

The Board of Directors of RECM and Calibre Limited (“RAC”) (“The Board”) supports the King IV Report (“King Code”) on Corporate Governance, with corporate governance being an integral part of RAC’s business. RAC aims to comply with the provisions and the spirit of the King Code to the extent that these are practical and appropriate to the business of RAC.

The register below provides a narrative statement on each principle of the Code.

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Principles	Status	Apply and Explain
Part 5.1: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		
LEADERSHIP		
Principle 1: The governing body should lead ethically and effectively	√	<p>The Board, its committees and members, espouse the highest standards of integrity, transparency and accountability in the performance of their functions and in interacting with stakeholders.</p> <p>Members of the Board and management receive ongoing education as appropriate, are guided by written policy and have unfettered access to guidance from internal and external sources when required.</p>
ORGANISATIONAL ETHICS		
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	√	<p>The directors, individually and collectively, act in good faith, with due diligence and care and in the best interests of RAC. The directors consider their individual and collective ethical performance to ensure they have acted in an appropriate manner in regard to the business of RAC.</p> <p>These principles are also applied to those personnel entrusted with operational and financial management of the business of RAC, supported by assurance reporting to the Board.</p>
RESPONSIBLE CORPORATE CITIZENSHIP		
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	√	<p>RAC is an investment entity and has outsourced investment responsibility to Regarding Capital Management (Pty) Ltd, the asset manager.</p> <p>The Board, through the Social and Ethics Committee, has oversight into how the activities of its business may impact its standing as a responsible corporate citizen. This must be viewed in the context that RAC does not offer any product to the public, has no staff and has outsourced investment management as indicated above.</p>

PART 5.2: STRATEGY, PERFORMANCE AND REPORTING		
STRATEGY AND PERFORMANCE		
Principle 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.	√	RAC is a long term investor that invests in sustainable legitimate businesses, balancing risk against the investment opportunities that arise. The Board applies this level of thinking in investment decisions, policy, and engagement with stakeholders, the broader community and reporting.
REPORTING		
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	√	The Annual Integrated Report is reviewed by the Board and committee members prior to sign-off and publication. The content of the Integrated Report subscribes to regulatory requirements, JSE Listing Requirements and international financial reporting standards. Further the report is supported by a shareholders letter written in plain English free text to assist the reader in understanding the financial information that is being reported.
PART 5.3: GOVERNING STRUCTURES AND DELEGATION		
PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY		
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	√	RAC applies the highest standards of corporate governance as are relevant to a business of its nature. Policy is approved at a Board level and on the basis of input provided by directors, management, Auditor and applicable external services providers such as lawyers. RAC has no employees and its investment, financial and operational functions have been outsourced to the asset manager and delegates, which have their own governance systems, processes and procedures. The Board satisfies itself that appropriate governance is applied within these entities.

COMPOSITION OF THE GOVERNING BODY		
<p>Principle 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.</p>	√	<p>The directors are appointed for their skills, experience, calibre and credibility. There are no targets set with regard to gender and race diversity, culture, age, knowledge, skills and experience. Director turnover is infrequent. The Board comprises two executive directors and three independent non-executive directors reflecting an appropriate mix of knowledge, skill sets, experience, diversity and independence.</p> <p>The chairperson of the Board is an independent non-executive director. Subject to requisite election, all directors are appointed by the Board on recommendation from the Nomination and Remuneration Committee. A brief CV of each director is published on RAC's website as well as in the Annual Integrated Report.</p> <p>The directors have access to all company records, management, the independent auditors and should it be required, external professional advice. Any conflicts which may arise are appropriately disclosed as are other directorships held.</p>
COMMITTEES OF THE GOVERNING BODY		
<p>Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	√	<p>The Board has the following committees, each with its own terms of reference embodying responsibilities and composition:</p> <p>Risk and Audit Committee – the independent non-executive directors, including the chairperson of the Board, serve on this Committee.</p> <p>Nomination and Remuneration Committee – one executive director and one independent non-executive director serve on this Committee.</p> <p>Social and Ethics Committee – two executive directors and an independent non-executive director serve on this Committee.</p> <p>Given RAC's simplified business structure and its activities, the Board is satisfied that the composition of and membership of the committees is appropriate for RAC, does not interfere with a member's independent judgment and does not result in power being concentrated in the hands of any single member.</p> <p>The Company Secretary, Auditor and Management attend by invite.</p>
EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY		
<p>Principle 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.</p>	√	<p>Evaluation of the Board, committees and directors is undertaken annually with performance reporting being included in the Annual Integrated Report.</p>

