

**CORPORATE GOVERNANCE POLICY OF BNP PARIBAS PERSONAL FINANCE SOUTH AFRICA AND ITS WHOLLY OWNED SUBSIDIARIES**

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<b>Main related procedures</b>	--
<b>References to regulatory requirements</b>	<ul style="list-style-type: none"> <li>○ European Banking Authority Guidelines</li> <li>○ Capital Requirements Directives 4 of the European Parliament and the Council of the European Union for the financial services industry</li> <li>○ Companies Act, No. 71 of 2008</li> <li>○ King IV Code on Corporate Governance</li> </ul>

## What's new?

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This Policy has been updated to include additional criteria that the shareholder, in consultation with BNPP PF SA Ltd, must consider when nominating a candidate for election to the Board. This additional criteria includes, *inter alia*, screening a candidate in terms of the Financial Intelligence Centre Act, No. 38 of 2001 and ensuring that there are no conflict of interests.

This Policy has been further amended to incorporate a provision that the Board describe the performance evaluations that may have been undertaken during a reporting period, if applicable.

## 1. DEFINITIONS

In this Policy, unless the context otherwise indicates, the following words and expressions shall bear the meanings assigned thereto and cognate words and expressions shall bear corresponding meanings:

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|------|----------------------------|---|
| 1.1  | <b>“BNPP PF SA Ltd”</b>    | BNP Paribas Personal Finance South Africa Limited;  |
| 1.2  | <b>“Board”</b>             | the Directors of a company in the RCS Group, comprising individuals formally appointed as Directors by the shareholder in consultation with BNPP PF SA Ltd, in terms of the relevant MOI and the Companies Act, and which is tasked with supervising the activities of a RCS Group company; |
| 1.3  | <b>“CRD4”</b>              | the Capital Requirements Directives 4 of the European Parliament and the Council of the European Union for the financial services industry;   |
| 1.4  | <b>“Companies Act”</b>     | the Companies Act and regulations, No. 71 of 2008;  |
| 1.5  | <b>“Company Secretary”</b> | the appointed Company Secretary of the RCS Group;   |
| 1.6  | <b>“Director(s)”</b>       | a member of the Board including non-executive, executive and alternate directors;   |
| 1.7  | <b>“EBA Guidelines”</b>    | the European Banking Authority Guidelines;  |
| 1.8  | <b>“Intermediary”</b>      | a legal entity of which a Director is the ultimate beneficiary;   |
| 1.9  | <b>“RCS Group”</b>         | BNPP PF SA Ltd and each of its wholly owned subsidiaries, or any one such entity as the context requires;   |
| 1.10 | <b>“King IV”</b>           | the King Report and Code on Corporate Governance containing guidelines for the governance structures and operation of companies in South Africa, as issued by the King committee on corporate governance, and updated from time to time   |

- 1.11 **“Personal Financial Interest”** a direct material interest of a person, of a financial, monetary or economic nature, or to which a monetary value may be attributed, but does not include any interest held by a person in a unit trust or collective investment scheme in terms of the Collective Investment Schemes Act, 2002 (Act 45 of 2002), unless that person has direct control over the investment decisions of that fund or investment;
- 1.12 **“Policy”** this corporate governance policy of the RCS Group;
- 1.13 **“Related Person”** includes a Director’s spouse, parents, children and siblings, and also includes a juristic person if the Director directly or indirectly controls the juristic person or a second company of which the Director or a related person is also a Director; or a close corporation of which the Director or a related person is also a member;
- 1.14 **“RCS Cards”** RCS Cards Proprietary Limited, a wholly owned subsidiary of BNPP PF SA Ltd;
- 1.15 **“Sub-Committees”** when used in relation to the RCS Group, means any one or more of the following specialised committees:
- Asset and Liability Committee (ALCO);
  - Audit and Risk Committee;
  - Credit Risk Committee;
  - Remuneration Committee; and
  - Social and Ethics Committee; and
- 1.16 **“Yearly Report”** the report to be adopted by the Board each year, through the EUGENE tool or such other tool designated by the shareholder of the RCS Group from time to time, on the implementation of the Policy.

