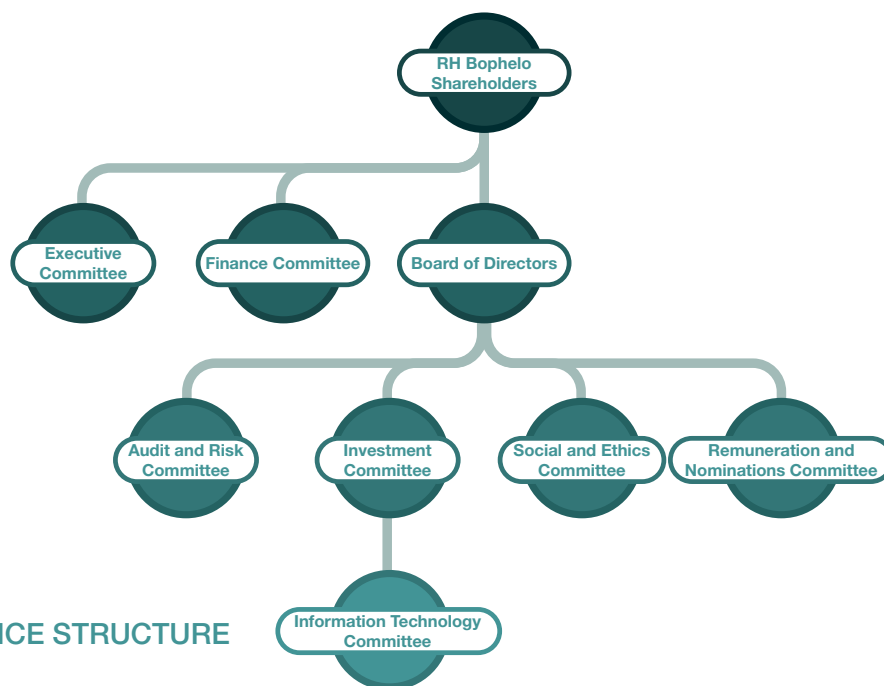


# GOVERNANCE REPORT

The Board's pivotal role is to create value through its strategy, implement policies, ensure capital prudence, and oversee the group's governance frameworks.



## GOVERNANCE STRUCTURE

### The Board

Independent Non-Executive Directors	Non-Executives	Executive Directors
<ul style="list-style-type: none"> <li>• Dr Solomon Motuba* (Lead-independent)</li> <li>• Dinao Lerutla*</li> <li>• Dr Kgaogelo Ntshwana</li> <li>• Bojane Segooa</li> <li>• Lyndsay Maseko</li> <li>• Samson Moraba</li> </ul>	<ul style="list-style-type: none"> <li>• John Oliphant (Chairman)</li> <li>• Dr Phetole Sekete</li> </ul>	<ul style="list-style-type: none"> <li>• Quinton Zunga (CEO)</li> <li>• Colin Clarke (CIO)</li> <li>• Dion Mhlaba (CFO)</li> <li>• Vuyokazi Nomvalo (TransEx)</li> </ul>
<b>Investment Committee Member and Non-Executive Director of ManCo</b> Fulufhelo Makwetla	<b>Company Secretary</b> Corporate Vision Consulting (Pty) Limited (Rajeshree Naicker)	
<b>Responsibilities</b> <ul style="list-style-type: none"> <li>• Maintaining the highest standards of governance, ethics and integrity</li> <li>• Strategic input – strategic planning and monitoring</li> <li>• Protecting assets and providing financial oversight</li> <li>• Serving on committees or working groups</li> <li>• Selecting, supporting and reviewing performance of the Chief Executive Officer</li> <li>• Board performance evaluation</li> </ul>		

1. Lyndsay Maseko was appointed as an independent non-executive director effective 17 November 2021. 2. \*Dr Solomon Motuba and Dinao Lerutla retire by rotation at the upcoming annual general meeting and will not offer themselves for re-election. 3. Samson Moraba was appointed as a member of the board and as a lead independent director on the 23 of June 2022, subject to shareholder approval.

