

Board Diversity Policy

Table of contents

1. Introduction 2

2. Policy statement and objective 2

3. Scope and application 2

4. Role 3

5. Reporting lines 4

6. Revision 4

7. Approval 4

1. Introduction

KAP Limited (“KAP” or the “Company”) is a registered profit company in South Africa, whose shares are listed on the JSE Limited (the “JSE”). As stipulated by the JSE listings requirements and the JSE debt listings requirements (together, the “JSE LRs”), KAP has adopted the corporate governance principles of the King IV Report on Corporate Governance for South Africa, 2016 (“King IV”). The JSE, King IV and the International Corporate Governance Network (“ICGN”) promotes the adoption of a policy for achieving appropriate diversity at board level. As a good corporate citizen, KAP ensures that it complies fully with the provisions, requirements and recommendations of applicable laws, regulations and best-practice codes, and consequently adopted this board diversity policy.

Note: references to “the Group” shall include all companies in the KAP group of companies.

2. Policy statement and objective

Apart from the regulatory onus, the board of directors of KAP (the “Board”) believes that the diversity factors as defined below, make prudent business sense and are essential for composing a balanced Board that is optimally equipped to guide the business and strategy of the Group to achieve a competitive advantage and long-term sustainability. “Diversity” for purposes of the optimum composition of the Board means diversity in terms of business and industry skills, qualifications and knowledge, industry experience, commercial experience and background, culture, age, race, gender, faiths and other distinctions between and among individuals, including ethnicity and geographical differences.

KAP further recognises that in the South African context, the promotion and implementation of gender and race diversity at Board level in particular, are critical to achieve progressive and sustainable transformation in the long term.

In addition, KAP believes that it has a sound reputation and the adoption of this policy will serve as evidence of its commitment to diversity, and strengthen its external perception as a good corporate citizen.

The objective of this policy is therefore three-fold, namely to:

- promote, encourage and achieve appropriate diversity at Board level;
- provide guidance for establishing an optimally diverse and balanced Board; and
- to demonstrate the Group’s commitment to transformation at the highest decision-making level in the Group.

To this end, this policy sets out guidelines for the KAP nomination committee to attract and appoint competent individuals with diverse attributes, whose appointments will contribute to or maintain the Board’s targeted levels of diversity.

3. Scope and application

This policy applies:

- to the Board and not to employees of the Group; and
- equally to any appointment of executive, non-executive and/or alternate directors of the Board.

Application of this policy in effecting new or replacement appointments to the Board is subject to the approval/ratification by shareholders of such appointments at the Company’s first general meeting following any director appointment by the Board between two general meetings.

The Board shall be entitled at any time to amend and/or deviate from any of the terms of this policy where the Board, in its sole discretion, considers it appropriate to do so, provided that such deviation is permissible under legislation and/or regulation that may be applicable to the Group from time to time.

4. Role

Since the KAP nomination committee's mandate is to review, monitor and assess Board and committee composition on an ongoing basis on behalf of the Board, and to recommend the appointment of new directors from time to time, the KAP nomination committee is herewith additionally mandated to assist the Board in managing this policy by considering the benefits of all aspects of diversity (as defined above), specifically including, but not limited to, gender and race diversity, when considering candidates for appointment to the Board in accordance with the guidelines set out herein.

In the pursuit of composing the optimum diverse and balanced Board, the KAP nomination committee, on behalf of the Board, shall:

- at least annually, review the structure, size, and composition of the Board and make recommendations in terms of this policy to the Board for any changes that may arise relating to elements such as a balance of skills, experience, independence and diversity, with a specific focus on the benefits of all aspects of diversity (as defined above), so that the Board is able to discharge its duties and responsibilities efficiently;
- ensure that, collectively and to the extent possible, the Board reflects the diverse nature of the business environment, markets and society in which KAP operates;
- in identifying suitable candidates for appointment to the Board, in the first instance, consider them on merit against objective criteria in the context of the skills, experience, independence and knowledge that the Board requires to be effective;
- endeavour to establish a Board in which the female gender represents not less than 30% of individuals and black people collectively represents not less than 30% of the individuals on the Board, which targets may be reviewed for relevance from time to time;
- ensure that those selected for appointment would avert "group think" and bring diverse perspectives to boardroom debates that will enhance effective and objective decision-making;
- ensure that the Board composition is in compliance with all relevant laws, regulations and applicable best-practice codes, and in particular that all individuals selected for appointment have the requisite attributes required of a director and that they are not disqualified from serving or are ineligible to serve as a director;
- prior to appointing an individual as a director to the Board, ensure that appropriate screening is undertaken to determine whether the individual is fit, eligible and suitable to become a director of the Board or a member of a Board committee.
- in instances where a candidate is not well-known to the Board, the individual's qualifications, apparent integrity, ethical demeanor, and disposition towards the Group should be verified, as well as other personal qualities, such as compatibility with the prescribed and ethics-based values and behaviors of the Group, and including the individual's potential personal financial interests ("conflicts of interests") to ensure enhancement of the overall effectiveness of the Board.
- as a minimum, each director shall complete a fit-and-proper declaration and assessment, and satisfy the criteria as set out in the JSE LRs, and the Board shall not knowingly permit an ineligible or disqualified person to serve as a director;
- consider staggered rotation of the Board members to invigorate the Board's proficiencies by introducing members with new expertise and fresh perspectives while retaining valuable knowledge, skills and experience and maintaining continuity;
- consider any other factors relevant to achieve an optimally balanced and effective Board, including how the Board works together as a unit, as well as other factors relevant to its effectiveness;
- ensure that sufficient independent directors are appointed to bring a balanced, objective and unbiased perspective to debates and decision-making to, amongst others, positively influence the strategic direction through diversified leadership, and further to safeguard the interests of minority shareholders and other stakeholders;
- in addition to these guidelines, ensure that it fulfils the mandate as set out in its charter in so far as they may apply to selecting and appointing directors to the Board; and
- from a holistic and substance-over-form perspective, give effect to this policy in selecting and appointing new directors to the Board.

5. Reporting lines

The KAP nomination committee, on behalf of the Board, shall report to KAP's shareholders in the Group's integrated report on how the Board has considered and applied this policy. The report will include an assessment of the effectiveness of the policy, the objectives set for appointing new directors of gender and race, and any progress made (if any) towards achieving those objectives.

6. Revision

The KAP social and ethics committee shall review this policy from a good corporate citizen and reputational risk perspective, and make recommendation to the KAP nomination committee in respect of any shortcomings it may consider of importance. The KAP nomination committee shall, on behalf of the Board, and with cognisance of the KAP social and ethics committee's inputs, review this policy as and when required. The KAP nomination committee shall recommend any revisions to the Board for approval, as and when required.

7. Approval

Approved by the Board on 29 August 2023.

Pat Quarmby
Chairperson of the Board