APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA, 2016™ (KING IV®)

The group endorses King IV® and strives towards compliance therewith as further set out herein.

Approach to governance

Governance philosophy

Nictus is committed to sound corporate governance, guided by the principles of King IV®. These principles are applied in conjunction with IFRS Accounting Standards and within the broader context of integrated thinking and reporting.

The company recognises that effective governance is essential to sustainable value creation and conducts its affairs in a manner that upholds the letter and spirit of applicable laws, including the Companies Act of South Africa and the JSE Listings Requirements. The group's application of the King IV® principles is outlined in the table that follows.

Responsibility and ethical conduct

The board accepts its fiduciary duties and strives to discharge them with care, skill and diligence. Transparency, fairness, prudence, accountability and integrity form the cornerstone of the group's governance culture and decision-making approach.

Legal compliance

Nictus complies with all applicable legislation governing its operations, including the Companies Act of South Africa and the provisions of its Memorandum of Incorporation. Compliance is regarded as a baseline for governance, with ethical leadership and stakeholder inclusivity enhancing its effectiveness.

Governance outcome one: Ethical culture

Principle 1	Nictus application
Leadership "The governing body should lead ethically and effectively"	**Application of ethical leadership** The board embraces Nictus' ideal future, mission and core values, and leads by example through adherence to its established code of conduct. Ethical leadership is foundational to the group's governance approach, guiding actions and decisions toward sustainable economic, social and environmental performance. **Promoting ethical conduct** Our commitment to ethical conduct is reinforced by the composition of the board, which reflects a balanced mix of independent non-executive directors. This diversity of perspective enables a holistic approach to governance and supports the responsible achievement of the group's strategic objectives. During the year under review, no material breaches of the code of conduct were reported to the board. **Accountability and evaluation** The board diligently fulfils its fiduciary responsibilities, with roles and duties clearly set out in the board charter. Accountability is maintained through periodic peer evaluations, where each member is assessed on their contribution to ethical and effective leadership.

Governance outcome one: Ethical culture continued

Principle 2	Nictus application
Organisational ethics "The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture"	**Promoting organisational ethics** The board, in collaboration with management and the social and ethics committee, mandates that all employees endorse the board-approved code of conduct, which serves as the cornerstone of ethical practice within the group. This initiative fosters awareness of the group's ethical standards and compliance expectations. **Leading by example** The board demonstrates its commitment to ethical behaviour by adhering to the code of conduct in its own practices. The Nictus code of conduct is disclosed in this integrated annual report and is also publicly available on the group's website to promote transparency and accountability. **Engagement and stakeholder interaction** The social and ethics committee engages with stakeholders, either directly or through delegated management channels, to assess and uphold the organisation's ethical standards. This engagement helps the board remain attuned to the ethical climate across the group. **Nurturing an ethical culture** The board believes that fostering a strong ethical culture is essential to building enduring stakeholder relationships and cultivating an internal talent pipeline. This supports long-term growth, sustainability and effective succession planning within the group.

Principle 3	Nictus application
Responsible corporate citizenship "The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen"	**Promoting responsible corporate citizenship** The board acknowledges the Constitution of South Africa as the supreme law, along with other applicable legislation, regulations and the group's internal policies and procedures. In its decision-making, the board actively considers how these frameworks apply to the group's operations, with the objective of ensuring that Nictus acts, and is perceived to act, as a responsible corporate citizen. **Collaborative governance oversight** The board, with support from its committees, executive management, the company secretary (outsourced to Veritas Eksekuteurskamer Proprietary Limited), regulators and professional advisors, exercises comprehensive oversight over the group's corporate governance. This collaborative approach enables the board to draw on diverse insights across the governance landscape and to take informed responsibility for ensuring good corporate citizenship.

Governance outcome two: Performance and value creation

Principle 4	Nictus application
Strategy and performance "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"	**Integrating strategy and performance for value creation** The group's integrated business plan, developed by the managing director and approved by the board, is underpinned by ethical leadership and embeds strategy, risk, opportunities, performance and sustainability as interdependent drivers of long-term value creation. **Holistic examination and monitoring** Throughout the year, the board and management undertake comprehensive reviews of strategy, risks, opportunities, performance and sustainability. These include ongoing assessments of viability, capital adequacy, solvency, liquidity and the group's going concern status. This integrated monitoring enables responsive strategic adjustments, designed to seize opportunities, mitigate risks and deliver sustainable value to both shareholders and broader stakeholders.

