

The background is a collage of images related to infrastructure and construction. It includes a close-up of hands planting a small green seedling in soil, a modern building with a grey roof, a large yellow construction vehicle (possibly a bulldozer or excavator) at a site, and two construction workers in safety gear (hard hats and high-visibility vests) looking at a clipboard. The collage is overlaid with several semi-transparent circular shapes in shades of green, yellow, and orange, creating a layered effect.

King IV FY 2022

Application of King IV Principles on Corporate Governance for South Africa 2016 (“King IV”)

INTRODUCTION

Raubex is one of South Africa’s leading infrastructure development and construction materials supply groups, celebrating over 45 years in the construction industry since it was established in 1974. Raubex listed on the JSE in March 2007 and operates across southern Africa and Western Australia.

Raubex continues to apply and explain the principles of the King IV Report on Corporate Governance for South Africa 2016 (King IV). Corporate governance is an integral part of the Group’s business philosophy and the foundation on which the business is managed and controlled.

The Board of directors, board committees, executive committee, senior management and all employees across the Group are committed to maintaining the highest standards of good corporate governance and good corporate citizenship and accept full responsibility for the application of these principles.

This disclosure outlines how Raubex applies good governance as recommended by King IV.

Application of the King IV Principles



LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

| Principle | Application | Reference to the integrated report |
|---|--|---|
| <p>1. Ethical leadership</p> <p>The Board leads ethically and effectively</p> | <p>The Raubex Board is the focal point and custodian of good corporate governance in the Group. In aligning with the King IV values supporting ethical and effective leadership, the Board ensures:</p> <ul style="list-style-type: none"> ■ Integrity: The Board ensures declarations of interest to identify any potential conflicts of interest and how a conflict is dealt with, should it arise. ■ Competence: The Board is suitably skilled and qualified and is committed to continuous learning. The Board is diversified in terms of knowledge, experience and competence in the industry the Group operates in. ■ Responsibility: The Board takes decisions responsibly by considering all the facts and in line with the strategic objectives that are beneficial to all stakeholders. The Board has assumed collective responsibility for steering the direction of the Group, defining the strategy and the implementation thereof and ensuring accountability for group-wide performance. ■ Accountability: The Board is committed to good corporate governance principles as set out in the King IV Report. ■ Fairness: The Board, collectively and individually, acts in good faith and with the utmost integrity in dealing with stakeholders, thereby ensuring an ethical group culture. ■ Transparency: The Board remains transparent with disclosures and all board dealings and these are disclosed in the integrated annual report. <p>The Board has established a governance framework between Raubex Group Limited and its subsidiaries. The subsidiary companies have considered and adopted the Group’s policy regarding assurance, risk, compliance and information technology.</p> | <p>Chairman’s Statement</p> <ul style="list-style-type: none"> – Board composition, governance and King IV (pages 29 – 31) <p>Governance section</p> <ul style="list-style-type: none"> – Board of directors composition (pages 14 – 16) – Raubex governance structure (page 68) |
| <p>2. Organisational ethics</p> <p>The Board governs the ethics of the Raubex Group in a way that supports the establishment of an ethical culture</p> | <p>The Board determines and sets the tone for Raubex’s values that support an ethical culture.</p> <p>The Board is committed to the highest standards of ethical behaviour in its business conduct and has developed a code of business conduct, ethics, fraud and corruption policies to ensure consistent and effective investigation and disclosure of fraud and corruption throughout the Group. The Raubex Group has adopted a culture of zero tolerance towards fraud and corruption in all its activities.</p> <p>We have a free independent tip-offs facility where suppliers, contractors and employees can report any unethical practices anonymously. All suspected cases reported via the anonymous tip-offs facility are reported to the audit committee, investigated and addressed, where applicable.</p> <p>The Board has delegated the responsibility of monitoring the execution of the code of conduct, fraud and corruption policy including the code of ethics to the social and ethics committee, which is a sub-committee of the Board. The committee monitors the Group’s compliance with the United Nations Global Compact 10 Principles on Human Rights, Environment, Labour and Anti-Corruption, including compliance with the Organisation for Economic Co-Operation and Development (“OECD”) recommendations. ESG approach has been implemented during the financial year to ensure the integration of governance, sustainability, health and safety, CSI initiatives including environmental processes are implemented.</p> | <p>Who we are</p> <ul style="list-style-type: none"> – Our core values (page 1) – Our vision and mission (page 1) <p>Material risks and opportunities</p> <ul style="list-style-type: none"> – Fraud hotline (page 24) <p>ESG Report</p> <ul style="list-style-type: none"> – Social and ethics committee terms of reference (pages 42 – 43) <p>Social and ethics committee report</p> <ul style="list-style-type: none"> – Statutory duties (page 42) |