## BOARD COMMITTEES

Audit and risk committee	Remuneration and nomination committee	Social and ethics committee	Investment committee
Dinao Lerutla (C) Dr Solomon Motuba Dr Kgaogelo Ntshwana Bojane Segooa Lyndsay Maseko Samson Moraba	Dr Kgaogelo Ntshwana (C) Dinao Lerutla <sup>2</sup> John Oliphant Bojane Segooa <sup>3</sup>	Dr David Sekete (C) Dr Solomon Motuba Vuyokazi Nomvalo Bojane Segooa	Colin Clarke (C) Dinao Lerutla Fulufhelo Makwetla Dr Solomon Motuba Vuyokazi Nomvalo Dr Kgaogelo Ntshwana John Oliphant Dr David Sekete
Roles and responsibilities			
<ul style="list-style-type: none"> <li>• Safeguarding of the Company's assets;</li> <li>• Operation of adequate systems and internal control processes;</li> <li>• Oversight of preparation of financial reports and statements that fairly present the results in compliance with all applicable legal requirements and accounting standards;</li> <li>• Compliance with good governance practices;</li> <li>• Nomination of the external auditors, considered to be independent, whose appointment is subject to shareholder approval;</li> <li>• Interaction with external auditors;</li> <li>• Ensuring that the Company has implemented a practical risk management plan that will enhance the Company's ability to achieve its strategic objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• Assist the Board in determining and administering the remuneration policy;</li> <li>• Approve the remuneration of all the executives;</li> <li>• Oversee incentivisation of all employees;</li> <li>• Consider any other matters relevant to remuneration of the executive directors and staff;</li> <li>• Identify suitable Board candidates to fill vacancies on the Board and sub-committees;</li> <li>• Ensure that there is a succession plan in place for key management and members of the Board; and</li> <li>• Assess the independence of non-executive directors and the composition of the Board sub-committees.</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfilling the statutory duties set out in regulation 43 of the Act;</li> <li>• Overseeing and reporting on organisational ethics, responsible corporate citizenship, sustainable development, and stakeholder relationships;</li> <li>• Assisting the Board in facilitating and supporting the development of transformation objectives;</li> <li>• Monitoring the Company's activities against global responsibility protocols, including the United Nations Global Compact (UNGC) and the principles of the Organisation for Economic Co-operation and Development (OECD);</li> <li>• Monitoring compliance with the B-BBEE Act, gender, and race diversity principles; and monitoring corporate citizenship, consumer relations and the Company's impact on the environment, health, and public safety within its investments.</li> </ul>	<ul style="list-style-type: none"> <li>• Overseeing the investment of all assets owned in the portfolio.</li> <li>• Overseeing the investment policies for RHB have been formulated in consideration of the Company's anticipated financial needs and its tolerance and appetite for assuming investment and financial risk.</li> <li>• The CIO's purpose is to understand, manage, and monitor the Companies portfolio of assets, devise strategies for growth, act as the liaison with investors, and recognize and avoid serious risks, including those never before encountered</li> <li>• Responsible for balancing the portfolio</li> <li>• Ensuring that the Investment Policy is formulated in consideration of the Company's anticipated risk tolerance</li> <li>• Responsible for the valuation policy, valuation process and approving the valuations withinat the investment committee</li> </ul>

## Notes

1. Lyndsay Maseko was nominated as a member of the audit and risk committee on 17 November 2021 and will assume the role of Chairperson of the committee effective 25 May 2022
  2. Dinao Lerutla stepped down as a member of the remuneration and nomination committee on 16 February 2022
  3. Bojane Segooa was appointed as a member of the remuneration and nomination committee on 23 February 2022
  4. Dinao Lerutla resigned as a member of the Audit and Risk Committee effective as at the date of the AGM
  5. Dr Solly Motuba resigned as a member of the Audit and Risk Committee effective as at the date of the AGM
- C. Chairperson

## BOARD AND SUB-COMMITTEE MEETINGS ATTENDANCE

Member	Board	Audit and risk committee	Remuneration and nomination committee	Social and ethics committee	Investment committee
<b>Non-executive directors</b>					
John Oliphant	4/5		2/2		2/3
Dinao Lerutla	5/5	8/8	0/2		3/3
Dr Solomon Motuba	5/5	7/8		2/2	3/3
Dr Kgaogelo Ntshwana	3/5	5/8	2/2		3/3
Dr David Sekete	5/5			2/2	3/3
Bojane Segooa	4/5	7/7*		1/2	
Lyndsay Maseko	0/2*	3/3*			
Samson Marabo	0/0	0/0			
<b>Executive directors</b>					
Quinton Zunga	5/5				
Dion Mhlaba	5/5				
Vuyokazi Nomvalo	4/4*			1/1*	2/2
Colin Clarke	5/5				3/3
Fulufhelo Makwetla					3/3

### Notes

1. Vuyokazi Nomvalo was absent due to family responsibility leave
2. Bojane Segooa attended first meeting as an ARC member in September 2021
3. Lyndsay Maseko has been appointed as a member of the Board and an Audit and Risk Committee member effective 17 November 2021 subject to shareholder approval at the upcoming AGM
4. Samson Moraba was appointed as a lead independent director to the board and the audit and risk committee on the 23rd of June 2022.