Governance outcome two: Performance and value creation continued

Principle 5	Nictus application
Reporting "The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments regarding the organisation's performance and its short-, medium- and long-term prospects"	**Enhancing reporting for informed assessments** The board, through its oversight of the audit and risk committee and in collaboration with executive management, has implemented robust controls and processes to support credible and balanced reporting. These include consultation with external professional service providers to ensure the independent collection, review and presentation of financial and sustainability-related information. The board ensures that the integrity of the integrated annual report is upheld and that disclosures meet the expectations of King IV® and the JSE Listings Requirements. **Approval and communication protocols** The board retains responsibility for approving interim reporting and other public disclosures, with all Stock Exchange News Services (SENS) announcements subject to final approval by the chairperson of the board. **Commitment to stakeholder communication** Nictus remains committed to transparent, accessible and effective communication with all stakeholder groups. This is achieved through a combination of formal and informal channels, including the group's website, enabling informed engagement and long-term stakeholder alignment.

Governance outcome three: Adequate and effective control

Principle 6	Nictus application
Primary roles and responsibilities of the governing body "The governing body should serve as the focal point and custodian of corporate governance in the organisation"	**Fulfilling governance responsibilities** The board recognises its pivotal role in steering the organisation and remains committed to guiding and approving its strategic direction in alignment with sound corporate governance principles. **Committee oversight** To assist in fulfilling its responsibilities effectively, the board has established several committees, each operating under formalised terms of reference. These charters are reviewed regularly and amended as needed, subject to board approval. The board ensures that each committee is appropriately constituted with the necessary knowledge, skills, experience and capacity to discharge its mandate. **Transparent governance structure** The board charter sets out the composition, responsibilities and attendance requirements of both the board and its committees, thereby supporting transparency and accountability. This information is summarised in the table presented on page 27 of this integrated annual report. **Balanced decision-making** The board believes it has fulfilled its obligations as outlined in the board charter. A clear separation of responsibilities ensures that no single director exercises unfettered decision-making power. Decisions are taken collectively and by consensus, reflecting a balanced and collaborative governance approach.

Governance outcome three: Adequate and effective control continued

Principle 7	Nictus application
Composition of the governing body "The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance roles and responsibilities objectively and effectively"	**Ensuring board composition for effective governance** The appointment of directors is rigorously overseen by the remuneration and nomination committee to ensure transparency and accountability in the process. **Commitment to diversity and competence** Nictus is committed to appointing directors with the appropriate qualifications, expertise and experience to discharge their governance duties effectively. The board recognises the importance of attracting members with a diverse range of skills, field of knowledge, experience, age and independence, and gives due consideration to gender, cultural and racial diversity. This commitment is formalised in the board diversity policy, which underpins the group's broader transformation and inclusion objectives. No voluntary targets have been set for appointments to the board in respect of these diversity indicators. **Independence and representation** The board and its committees are appropriately represented by independent non-executive directors and are chaired independently, except for the social and ethics committee, which is chaired by a non-executive director. The board acknowledges that while tenure is an important consideration, it is not the sole determinant of independence. Continued tenure is seen as contributing to board stability and deep institutional knowledge of the group and its operating environment. **Current board composition and independence assessment** As at year end, the board comprised two executive directors, three independent non-executive directors and one non-executive director. During the financial year under review, one independent non-executive director—Professor Barend J Willemse—had served on the board for longer than nine years (since 2010). His status as independent was reassessed and confirmed. The board evaluates independence from the perspective of a reasonable and informed third party, having regard to the Companies Act of South Africa and King IV® guidance, which affirms that tenure alone does not negate independence. **Continuous independence evaluation** Annual evaluations are conducted for directors who have served beyond nine years, to ensure they continue to demonstrate independence of character and judgement. These assessments consider prevailing circumstances, potential conflicts of interest and all relevant factors to preserve objectivity and promote effective challenge at board level.