## 2. **BACKGROUND, PURPOSE AND APPLICATION**

- 2.1. The implementation of robust internal governance measures is a core and primary principle in both European and South African legislation governing the RCS Group and its shareholder who is based in Europe.
- 2.2. The shareholder of the RCS Group has endorsed a corporate governance policy for its group entities to ensure application of CRD4 and the EBA Guidelines.

- 2.3. The RCS Group is required to adopt, and implement, a policy in line with its shareholder's corporate governance policy but within the limitations of applicable South African laws. The Board should endeavour to adopt the Yearly Report on the implementation of the Policy prior to the end of April each year.
- 2.4. The purpose of this Policy is to outline the suitability criteria of Directors of each company in the RCS Group, and to specify and detail the procedures for implementing directorship eligibility and the independence requirements of the shareholder of the RCS Group, while complying with the legal and regulatory provisions applicable to the RCS Group, which includes the Companies Act and King IV, the applicable provisions of which are incorporated herein by reference. To the extent that there is a conflict between the provisions of this Policy and the provisions of the Companies Act, the Companies Act will prevail.

### 3. **NOMINATION, ELECTION AND APPOINTMENT OF MEMBERS TO THE BOARD**

- 3.1. The ultimate shareholder of the RCS Group nominates candidates for election as members of the Board in consultation with BNPP PF SA Ltd.
- 3.2. The process of nomination, election and ultimately, the appointment of members to the Board should be formal, transparent and in line with shareholder policies and the Companies Act requirements.
- 3.3. Before the nomination of a candidate for election, the shareholder, in consultation with BNPP PF SA Ltd, will:
  - 3.3.1. consider the collective knowledge, skills and experience of the Board;
  - 3.3.2. consider the diversity of the Board;
  - 3.3.3. consider the criteria contained in this Policy, Companies Act, King IV and, where applicable, the Financial Advisory and Intermediary Services Act, No. 37 of 2002;
  - 3.3.4. conduct an assessment to ascertain whether a candidate:
    - 3.3.4.1. possesses the relevant knowledge, skills, experience and, particularly in respect of non-executive directors, independence of mind, given their responsibilities on the Board and considering BNPP PF SA Ltd's business and risk profile;
    - 3.3.4.2. has a record of honesty, integrity and good standing;
    - 3.3.4.3. has not been disqualified to act as a director in terms of the

Companies Act;

3.3.4.4. has sufficient time to fully carry out their responsibilities; and

3.3.4.5. has disclosed all conflicts of interest.

3.3.5. consider a candidate's background (including experience as well as credit and criminal records) and their qualification, which should be independently investigated and verified;

3.3.6. consider screening results of a candidate with regards to anti-money laundering (AML) sanctions, politically exposed persons (PEP) exposure, and domestic prominent influential person (DPIP) exposure, as defined in the Financial Intelligence Centre Act, No. 38 of 2001. Any relevant results from these screenings will be assessed by the Compliance Department of BNPP PF SA Ltd to determine what impact, if any, this result will have on the nomination of the candidate; and

3.3.7. request from a candidate for election as a non-executive Director to provide the shareholder with details of professional commitments and a statement that confirms that the candidate has sufficient time available to fulfil the responsibilities as member of the Board.

3.4. A newly appointed Director will receive a letter of appointment, setting out the terms of his/her appointment to the Board.

3.5. The Board shall ensure that newly appointed Directors are inducted to enable them to make the maximum contribution within the shortest time possible.

3.6. The RCS Group, in consultation with its shareholder, should establish a succession plan for its membership, which should include the identification, mentorship and development of further candidates.

#### 4. **INDEPENDENCE OF MIND AND CONFLICTS OF INTEREST OF THE BOARD OF DIRECTORS**

##### 4.1. **Introduction**

4.1.1. All Directors, regardless of the classification as an executive, non-executive or independent non-executive Director, have the duty to always act in the best interest of the RCS Group. A Director will refuse any benefit or service liable to compromise his or her independence, and undertake to avoid any conflicts of interest, as described in more detail below.