## THE BOARD

The Board assumes responsibility for the Company's performance by steering and setting the direction for the realisation of the Company's core purpose and values through its investment policy strategy. With the support of its committees, the Board oversees and monitors the implementation and execution by management of the policies and priorities and ensures that the Company accounts for its performance. The Board meets to consider the business and strategy of the Company. The Board reviews reports from the sub-committees and independent advisors.

During the financial year five Board meetings were held. Agendas for Board meetings are prepared by the Company Secretary in consultation with the Chairman and the Chief Investment Officer.

The Board is governed by a Board Charter which is reviewed every two years. The Charter was last reviewed in February 2022.

RH Bophelo has a unitary Board with 12 directors, the majority of whom are Non-Executive Directors. The Board comprises four Executive Directors, six independent Non-Executive Directors and two Non-Executive Directors.

The JSE Listings Requirements prescribe that the Chairperson must be an Independent Non-Executive Director, failing which the Company must appoint a Lead Independent Director. The Board is chaired by John Oliphant, and Dr Solomon Motuba has been appointed as Lead Independent Director, he will be replaced by Samson Moraba subject to shareholder approval.

The Board has approved a policy on the balance of power at Board level to ensure a clear division of responsibilities. The roles of Chairperson and CEO are separate, and the composition of the Board provides a balance of authority, precluding any one Director from exercising unfettered powers of decision-making.

The Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence, facilitating independent judgement and broad deliberations in the decision-making process. All Directors, including the Independent Directors, have a comprehensive understanding of the healthcare industry as well as the business of the group. The Board appreciates that diversity at Board level is essential for sustaining a competitive advantage and is committed to ensuring a diverse and inclusive culture at Board level.

Non-Executive Directors of the Board are categorised as independent if it has been concluded that there is no interest, position, association, or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making in the best interests of the Company. The Board assessed the independence of the Directors and was satisfied that they were independent in terms of Companies Act and King IV definitions.

The Board has established arrangements for periodic, staggered rotation of its members to invigorate its capabilities by introducing members with new expertise and perspectives, while retaining valuable knowledge, skills and experience and maintaining continuity. The Board has an immediate and interim succession plan in place in the event of an unforeseen event.

No Director has an automatic right to a position on the Board. All Directors are required to be elected by shareholders at an AGM. In a general meeting, the shareholders may appoint any person to be a director, subject to the provisions of the MOI.

All new Directors are provided with an induction pack containing information on the Company's constitution documents, policies and charters. During February 2022 all Directors underwent an induction which covered the following topics:

- Legal and governance: The legal framework; operating in a legislative and regulatory minefield
- Relevance of applying corporate governance principles and practices
- Practical considerations in view of legal and governance requirements
- International Financial Reporting Standards (IFRS)

A strategy workshop was held in November 2021. The Board recapped on the previous three-year strategy assessing what was promised versus what was delivered and looked at a three-year forward-looking strategy.

The Company Secretary arranges ongoing director training which is based on the board evaluation.

For details of directors' full names, appointment dates and a brief career synopsis, refer to pages 60.

## OVERVIEW OF BOARD COMMITTEES AND RESPONSIBILITIES

The Board has ensured that its arrangements for delegation within its structures promote independent judgement and assist with the balance of power and the effective discharge of its duties. The Board committees within its structures perform their advisory and oversight function independently to deliver on its duties effectively. The Board approves the delegations to committees that are recorded through terms of reference.

The scope and responsibilities of the committees, as well as the appointment of new committee members, are determined and finalised by the Board. All terms of reference were reviewed and approved by the Board during the 2022 financial year.

For the Board committees to function efficiently, they have access to company information and any resources required to assist them in fulfilling their responsibilities, including professional advice, which is paid for by the Company, following an approved procedure.

In attendance, by invitation, the CEO, CIO, Transacting Executive (TE) and CFO are present at Board and sub-committee meetings to optimise access to relevant operational information. The company secretary attends all Board committee meetings.