Application of the King IV Principles (continued)

| Principle | Application | Reference to the integrated report |
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| <p>3. Responsible corporate citizen</p> <p>The Board ensures that Raubex is and is seen to be a responsible corporate citizen</p> | <p>The Board oversees our vision, mission and strategic objectives. The strategy of the Group is monitored by the Board and executed by the Group’s executive committee (“Exco”).</p> <p>Our vision and mission positions the Group as a responsible corporate citizen as we strive in managing relationships with clients and all other stakeholders with professionalism and integrity while meeting social, health, safety and environmental responsibilities.</p> <p>The Board approves the strategy and together with the Chief Executive Officer (CEO) and Exco monitors the implementation of the strategy to ensure achievement of performance targets. The strategic performance goals include financial and non-financial measures. The non-financial measures include risk management and compliance with the relevant laws and regulations.</p> <p>The Board, through the social and ethics committee and the Exco, oversees and monitors stakeholder expectations regarding its legal and moral obligations, including the transformation agenda in ensuring sustainability of the business. The social and ethics committee oversees the results of Raubex’s activities, outputs and outcomes on the six capitals. Some of the activities overseen by the committee includes:</p> <p>Workplace: We invest in our employees and ensure that they operate in a safe, reliable and sustainable environment. The Group continues to roll out its employment equity implementation plan and provides learning programmes, bursaries and training to both current and potential employees in order to ensure that the Group secures a skilled, diverse and experienced workforce.</p> <p>Social and relationship environment: We embrace our corporate citizenship obligations and responsibilities as we continue making a positive social contribution. Our operations are located in areas affected by poverty, unemployment, inequality and inadequate provision of infrastructure. We seek to ensure a lasting positive impact within these communities.</p> <p>Natural environment: We recently completed our twelfth annual carbon footprint assessment in April 2022 and will continue to submit the results on a voluntary basis to the Carbon Disclosure Project. The Group’s carbon footprint assessment has been compiled by external service providers. In line with the National Greenhouse Gas (“GHG”) Emission Reporting regulations and Carbon Tax developments regarding climate change, we have aligned our environmental assessment methodologies with legislation. This approach has enabled us to comply with the legislative requirements, proactively manage the overall carbon footprint and prepare for the impact of carbon tax.</p> | <p>About Raubex</p> <ul style="list-style-type: none"> – Our vision and mission (page 1) <p>Performance and outlook</p> <ul style="list-style-type: none"> – Chairman’s statement (Skills shortages, transformation and gender equality) (page 30) <p>ESG Report</p> <ul style="list-style-type: none"> – Environmental initiatives (page 48) – Social Investment (page 54) – Governance (page 68) |

Application of the King IV Principles (continued)



