



**AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED**  
**(“AEEI”)**

**POLICY FOR THE PROMOTION OF BROADER  
DIVERSITY AT BOARD LEVEL**

# POLICY FOR THE PROMOTION OF BROADER DIVERSITY AT BOARD LEVEL ("POLICY")

## 1. INTRODUCTION AND PURPOSE

The JSE Listings Requirements and the King IV Report on Corporate Governance recognise the importance of diversity in the composition of the Board to stimulate better decision making. Diversity in attributes such as gender, race, culture, field of knowledge, skills and experience as well as gender and ethnicity diversification is encouraged.

Section 3.84 (k) of the JSE Listings Requirements stipulates that:

"The Board of directors or the Nomination Committee, as the case may be, must have a policy on the promotion of gender diversity at Board level. The issuer must confirm this by reporting to shareholders in its annual report on how the Board of directors or the Nomination Committee, as the case may be, have considered and applied the policy of gender diversity in the nomination and appointment of directors. If applicable, the Board of directors or the Nomination committee must further report progress in respect thereof on agreed voluntary targets."

Principle 7 of the King IV Report stipulates that:

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

Practice 11 of principle 7 suggests that:

"The governing body should set targets for race and gender representation in its membership".

The Board appreciates the need for gender and ethnicity diversity at Board level and this policy sets out the manner in which such diversity is considered and governed.

The purpose of this Policy is to set out the approach to achieve a broader diversity on the Board of directors of the **Company** in accordance with the JSE Listings Requirements and King IV.

## 2. SCOPE OF APPLICATION

The policy applies to the Board and not to employees of the Company.

## 3. POLICY STATEMENT

The Company believes that the promotion of broader diversity at Board level maximises opportunities to achieve its business goals through an informed understanding of the diverse environments in which we operate.

A truly diverse Board will include, and make good use of differences in age, gender, race, culture, field of knowledge, skills and experience and other distinctions between directors.

These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

Non-executive directors bring independent judgement and experience to the Board's deliberations and decisions, with the structure of the Board ensuring that no one individual or group of individuals has unfettered powers of decision-making.

The selection of Board members is made on merit, in the context of the skills, experience, independence and knowledge, which the Board as a whole requires to be effective.

The Nominations committee ("**Committee**") assesses the composition and recommends the appointment of directors and will be the main body responsible for evaluating, promoting and ensuring a broader diversity.

In reviewing the Board composition, the Committee will consider the benefits of all aspects of diversity mentioned above, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of a broader diversity on the Board.

For the annual performance evaluation of the effectiveness of the Board the Nomination Committee will consider the balance, skills, experience and the diversity representation of the

Board and other factors relevant to its effectiveness.

#### **4. MEASURABLE OBJECTIVES**

The Committee will discuss and agree annually all measurable targets for achieving diversity on the Board to the extent deemed necessary.

The Committee can at any given time seek to improve any aspects of its Board diversity and measure progress accordingly.

#### **5. MONITORING AND REPORTING**

In compliance with Section 3.84 (k) of the JSE Listings Requirements, the Group shall annually report to shareholders on the adoption, ongoing consideration and implementation of this policy.

The Committee will report annually, in the corporate governance section of the Annual Report, on the progress and process it has used in relation to Board appointments. The Board skills matrix above should be taken into account and reported on in the Annual Report.

The report will include an assessment of the effectiveness of the Policy, the measurable objectives set for implementing the Policy and the progress made towards achieving the objectives.

The following should be disclosed with regards to the composition of the Board:

- 5.1 Whether the Board body is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.
- 5.2 The targets set for gender and race representation in the membership of the Board, and progress made against these targets.
- 5.3 The categorisation of each member as executive or non-executive.
- 5.4 The categorisation of each non-executive member as independent or not and, when a non-executive member of the Board has been serving for longer than nine years, a summary of the views of the Board on the independence of the member.
- 5.5 The qualifications and experience of members.
- 5.6 Each member's period of service on the governing body.
- 5.7 The age of each member.
- 5.8 Other governing body and professional positions held by each member.

5.9 The reasons why any members of the Board have been removed, resigned or retired.

The Board skills matrix (set out below) should be assessed together with the overall Board tenure, diversity and independence of directors:

Nomination committee  
Board assessment

SKILLS AREAS	DESCRIPTION	BALANCE OF SKILLS AND EXPERIENCE	CONCLUSION
<b>Industry experience</b>	<ul style="list-style-type: none"> <li>• Broader financial services</li> <li>• Capital Markets</li> </ul>	e.g. Appropriate	e.g. Adequate
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Strategic planning and implementation</li> <li>• Mergers and acquisitions</li> <li>• Capital raising</li> </ul>	e.g. Appropriate	e.g. Adequate
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Establishing, monitoring and assessing the effectiveness of governance structures</li> </ul>	e.g. Appropriate	e.g. Gap identified, additional skills being considered
<b>Risk and compliance oversight</b>	<ul style="list-style-type: none"> <li>• Managing areas of major risk to the organisation, including financial, environmental, regulatory, workplace health and safety, social and technology risks</li> </ul>	e.g. Appropriate	e.g. Adequate
<b>People management and remuneration</b>	<ul style="list-style-type: none"> <li>• Experience in managing people</li> <li>• Knowledge of remuneration policy and the associated legislative and governance frameworks</li> </ul>	e.g. Appropriate	e.g. Adequate
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>• Knowledge of accounting standards</li> </ul>	e.g. Appropriate	e.g. Adequate

	<ul style="list-style-type: none"> <li>• Ability to review and analyse financial statements</li> <li>• Ability to analyse financial drivers in the business</li> </ul>		
<b>Information and technology strategy</b>	<ul style="list-style-type: none"> <li>• Knowledge of the strategic use and governance of information management, and information technology, including personal information, privacy and security risk management</li> </ul>	e.g. Appropriate	e.g. Adequate
<b>International experience</b>	<ul style="list-style-type: none"> <li>• Knowledge of managing business in foreign jurisdictions and the associated risks and opportunities these present</li> </ul>	e.g. Appropriate	e.g. Gap identified, additional skills being considered

#### Board Tenure

	0 – 5 YEARS	SIX TO NINE YEARS	➤ NINE YEARS
<b>Independent non-executive directors</b>	Insert name		
<b>Non-executive directors</b>	Insert name		
<b>Executive directors</b>	Insert name		

<b>AVERAGE TENURE OF THE BOARD</b>	Insert years
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## 6. GOVERNANCE OF GENDER AND ETHNICITY DIVERSITY

6.1 The Board has set the following initial voluntary diversity targets on the Board:

6.1.1 XX% female representation; and

6.1.2 XX% African, Coloured or Indian representation.

6.2 In its annual evaluation of the composition of the Board, the Nominations Committee shall:

6.2.1 consider the validity of the voluntary diversity targets having regard for the demographics of South Africa and the Group's customer profile;

- 6.2.2 measure progress in attaining these targets; and
- 6.2.3 provide recommendation to the Board where required in respect of either 6.2.1 or 6.2.2.

6.3 In considering any new appointments to the Board, the Nominations Committee shall consider the Board's current composition in respect of the voluntary diversity targets (detailed in 6.1) as well as gaps identified in the Board's fields of knowledge, skills and experience.

## **7. REVIEW OF THE POLICY**

The Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy.

The Committee will also discuss any revisions that may be required and recommend any revisions to the Board.

**Date approved:** 21 May 2020

**Approved by:** The Nomination Committee & The Board of Directors

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