THE SECURITIES OF THE COMPANY

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All directors of the Company and its major subsidiaries are required to adhere to the Company's Dealing in Securities Policy, which has been approved by the Board. The policy is designed to prevent insider trading in terms of the Financial Markets Act 2012 and in terms of the JSE requirements, the Company is required to promptly announce all dealings in the securities of the Company.

## SENS ANNOUNCEMENTS

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Announcements made by the Company and published on the JSE News Services (SENS) are done in terms of strict guidelines in the JSE Listing Requirements relating to timing and content. Due to the strict timelines that apply, it is often not practical for management to obtain Board approval prior to publishing a SENS announcement. However, SENS announcements could have reputational as well as financial implications for the Company and should therefore be subject to as much consultation as is practicable in the circumstances and warranted by the likely consequences of making the announcement.

For other proposed SENS announcements, management must consult with the Chairperson of the Board prior to publication of the announcement. The Chairperson may instruct management to obtain approval from another director or directors before publishing the announcement on SENS.

In the event that the Chairperson of the Board is not available or contactable, the Chairperson of the Audit Committee should stand in his/her stead and provide the necessary authority and should apprise the Chairperson of the Board as soon as practicable thereafter of his/her actions.

If approval as contemplated above cannot reasonably be obtained before the expiry of the time allowed by the JSE Listings Requirements for the relevant announcement, the Chief Executive Officer, Chief Financial Officer or Company Secretary may proceed with the publication of the announcement but must circulate the announcement to the Board at the earliest opportunity.

## CODE OF CONDUCT

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As an individual charged with governance duties in the Company, all directors of the Company are required to adhere to the Code of Conduct as established by the Institute of Directors, as summarised below:

- to serve the best interest of the Company with care, skill, diligence and courage;
- to be responsible for the actions and assets of the Company and for keeping the Company on its strategic path;
- to be accountable to stakeholders for decisions and actions of the Company;
- to be fair to stakeholders of the organisation by considering the legitimate interests of those who are affected by the Company; and
- to be transparent by disclosing information that will enable stakeholders to hold the Company to account and that provides a holistic representation of the Company's past performance and its prospects for future value creation.

## INDUCTION OF NEW DIRECTORS

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Newly appointed directors should have the benefit of an induction/orientation programme to familiarise them with the Company and the business environment and markets in which the Company operates, as well as to introduce them to senior management of the Company.

## DIRECTORS' REMUNERATION

- The Board will determine the level of remuneration for non-executive directors and remuneration to be approved at the Annual General Meeting of shareholders, as set out in the Companies Act.
- Executive directors shall not receive any fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.

## OTHER BOARD APPOINTMENTS

Directors are at liberty to accept other Board appointments so long as the appointment does not conflict with the business and does not detrimentally affect the Director's performance as a director.

## DIRECTORS' AND OFFICERS LIABILITY INSURANCE

The Company will ensure that an insurance policy is in place to indemnify the directors against any loss arising out of a claim for wrongful acts and for which the Company is permitted to grant indemnification to the directors.

## CLOSING

The Group may amend this Charter 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 members of any amendments to the policy. Non-compliance with this Charter will be dealt with in accordance with the Code of Conduct.

## REVISION HISTORY

| Version | Date     | Author | Organisation | Revision                            |
|---------|----------|--------|--------------|-------------------------------------|
| 1.0     | May 2015 | R. Kok | Ops Manager  | Created charter                     |
| 2.0     | Feb 2018 | R. Kok | Ops Manager  | Amendments made for review by CoSec |
| 3.0     | Aug 2018 | R. Kok | Ops Manager  | Amendments made for review by Board |
|         |          |        |              |                                     |
|         |          |        |              |                                     |