Governance outcome three: Adequate and effective control continued

Principle 8	Nictus application
Committees of the governing body "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"	**Promoting effective delegation and independent judgement** Well-structured board committees play a vital role in supporting the board's governance oversight. These committees are appropriately constituted with members of the board, facilitating independent judgement and helping to maintain a balance of power and authority. **Governance oversight** Each board committee operates in terms of formally approved terms of reference, which are reviewed annually to ensure alignment with evolving governance best practices. These documents clearly define the committees' authority, responsibilities and deliverables, promoting transparency and accountability. **Committee composition and selection** The board has established various committees, including the audit and risk committee, the remuneration and nomination committee, the social and ethics committee and the executive committee. Committee members are appointed based on their qualifications, experience and the prescribed requirements for each committee. The board chairperson also serves as a member of the audit and risk committee. While King IV® generally recommends that the chair not serve on this committee, the board believes that this arrangement is appropriate given the size and composition of the board and that it does not compromise independence, concentration of power or effective governance. **Transparent governance framework** A comprehensive overview of the composition and roles of each board committee is provided on page 27 of this integrated annual report, enabling stakeholders to understand the structure, accountability and effectiveness of the board's delegated governance arrangements.

Principle 9	Nictus application
Evaluation of the performance of the governing body "The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members supports continued improvement in its performance and effectiveness"	**Facilitating continuous improvement in governance** The board is committed to enhancing its performance and effectiveness through regular evaluations of the board as a whole, its committees, the chairperson and individual directors. These assessments are conducted annually through an internal self-evaluation process. The board remains open to the possibility of appointing external facilitators to conduct these evaluations when deemed appropriate. **Methodology and focus areas** A methodology developed by Ram Charan is applied to identify trends and patterns that may point to areas for improvement, thereby supporting the board's ongoing development and relevance. Focus areas include board dynamics, the effectiveness of information flows and prioritisation of material matters. **Outcome of evaluations** While areas for improvement were noted, the board concluded during its most recent annual assessment that it remains sufficiently progressive and effective in providing strategic guidance to management and fulfilling its oversight responsibilities.

Governance outcome three: Adequate and effective control continued

Principle 10	Nictus application
Appointment and delegation to management "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"	**Ensuring clarity in the appointment and delegation to management** The board is responsible for the appointment of a competent and experienced managing director, who is entrusted with the implementation and execution of approved strategies, policies and operational plans. The managing director is accountable to the board and provides regular reporting on performance and execution. Succession planning for this key executive role is an ongoing consideration, facilitated through the remuneration and nomination committee. **Effective delegation framework** The board is satisfied that its delegation of authority framework contributes meaningfully to role clarity, accountability and the effective exercise of authority across all levels of the organisation. **Appointment of the company secretary** The board has considered and satisfied itself as to the competence, qualifications and experience of Veritas Eksekuteurskamer Proprietary Limited, which serves as the company secretary to the group. The board approves the service contract and remuneration of the company secretary and evaluates its performance annually against agreed deliverables. The relationship is governed by a written agreement to ensure transparency and accountability. The company secretary has unfettered access to the board and reports directly to the chairperson on all statutory matters. Administrative and operational reporting flows through executive management, supporting efficient coordination and communication between governance and operations.

Principle 11	Nictus application
Risk governance "The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives"	**Governance of risk to support strategic objectives** Nictus applies a robust risk methodology that integrates risk identification, assessment and response into the group's strategic objectives. This approach ensures that appropriate risk mitigation strategies are implemented and aligned with long-term value creation. **Monitoring and oversight** Risk monitoring is performed through both daily operational activities and periodic assessments across all levels of the organisation. Executive management and the audit and risk committee play key roles in overseeing the risk management process and ensuring that risk responses remain aligned with strategic priorities. **Determining risk tolerance** The board periodically reviews the group's risk profile and formally evaluates its risk tolerance and appetite. These assessments guide management in pursuing risk-informed opportunities within defined parameters and support disciplined decision-making in pursuit of the group's objectives. **Oversight and reporting** The audit and risk committee provides formal oversight of the group's risk management practices and submits its findings and recommendations to the board at least annually. A summary of material risks facing the group, together with mitigation efforts, is included in this integrated annual report to provide stakeholders with visibility into the group's risk landscape and governance response.

Governance outcome three: Adequate and effective control continued

Principle 12	Nictus application
Technology and information governance "The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives"	**Promoting effective technology and information governance** Nictus fosters a culture of ethical IT governance and promotes a shared understanding of technology and information management across the organisation. Technology and information initiatives are strategically aligned with the group's performance and sustainability objectives, with a focus on safeguarding information assets, enhancing operational efficiency and supporting long-term value creation. **Delegation and oversight** The board has delegated responsibility for implementing and maintaining an appropriate IT governance framework to management. The audit and risk committee receives and reviews independent assurance on the effectiveness of the group's technology and information governance annually, including the adequacy of outsourcing arrangements and associated risk controls. **Expert consultation and strategic alignment** The group makes use of outsourced IT consultants to provide expert advice on appropriate technology solutions. Recommendations from executive management are submitted to the board for review and approval, ensuring strategic alignment and prudent oversight. **Continuous improvement and compliance** Nictus maintains a continuous focus on improving the functionality and resilience of its systems. Key objectives include enhancing reporting capabilities, streamlining operational processes, supporting informed decision-making and ensuring compliance with relevant legal and regulatory requirements.

