

## Application of the King IV principles

King IV presents us with the opportunity upon which we frame our governance philosophy and is a central pillar to how we apply our intellectual capital. We do this by adopting ethical and effective leadership within the context of an ethical culture. This sets the basis upon which we comply with good governance practices. To this end, we continued to apply the King IV principles and report on our actions for the period under review, as follows:

### Practices and Outcomes

Principle	Description	Application
1.	The governing body should lead ethically and effectively	The board sets the ethical tone and management is tasked with embedding an ethical culture into the business. A board-approved code of ethics is in place. The Social and Ethics Committee reports to the board on matters related to ethics and values.
2.	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	We comply with all applicable laws and regulations. In support of establishing an ethical culture in the organisation, the board ensures, through the social and ethics committee, that the governance of ethics is in place as demonstrated by the board-approved code of ethics and an investing code of conduct, both of which are designed for the effective management of ethics, fraud and corruption.
3.	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	As a responsible corporate citizen, our investment and portfolio management activities are governed by our Sustainable Development and Portfolio Management Policy, which articulates our ESG investment criteria and the type of investments we will invest in or not. We also direct social spend towards corporate social investments initiatives for the benefit of RBN.
4.	The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	In pursuit of our strategic objectives, we assess risks and opportunities in the investment decisions that we make. Key performance indicators are also agreed to in the compact with our shareholder, the RBNDT, against which our performance is measured. We create sustainable value by applying our stock of capitals as outlined in the relevant sections of this report with the ultimate aim of impacting and contributing towards the welfare and wellbeing of RBN.

Principle	Description	Application
5.	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and custodianship of corporate governance in the organisation	The board collectively assesses, ensures the integrity of the Annual Review and approves it upon recommendation from the social and ethics committee. Other reports issued in the period under review, including the Annual Financial Statements, are also approved by the board.
6.	The governing body should serve as the focal point and custodian of corporate governance in the organisation	A unitary board is in place consisting of independent and non-executive directors. Roles and responsibilities of the board and its committees as well as the Chairman and CEO are also clearly outlined. A clear balance of power and authority is in place.
7.	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	The board possesses the necessary qualifications, experience and industry knowledge. Diversity and independence of board members is also a key consideration as indicated on page x of this review. This is in line with our governance framework as aligned to King IV.
8.	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties	Our Mol outlines the delegation of authority from the shareholder to the board. In turn, the board has devolved certain powers to its committees and management as set out in the delegation of authority policy. A board charter is in place together with terms of reference for board committees, which clearly set out the roles and responsibilities. This is also reflected in our Mol. Delegations of authority have also been established accordingly. Policies and procedures are also in place, which set out the parameters for effective management of the various business processes and functions.
9.	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	The evaluation of the board and its committees' performance and effectiveness is evaluated on an annual basis

Principle	Description	Application
10.	The governing body should ensure that the appointment of and delegation to management contributed to role clarity and the effective exercise of authority and responsibilities	The board discharges its duties in accordance with the governance framework that is in place and as guided by the annual work plans of the various committees. The delegation of authority policy also outlines the relevant authority devolved to the board’s committees and management. This includes approval of strategic plans, budgets, significant acquisitions and disposal of assets, executive director appointments and remuneration, review and approval of policies and procedures, capital expenditure for projects, the ERM framework and entire risk universe as well as reporting across various business functions
11.	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	We actively manage risk as an ongoing imperative. The audit and risk committee has been delegated to oversee the governance of risk together with the social and ethics committee as determined by our internal system of internal control.
12.	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	IT governance is an important consideration in the good governance of our business. This is reflected in the inclusion of information technology in our risk universe. The audit and risk committee is tasked with ensuring IT governance as delegated by the board.
13.	The governing body should govern compliance with applicable law and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	We comply with all applicable laws and regulations. As part of our system of internal control, the audit and risk committee satisfies itself on the expertise and experience of the finance director as well as the performance of the finance function. In the year under review, the committee also assessed the independence and performance of the internal and external audit functions. The audit and risk committee also obtained assurance on the financial statements, internal controls and sustainability-related information. The social and ethics committee in turn advises and provides guidance regarding the performance and effectiveness of the social, ethics and sustainable development-related aspects of the business. It also provides oversight of the transformation agenda and the embedding of this in the business. This includes RBH’s performance against the dti B-BBEE Codes of Good Practice where we attained a Level 2 rating in the year under review.

Principle	Description	Application
14.	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term	We are mindful of the need to ensure that our strategy, risk, performance and rewards are aligned to create sustainable shareholder value. To this end, the remuneration committee is tasked with ensuring that the remuneration of management and staff is fair and commensurate with their individual contributions to the overall performance of the business. Relevant policies and procedures are also in place to ensure that we attract and retain talent to enable the effective delivery of our mandate.  Performance scorecards are in place for all our employees and performance appraisals are also periodically conducted against KPIs agreed to with our shareholder.
15.	The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports	Through our regulatory compliance framework and risk management process, internal controls are in place to mitigate risks as well as ensure compliance in our regulatory environment. The three lines of defence also ensure that effective controls are in place to support informed decision-making and risk management of all business processes and reporting.
16.	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	We are focused on cultivating positive and relational equity with our stakeholders as described in the social and relationships capital section of this review. To this end, we have developed a stakeholder matrix and strategy as well as engage with them regularly to address material issues.