4.1.2. A Director should never use this/her position to gain an advantage for either himself/herself or any Related Person. In order to comply with this duty, each Director is required to apply an independent state of mind and objective judgement and personal interest should never cloud their judgment. Directors will freely express his or her position, even a minority position, about the matters discussed during meetings of the Board or of a Sub-Committee. In this regard, Directors will respect both the legal and regulatory provisions applicable to conflicts of interest, and the provisions below on the measures to be adopted in recognizing conflicts of interest and managing such conflicts appropriately.

#### 4.2. **Nature of Interests to be disclosed**

4.2.1. A Director's obligation to disclose a Personal Financial Interest arises in respect of the following:

4.2.1.1. matter to be considered at a meeting of the Board in which he/she has a Personal Financial Interest or in which he/she knows that a Related Person has a Personal Financial Interest;

4.2.1.2. any Personal Financial Interest acquired by a Director in an agreement or matter, in which an entity in the RCS Group has a material interest or knows that a Related Person has acquired a Personal Financial Interest in the matter after the agreement or matter has been approved by the relevant entity in the RCS Group. In this regard, the disclosure required:

4.2.1.2.1. relates to a Personal Financial Interest in relation to an existing agreement or matter which has been approved by the Board and/or the ultimate shareholder of the RCS Group; and

4.2.1.2.2. requires a Director to disclose his/her Personal Financial Interest in an existing agreement or a Related Person's Personal Financial Interest in an existing agreement, regardless of whether such Personal Financial Interest is material to him/her so long as it relates to a matter in which an entity in the RCS Group has a material interest.

4.2.2. A Director is regarded as having actual knowledge of a Related Person's interests if he/she was in a position in which he/she reasonably ought to have

known of the Related Person's interests.

4.2.3. Situations that may give rise to conflicts of interest may further include the following:

4.2.3.1. an agreement entered into directly by a Director, or through an Intermediary, with any entity in the RCS Group;

4.2.3.2. an agreement in respect of which a Director has an indirect interest, meaning that without being a party to the agreement entered into with the RCS Group entity, the Director benefits in one way or another from that agreement;

4.2.3.3. an agreement entered into between a RCS Group entity and a company of which a Director is the manager, director, in a senior management position or in an executive position;

4.2.3.4. every situation where a Director is or might be, in relation with the exercise of his/her directorship, the recipient of privileged information concerning a company in which he/she exercises a function or holds any interests whatsoever;

4.2.3.5. every commitment that is still valid, made by a Director under a directorship previously held that may result in a conflict of interest; and

4.2.3.6. the undertaking of a new directorship in any other company, or any participation in a specialised sub-committee of another company. In this regard, the Director concerned will inform the Company Secretary of the Board of his/her intention to accept (i) a new directorship, whether in a listed or unlisted entity and/or (ii) the appointment as a member of a specialised sub-committee of any company, listed or unlisted. The Company Secretary will advise the Board and the shareholder accordingly who may decide on the compatibility of such an appointment with the duties of the Director within the RCS Group and such Director may be requested to resign by the shareholder, alternatively removed as a member of the Board if the circumstances require it.



#### 4.3. **Procedure for Disclosure**

4.3.1. The following procedure for disclosure of a Director's Personal Financial Interest should be followed and minuted by the Company Secretary. The Director concerned:

4.3.1.1. must disclose, orally or in writing, the interest and its general nature before the matter is considered by the Board;

4.3.1.2. must disclose to the Board any material information relating to the matter, and known to the Director;

4.3.1.3. may disclose any observations or pertinent insights relating to the matter if requested to do so by the Board;

4.3.1.4. if present at the Board meeting, must leave the meeting immediately after making any disclosure as required above; and

4.3.1.5. must not take part in the consideration of the relevant matter/s.