Principle 13	Nictus application
Compliance governance "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"	**Promoting compliance governance** Nictus promotes a strong culture of compliance through a structured legal compliance programme. This programme is designed to identify, monitor and facilitate adherence to applicable laws, regulations and relevant codes, and supports the group's ethical culture and citizenship responsibilities. **Integration with ethical standards** Compliance is embedded within Nictus' board-approved code of conduct, reinforcing alignment with the group's values and commitment to responsible and ethical business practices. **Board oversight and legal briefings** The board and the audit and risk committee receive regular briefings from the company secretary, external professional advisors and the company's JSE sponsor regarding new and emerging laws, regulations and best practice developments. This ensures that the group's governance and compliance processes remain responsive and current. **Compliance functions and external support** The company secretary acts as the legal compliance officer, overseeing compliance implementation and reporting within the group. In certain areas, such as the insurance segment, specialist compliance responsibilities are outsourced to qualified third-party service providers to enhance coverage and expertise. **Focus on regulatory systems and data management** During the reporting period, the group prioritised improvements to its data management and customer relationship systems to meet both regulatory expectations and internal management requirements. Nictus remains vigilant in adapting to changes in the legal and regulatory environment and is committed to timely compliance with all applicable obligations.

Governance outcome three: Adequate and effective control continued

Principle 14	Nictus application
Remuneration governance "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"	**Promoting fair and transparent remuneration governance** Nictus is committed to fair, responsible and transparent remuneration practices that support the achievement of its strategic objectives and promote sustainable value creation across the short, medium and long term. **Responsibility and oversight** The remuneration and nomination committee is responsible for developing and recommending fair and equitable remuneration policies to the board. These policies are designed to align individual performance and behaviour with the group's broader strategic direction. **Alignment with King IV® and evolving regulatory requirements** Nictus' remuneration policy is informed by the recommended practices of King IV® and complies with applicable statutory requirements, including the Companies Act of South Africa. In accordance with recent legislative changes, the implementation report is presented annually and the remuneration policy at least every three years, each for approval by a binding vote of shareholders. **Core principles of the remuneration policy** The group's remuneration policy is underpinned by the following principles: • Attracting and retaining motivated, loyal and high-performing employees; • Aligning employee rewards with the vision and strategic objectives of the group; • Benchmarking and annual review to ensure competitiveness and relevance; and • Encouraging performance-based outcomes that drive long-term success. **Transparency and stakeholder engagement** Full disclosure of the remuneration policy and implementation outcomes is provided on pages 28 to 31 of this integrated annual report. These disclosures are intended to provide stakeholders with meaningful insight into the group's approach to remuneration governance and how it supports execution of the group's strategy.

Principle 15	Nictus application
Assurance "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"	**Ensuring an effective control environment and information integrity** Nictus has adopted a combined assurance model that promotes coordination among assurance providers across the organisation. This model is designed to address key risks facing the group and to enhance the reliability of information used for internal decision-making and external reporting. Oversight of the model is provided by the audit and risk committee to ensure alignment with the group's strategic objectives and operational requirements. **Comprehensive assurance framework** The combined assurance model integrates the efforts of internal audit, risk management, compliance and external audit, promoting a systematic and collaborative approach to assurance. This framework ensures adequate and appropriate coverage of material risks and governance areas and contributes to maintaining a sound control environment. **Risk-based internal audit function** The internal audit function operates independently and in accordance with a board- and committee-approved internal audit charter. The function follows a risk-based audit plan focused on evaluating governance structures, risk management processes and the effectiveness of internal controls. **Focus areas and assurance contribution** Internal audit plays a key role in identifying and reporting on control deficiencies, fraud, corruption, unethical conduct and other irregularities. Through its risk-based approach, the internal audit function acts as an early warning mechanism and contributes meaningfully to preserving the integrity of the organisation's reporting and control environment.