APPOINTMENT AND DELEGATION TO MANAGEMENT		
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	√	<p>RAC does not employ any staff.</p> <p>RAC has delegated operational, financial and administrative functions to the asset manager and delegates. The governing body has unfettered access to management and personnel of these entities and may consult external professional advisers where required.</p> <p>RAC has an appointed company secretary to assist the governing body and committees discharge their obligations. The company secretary attends board and committee meetings and maintains an arms-length relationship with RAC.</p>
Part 5.4: GOVERNANCE FUNCTIONAL AREAS		
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	√	<p>The Risk and Audit Committee of the Board carries the responsibility of governing the principal risk management in the business, on behalf of the Board and shareholders.</p> <p>This is a standing item of each Risk and Audit Committee meeting and receives due attention at each meeting. The risks are considered specifically in the context of the company's objective of growing its NAV per share on a sustainable basis for a very long time.</p>
TECHNOLOGY AND INFORMATION GOVERNANCE		
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	√	<p>RAC does not make use of any information technology but relies on the systems and resources of or utilised by Regarding Capital Management. While there is no specific governance relating to information technology, the governing body does consider the risks related to the information technology utilised as a component of their overall review of the outsourced operational and administrative function.</p>
COMPLIANCE GOVERNANCE		
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	√	<p>This principle is pertinent for RAC, as it holds interests in businesses that operate under specific licenses.</p> <p>The Board is responsible for compliance with applicable laws governing RAC and accepts this responsibility. Through valuable experience as directors, education, access to the Company Secretary, Auditor and external professional advisers, the directors are well positioned to comply with existing and future regulation.</p>

REMUNERATION GOVERNANCE

<p>Principle 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.</p>	<p>√</p>	<p>RAC is of the opinion that incentives are very strong drivers of the ultimate outcome in business. As such, we spend a lot of time thinking about and applying the appropriate incentives structures to the various underlying investments, where it matters a lot.</p> <p>At a RAC Board level, only independent directors are remunerated for their services as directors and for other services to RAC. The Nomination and Remuneration Committee considers remuneration matters for approval by the Board, subject to shareholder approval.</p> <p>Remuneration of independent directors is approved by special resolution of the shareholders of RAC and disclosed in the Annual Financial Statements.</p>
<p>Principle 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.</p>	<p>√</p>	<p>At meetings of the Board and its Audit and Risk Committee, the members and attendees receive written reports from the Auditor, Finance function and the investment manager. The assurance reports collectively address a number of important subjects applicable to RAC including:</p> <ul style="list-style-type: none"> Auditing and accounting standards Risks relating to financial reporting and the management thereof Operational risk and the management thereof Control framework and effectiveness Financial accounts Investment strategy <p>This reporting is relied on by the Board and its committees to facilitate credible decision making and reporting.</p>

STAKEHOLDERS		
<p>Principle 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.</p>	√	<p>The Board considers integrity, transparency and accountability as being core values in the success of RAC. The Board promotes these values in constructive interaction with stakeholders, be it by way of personal interaction, or market disclosure.</p> <p>Dealings with preference shareholders are conducted, <i>inter alia</i>, by way of an annual meeting with executive directors during which shareholders are invited to interact with the directors on any other matter of relevance. Shareholders may also contact RAC at other times by various means as detailed in the prospectus or on the company's website. Certain shareholding details are also published in the Annual Integrated Report.</p> <p>All stakeholders, be they shareholders, directors, regulators and so forth can interact with RAC on matters of concern. Any issues are considered on their merits.</p>
RESPONSIBILITIES OF INSTITUTIONAL INVESTORS		
<p>Principle 17: The Board of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>		<p>Not applicable.</p>