4.3.2. Although the conflicted Director is required to recuse himself/herself from the meeting of the Board at which the matter in question is deliberated, he/she is treated as present for the purposes of determining the quorum but absent for the purposes of determining whether the resolution has sufficient support to be passed. The Director concerned must not execute any documents on behalf of the RCS Group in relation to the conflicted matters unless specifically requested or directed by the Board to do so.

4.3.3. In the interest of ensuring compliance by the Board with this paragraph 4, annual disclosures, in advance, by Directors of their Personal Financial Interests, regardless of whether or not such interests give rise to a conflict of interest, will be requested by the Company Secretary.

4.3.4. In any case, if the shareholder decides that the relevant Director is no longer able to perform his/her duties therein because of a conflict of interest, the relevant Director may be requested to resign by the shareholder, alternatively removed as a member of the Board if the circumstances require it.

#### 5. **TIME COMMITMENT AND NUMBER OF DIRECTORSHIPS**

5.1. Directors will commit sufficient time to perform their functions, including in periods of particularly increased activity. In addition, Directors will actively and regularly participate in meetings of the Board and of the Sub-Committees.

- 5.2. Each Director will communicate to the concerned entity in the RCS Group, the list of his/her directorships held in other companies.
- 5.3. Executive Directors should not hold more than 10 (ten) directorships in or outside the shareholder's group of companies, including the RCS Group, and regardless of the form of the entity. In respect of non-executive Directors, a limit of 10 directorships is recommended but the application of the rule is subject to a decision by the Board.

## 6. **GOOD REPUTE, HONESTY AND INTEGRITY OF THE BOARD OF DIRECTORS**

- 6.1. At all times, the Directors of the Board should, individually and collectively meet the requirements of good repute and show honesty and integrity.
- 6.2. Members of the Board must act in good faith and in the best interest of the RCS Group. Directors should further act ethically beyond mere legal compliance and should set the tone for an ethical organisational culture.
- 6.3. Directors undertake to immediately notify the Chairperson of the Board and the Company Secretary of:
  - 6.3.1. any conviction (including on appeal, in criminal, civil or administrative proceedings);
  - 6.3.2. any disciplinary measure pending against him/her;
  - 6.3.3. any prior refusal of validation by a competent banking or financial authority, locally or abroad;
  - 6.3.4. any refusal withdrawal, revocation or prohibition on management of any registration, authorisation, membership or licence to conduct a business or profession;
  - 6.3.5. any sanction by public authorities or professional organisations, or investigations or enforcement proceedings ongoing locally or abroad; or
  - 6.3.6. any dismissal for professional misconduct or any dismissal from a directorship of which he/she may be the subject.
- 6.4. If the Chairperson of the Board or the Company Secretary is notified of the occurrence of one of the aforementioned cases, he/she will inform the Board and the shareholder so that the latter, based on the analysis of the reported situation, can issue an opinion as to the good repute of the member of the Board and decide whether to ask him/her to resign or whether to have such Director removed from the Board where the

circumstances require same.

- 6.5. In addition, every member of the Board undertakes to act with loyalty and integrity toward his/her fellow members of the Board and the RCS Group. Failing this, the Chairperson of the Board may refer the matter to the shareholder so that the latter can issue an opinion as to the loyalty and integrity of the member of the Board and may decide to ask him/her to resign or have such Director removed from the Board where required.