Governance outcome four: Trust, good reputation and legitimacy

Principle 16	Nictus application
Stakeholder engagement "In the execution of its governance roles 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"	**Fostering meaningful stakeholder engagement** Nictus views stakeholder engagement as a vital component of its governance framework and long-term sustainability. Management is tasked with identifying material stakeholder groups and implementing strategies to understand, manage and respond to their legitimate needs, interests and expectations. **Engagement mechanisms and practices** The group facilitates engagement through a combination of formal and informal mechanisms. These include general meetings, direct communication channels, the company's website and *ad hoc* engagements with specific stakeholder groups. Shareholders are actively encouraged to participate in the annual general meeting, which provides an open forum for dialogue and accountability. **Balanced, inclusive decision-making** The board is committed to a stakeholder-inclusive approach that considers the interests of all relevant parties while acting in the best interests of the organisation and its shareholders over the long term. This approach supports sound, ethical and balanced decision-making. **Transparency and board accessibility** To reinforce transparent governance, both the board and the group's external auditor are available to address shareholder queries at the annual general meeting. This contributes to a culture of openness, responsiveness and accountability in the group's engagement practices.

Principle 17	Nictus application
Responsible investing "The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests"	**Promoting responsible investment principles** While Nictus is not an institutional investor as defined by King IV®, the group nonetheless recognises the importance of responsible investment as part of its broader governance and value creation framework. The board supports an investment approach that considers governance, sustainability and long-term value in investment decisions made by the group and its subsidiaries. **Strategic investment oversight** Executive management, led by the group managing director and supported by the group financial director, is responsible for formulating and implementing investment principles and practices aimed at achieving sound returns while aligning with responsible investment standards. This includes attention to governance quality, risk management and sustainability factors in potential investee companies. **Supporting governance and long-term value** Through its oversight of investment strategy and adherence to established investment protocols, the board ensures that investment decisions contribute to Nictus' overall commitment to sound governance and long-term sustainable value creation within its investment portfolio.

The composition of the board, its committees and attendance of meetings is summarised in the following table:

Name	Status	Board	Audit and risk committee	Remune-ration and nomination committee	Social and ethics committee	Executive committee
Professor Barend J Willemse	Independent non-executive chairperson	4/4	√ 2/2	√ 2/2		√ C 0/0
Eckhart H Prozesky	Executive *(Financial director)*	4/4				√ 0/0
Gerard R de V Tromp	Executive *(Managing director)*	4/4			√ 2/2	√ 0/0
Philippus J de W Tromp	Non-executive	4/4			√ C 2/2	
Cornelius J de Vrye	Independent non-executive	4/4	√ C 2/2	√ 2/2		
Sarita Martin	Independent non-executive	4/4	√ 2/2	√ C 2/2	√ 2/2	

√ *Indicates board committee membership and "C" indicates board committee chairperson. The figures in each column indicate the number of meetings attended out of the maximum possible number of meetings for the respective director.*

Governance framework

Governance framework overview

Nictus has established a sound governance framework supported by several board committees, each mandated to assist the board in discharging its responsibilities effectively. These committees operate under formal terms of reference approved by the board and reviewed annually to ensure ongoing relevance and alignment with regulatory requirements and governance best practices.

Audit and risk committee

The audit and risk committee comprises three independent non-executive directors. It discharges its responsibilities in accordance with its board-approved terms of reference, the JSE Listings Requirements and the Companies Act of South Africa.

The committee oversees the risk management function across the group. A structured risk identification process is undertaken, with input from all subsidiaries, to assess risks that could impact the business. The committee meets at least twice per year.

Internal and external auditors attend meetings by invitation and enjoy unrestricted access to the committee and its chairperson.

Remuneration and nomination committee

This committee is composed of three independent non-executive directors. It is responsible for developing and recommending fair, responsible and transparent remuneration policies to the board.

In its nomination role, the committee oversees succession planning, evaluates board composition and performance, and recommends the appointment of new directors. It meets at least twice annually.

Social and ethics committee

The social and ethics committee consists of three members: one non-executive director (chairperson), one independent non-executive director and one executive director. It is responsible for monitoring the group's performance in relation to social and economic development, good corporate citizenship, ethics management and sustainability initiatives, including policies relating to employee well-being and transformation. The committee meets at least twice annually.

Executive committee

The executive committee operates under delegated authority from the board. It is chaired by the board chairperson and includes the group managing director and the group financial director.

Its primary responsibilities include evaluating investment opportunities and returns, as well as executing any other mandates delegated by the board. The committee meets as required and engages regularly through informal discussions as part of the group's day-to-day operations.