



ABSA GROUP LIMITED

DIRECTOR NOMINATION POLICY

1. INTRODUCTION

- 1.1 In accordance with the provisions of the Absa Group Limited (Absa Group or the Group) and Absa Bank Limited Board (Absa Bank) Charters, this Director Nomination Policy (the Policy) sets out the process of nominating individual directors (Directors) to the Board of Directors of Absa Group and / or Absa Bank.
- 1.2 The Directors' Affairs Committee (DAC) performs the duty of regularly reviewing the composition of the Board and making appropriate recommendations with regard to nomination of directors to the Absa Group and Absa Bank Boards.
- 1.3 Reference to "the Board" shall be to the Absa Group and / or Absa Bank Board of Directors.

2. PURPOSE

- 2.1 The purpose of this Policy is to set out the requirements in respect of nomination, appointment, induction, qualification and tenure of Absa Group directors, in accordance with paragraph 3.84 of the Johannesburg Stock Exchange (JSE) Equity Listings Requirements, paragraph 7.7 of the Debt Listings Requirements, and the recommendations of the King IV Report on Corporate Governance for South Africa 2016 (King IV).
- 2.2 Paragraph 7.7 of the JSE Debt Listings Requirements reads: *"The applicant issuer must have a current policy dealing with the process for the nomination and appointment of directors of the applicant issuer, which must include details of the (i) statutory framework for the appointment of directors (if any), (ii) the fit and proper assessment to be undertaken in order to evaluate the suitability of candidates, (iii) the consideration of any conflicts and (iv) the process involved when considering the nomination of domestic prominent influential persons as directors. The policy must be available on the website of the applicant issuer."*

3. DIRECTOR NOMINATION PROCESS

- 3.1 The Board has the power under the Memorandum of Incorporation (MoI) to appoint a director to fill a casual vacancy or as an additional director within the maximum number of directors stipulated by the MoI. Directors appointed by the Board in this manner must stand for election by the shareholders at the first Annual General Meeting (AGM) following their appointment.
- 3.2 The process for appointing new Directors to the Board is determined by the DAC. The director selection process includes reviewing whether the candidate possesses the required knowledge, proportionate skills, experience and, particularly in the case of non-executive directors, independence of mind to enable him/her to effectively discharge his/her responsibilities on the Board.
- 3.3 The DAC will from time to time review, consider and make recommendations to the Board on director nominations, appointments, elections and re-elections, Board continuity (succession planning), performance evaluations, and terminations of appointments, both in respect of Executive and Non-Executive Directors.
- 3.4 The DAC will determine the process for appointing new directors to the Board and set the criteria and competences in respect of a potential non-executive director before commencement of a search.
- 3.5 When an individual is identified as a potential Board member, the individual's background (including qualifications, experience as well as credit and criminal records) must be scrutinised, inclusive of politically exposed person (PEP) (also referred to in South Africa as domestic prominent influential person (DPIP)) and sanction screening.

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

3.7 Diversity:

- a. The Board recognises the benefits of diversity in all its forms including in skills, experience, knowledge, gender, age, culture and race as well as representatives from different industry sectors at board level.
- b. The Board shall, as recommended by the DAC set targets for the race and gender representation (in line with the Board approved diversity statement) in its Board membership and disclose same, together with progress against set targets, in the Integrated Report.

3.8 Non-executive Directors:

- a. Criteria for the desired attributes and competencies to be demonstrated by each potential non-executive director will be determined by the DAC, before a search commences, usually through an independent search agency
- b. The criteria shall be robust enough to ensure that only “fit-and-proper” persons are appointed to serve as directors of the Company to enable sound and prudent execution of accountabilities and responsibilities.
- c. Directors of the Company shall not only on appointment, but at all times comply with the fit-and-proper requirements detailed in b. above.
- d. The Group Chairman, Group CEO and at least two members of the DAC will interview each potential new Director, before his/her appointment is recommended to the Board.
- e. The process for nomination, election and ultimately, the appointment of members to the Board shall be formal and transparent.
- f. In reviewing the Board composition, the DAC will consider independence, the balance and mix of appropriate skills and experience critical for effective oversight on the management of the company and the Group, including the benefits of broad diversity in terms of race, gender, and representatives from different geographies and sectors (with a particular focus on the financial sector). All candidates for appointment will need to demonstrate the financial literacy required for a proper understanding of the Group’s activities and associated risks. In addition, when considering appointments to the Absa Group Audit and Compliance Committee (GACC), the DAC and the Board will consider the need to appoint Independent Non-executive Directors with the required financial expertise.

3.9 Executive Directors

The DAC will review the recommendations from the Remuneration Committee on the appointment of Executive Directors and assess the competency, skill and experience of the Executive Directors.

3.10 Role of the Board

The Board is ultimately responsible for appointing directors, including Executive Directors, to the Board.

3.11 Appointment of the Chairman

The Lead Independent Director, or a senior Independent Non-Executive Director nominated by the DAC for this purpose, will lead the process of appointment of the Group Chairman. The candidate being considered for appointment into the role of Chairman shall, at all relevant times, recuse himself/herself for the duration of any discussions in regard to this matter.

4. REVIEW OF THE POLICY

- 4.1 This Policy will be reviewed and assessed to ensure that it is meeting its purpose and objectives, but, in any event, at least on an annual basis.

5. GENERAL

- 5.1 This Policy does not place any legally binding obligations on the Company. The Board shall accordingly always be entitled at any time to amend and/or deviate from any of the terms of the policy where the Board, in its sole discretion, considers it appropriate to do so, provided that such deviation is permissible under such legislation and/or regulation as is applicable to the Company from time to time.
- 5.2 In accordance with the JSE Limited (JSE) Debt Listings Requirements, any material deviations from this policy, as well as the reasons thereof, will be announced on the JSE Stock Exchange News Service (SENS) and will be disclosed in the next Integrated Report of the Group.