## 7. **COMPOSITION, DIVERSITY AND COLLECTIVE COMPETENCE OF THE BOARD OF DIRECTORS**

- 7.1. The Board need to comprise the appropriate balance of knowledge, skill, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.
- 7.2. When determining the requisite number of members of the Board, the following factors should be considered:
  - 7.2.1. the appropriate mix of knowledge, skills and experience, including the business, commercial and industry experience, needed to govern the RCS Group;
  - 7.2.2. the appropriate mix of executive, non-executive and independent non-executive directors;
  - 7.2.3. the need for a sufficient number of members that qualify to serve on the Sub-Committees of the Board;
  - 7.2.4. the need to secure a quorum at meetings;
  - 7.2.5. regulatory targets relating to the composition of the Board; and
  - 7.2.6. diversity targets relating to the composition of the Board.
- 7.3. Diversity takes various forms in a boardroom and can be broadly categorised into the following elements, which need to be considered in the composition of the Board: i) skills, expertise and experience; ii) gender; iii) ethnicity; iv) age; v) geography; and vi) independence. The presence of these elements ensures the Board can discharge fully its governance role and responsibilities.
- 7.4. The need for the Board to set and disclose progress towards targets for race and gender diversity has been specifically included in King IV. In addition, the shareholder of the RCS Group requires entities to comprise at least 40% of the unrepresented

gender and in this regard, RCS Cards has been afforded a 7 (seven) year transition period for its Board to appoint more Directors of the unrepresented gender.

- 7.5. The Board should comprise a majority of non-executive Directors and as a minimum, the chief executive officer and at least one other executive, such as the chief financial officer, should be appointed to the Board to ensure that it has more than one point of direct interaction with management.

## 8. INDUCTION AND TRAINING OF THE BOARD OF DIRECTORS

- 8.1. The members of the Board will possess, both individually and collectively, the expertise, experience, skills, understanding, and personal qualities necessary, specifically in terms of professionalism and integrity, to properly perform their duties in connection with each of the significant activities of the RCS Group, guaranteeing effective governance and supervision.
- 8.2. Members of the Board should take steps to ensure that they have sufficient working knowledge of the RCS Group, its industry, the context within which it operates and the key laws, rules, codes and standards applicable to the RCS Group. Members should further act with due care, skill and diligence and take reasonably diligent steps to become informed about matters for decision.
- 8.3. The members of the Board will maintain their knowledge in the following fields and continuously develop their competence to lead effectively: finance and banking, risk management, regulations applicable to the RCS Group, and, more broadly, any field related to the development and strategy of the RCS Group.
- 8.4. Members of the Board with no or limited governance experience, should be provided with mentorship and encourage to undergo training. Professional development and regular briefings on legal and corporate governance developments, and risks and changes in the external environment of the RCS Group, should be provided for members of the Board.
- 8.5. The RCS Group will dedicate the human and financial resources required for the training of the members of the Board. With this aim, regular training courses should be administered by the managers of the topics presented, and strategy seminars held.
- 8.6. In addition to the training courses mentioned above, any Director may request additional training. For this purpose, he/she shall initiate a dialogue with the Chairperson and the Company Secretary, who will delegate to the Human Resources Department to make arrangements for the requested training.

- 8.7. The Board shall ensure that new Directors meet with the key function holders in the RCS Group.
- 8.8. Any training received by Directors will be documented and in this regard Directors will sign an attendance register and the Yearly Report will be updated accordingly.

## 9. **EVALUATIONS OF THE PERFORMANCE OF THE BOARD OF DIRECTORS**

- 9.1. The Board should ensure evaluation of its own performance and that of its Sub-Committees by determining how it should be approached and conducted to support continued improvement in its performance and effectiveness. In this regard, the Board may, if required, schedule in its annual work plan an opportunity for consideration, reflection and discussion of its performance and that of its Sub-Committees.
- 9.2. If required by the shareholder, a formal external facilitated process will be followed for evaluating the performance of the Board and its Sub-Committees.
- 9.3. The following should be disclosed in relation to the evaluation of the performance of the Board:
  - 9.3.1. a description of the performance evaluations undertaken during the reporting period, including their scope, whether they were formal or informal, and whether they were externally facilitated or not;
  - 9.3.2. an overview of the evaluation results and remedial actions taken; and
  - 9.3.3. whether the Board is satisfied that the evaluation process is improving its performance and effectiveness.

## 10. **CONSEQUENCES OF NON-COMPLIANCE WITH THIS POLICY**

Failure to comply with this procedure may result in disciplinary action.

## 11. **RECORDKEEPING**

All records created or maintained in terms of this Policy must be retained.

## 12. **REVIEW**

This Policy must be reviewed as required from time to time.