## GENDER AND RACE DIVERSITY AT BOARD LEVEL

The Board is committed to actively managing diversity as a means of enhancing the Company's performance. The Board has adopted a policy on the promotion of gender and race diversity at Board level. The process of identifying suitable candidates for appointment to the Board involves taking into consideration diversity and inclusion.

The current Board structure comprises 83% black Directors, of which 42% are female. The social and ethics committee set the following targets for gender and race diversity for the Company:

Gender	
Male	Female
<b>Current</b>	<b>Current</b>
58%	42%
<b>Target</b>	<b>Target</b>
60%	40%

Race	
Black	Non-Black
<b>Current</b>	<b>Current</b>
83%	17%
<b>Target</b>	<b>Target</b>
70%	30%

The JSE requires RHB to have a gender and race diversity policy and set annual targets on gender and race diversity within the organisation. The Company reports on whether it has achieved its targets on gender and race diversity in the integrated report.

## DIRECTORS' INTERESTS

The Board takes note of the declaration of interest tabled at each meeting and identifies and acts on conflicts. RH Bophelo Directors, executives, employees and related parties are prohibited from trading in the Company shares during closed periods.

Subject to legal provisions, each member of the Board submits a declaration of all financial, economic, and other interests held by the director and related parties to the Board at least annually, or whenever there are significant changes.

At the beginning of each meeting of the Board or its committees, all directors are required to declare whether they have any conflict of interest regarding matters on the agenda. Any such conflicts are proactively managed, as determined by the Board and subject to legal provisions.

Directors recuse themselves from any discussion and decision on matters in which they have a material financial interest. Directors' interests in the shares of the Company are disclosed on page 137.

## DEALING IN SECURITIES BY THE DIRECTORS

Dealing in the Company's securities by directors and company officials is regulated and monitored as required by the JSE Listings Requirements. In addition, RH Bophelo maintains a closed period from the end of a financial period to the date of publication of the financial results and during any period when the Company's shares are trading under a cautionary announcement.

## COMPANY SECRETARY

Corporate Vision Consulting Proprietary Limited, represented by Ragni Naicker, acts as Company Secretary to RH Bophelo, duly appointed by the Board in accordance with the Companies Act. All directors have unlimited access to her services, and she is responsible to the Board for ensuring proper adherence to corporate governance principles.

In compliance with the JSE Listings Requirements, the Board evaluated the performance of the Company Secretary during February 2022 and is satisfied that the individuals who perform the Company Secretary role are suitably qualified and experienced to carry out the duties and responsibilities of Company Secretary competently and that there is an arm's length relationship between itself and the Company Secretary. In addition, the Board confirms that Ragni Naicker has not served as a director on the Board, nor does she take part in Board deliberations, but only advises on matters.

## SELF-EVALUATION

The performance evaluation of the Board, its committees and individual Directors are conducted every second year as recommended by King IV. In February 2022, a formal review of the effectiveness of the Board, its sub-committees and individual Directors were undertaken through the Remunerations and Nominations Committee with the assistance of the Company Secretary. An opportunity was provided for reflection and discussion by the Board of its performance and that of its Committees, its chair, and its members as a whole.

There were several comments from the Board in the evaluations which can be highlighted as areas of improvement. The annual returns could be submitted in a timeous manner as late submissions attract penalties. It was proposed that Board members should deliberate constructively outside of the board meeting to get clearer information and clarification to avoid unnecessary and unconstructive debates in the meeting. Overall, there were no major issues or concerns identified, and it was agreed that the Board was operating effectively.

## COMPLIANCE

The Company is subject to external regulation by various supervisory authorities. The principal applicable frameworks include the following:

- The King IV Report on Corporate Governance for South Africa;
- The JSE Listings Requirements;
- The Rwanda Stock Exchange Listings Rules;
- The Companies Act 71 of 2008, as amended, and the Companies Regulations; and
- The International Financial Reporting Standards

## KING IV

King IV contains principles and recommended practices aimed at achieving corporate governance outcomes. The philosophy of the code consists of three key elements; leadership, sustainability and good corporate citizenship. Refer to our website the full report on our application of King IV [https://www.rhbophelo.co.za/wp-content/uploads/2022/06/17085\\_RH-Bophelo-King-Code\\_FINAL.pdf](https://www.rhbophelo.co.za/wp-content/uploads/2022/06/17085_RH-Bophelo-King-Code_FINAL.pdf).