STRATEGY, PERFORMANCE AND REPORTING

| Principle | Application | Reference to the integrated report |
|--|--|--|
| <p>4. Strategy implementation and performance</p> <p>The Board appreciates that Raubex’s core purpose, its critical risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process</p> | <p>The CEO is responsible for leading the implementation of the Group strategy.</p> <p>The Board exercises ongoing oversight over strategy implementation and performance.</p> <p>The Board ensures the Group’s strategy is aligned to sustainable value creation for all stakeholders.</p> <p>Raubex’s ability to derive value is demonstrated in its business model. The Group operates an integrated business model covering the full spectrum of road construction, including supply of construction materials. The infrastructure division ensures other specialised capabilities.</p> <p>When considering the strategy, the Board assesses the risks and opportunities affecting the Group’s business. The ESG strategy has been incorporated into the Group’s strategy. The Board evaluates both the positive and negative outcomes in ensuring the elements of value creation are achieved. The Board provides guidance for the development and review of the strategy and monitors the progress of implementation. The Board, through the audit committee, formally considers the going concern assertion of Raubex and the Group and is of the opinion that it is appropriate for the coming year.</p> | <p>About Raubex</p> <ul style="list-style-type: none"> – Raubex business model (page 10) – Strategic objectives (pages 12 – 13) – Material risks and opportunities (pages 18 – 27) <p>Governance section</p> <ul style="list-style-type: none"> – Statement of going concern (page 68) |
| <p>5. Reports and disclosure</p> <p>The Board ensures that reports issued by Raubex enable stakeholders to make informed assessments of Raubex’s performance and its short, medium and long-term prospects</p> | <p>The Board oversees the compilation of the annual financial statements, sustainability report, remuneration report, risk management report, social and ethics report and the audit committee report by taking into account legal requirements, the intended audience and purpose of each report.</p> <p>The Board, through the audit committee, ensures the integrity of the integrated annual report and any other required disclosures. The reporting framework and materiality has been approved by the audit committee to ensure legal compliance. The audit committee reviews the integrated annual report which is then submitted to the Board for final approval, including the audited annual financial statements.</p> <p>The integrated annual report, including the annual financial statements are published on the Raubex website.</p> | <p>Scope and boundary of the integrated report</p> <ul style="list-style-type: none"> – Approval of integrated report (page 5) <p>Financial performance</p> <ul style="list-style-type: none"> – Audit committee report (pages 99 – 101) |

Application of the King IV Principles (continued)



GOVERNING STRUCTURES AND DELEGATION

| Principle | Application | Reference to the integrated report |
|---|--|--|
| <p>6. Role of the governing body</p> <p>The Board serves as the focal point and custodian of corporate governance in Raubex and across the Group.</p> | <p>The Board’s role, responsibility, membership requirements and procedural conduct are documented in the Board charter which was reviewed and approved in February 2021. The Board is the ultimate custodian of good corporate governance. A defined governance framework has been established by the Board, supported by current and relevant policies and procedures.</p> <p>A minimum of four formal board meetings are held annually and board members are provided with sufficient information and reports to enable them to make informed decisions. The Board reviews its performance every two years, through a formal board evaluation process and includes the outcome of this evaluation in its report. The Board is satisfied that it has fulfilled its responsibilities according to its approved charter.</p> <p>Refer to principle 8 below on board evaluation.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Board meetings and attendance (page 69) – Board and committees evaluation (page 71) <p>Financial performance</p> <ul style="list-style-type: none"> – Statement of responsibility by The Board of Directors (page 92) |
| <p>7. Composition of the governing body</p> <p>The Board comprises 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 Board is responsible for its composition by ensuring it retains the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance responsibilities. In doing this, the Board, through the remuneration and nomination committee (“remco”), considers the appropriate mix, taking into account business, commercial and industry knowledge.</p> <p>The Group has a unitary board consisting of seven directors with an appropriate balance between executive and non-executive directors.</p> <p>The Board consists of three independent non-executive directors, one non-executive director and three executive directors. The chairman is not classified as independent in terms of governance best practice criteria due to him being a major shareholder of the Group. As recommended by King IV and in compliance with the JSE Listings Requirements, a lead independent director has been appointed, to provide leadership and advice to the Board when the chairman has a conflict of interest without detracting from or undermining the authority of the chairman.</p> <p>The Board has also considered its diversity, which considers race and gender, among others, when filling vacancies, in order to enable it to discharge its duties and responsibilities effectively.</p> <p>The Board has assessed the independence of both Mr B Kent and Mr L Maxwell, who have served on the Board for more than nine years. The Board concluded that both Mr Kent and Mr Maxwell continue to be independent and objective and no conflict of interest, undue influence or bias has been created by their tenure, especially when judged from the perspective of a reasonable and informed outside third party.</p> <p>The succession plan for directors is reviewed on an ongoing basis by both remco and the Board.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Structure of board (page 69) – Board diversity policy (pages 69 – 70) – Chairman and lead independent director (page 69) – Annual independence assessment of the Board (pages 70 – 71) – Board changes and succession (page 30) |

Application of the King IV Principles (continued)

| Principle | Application | Reference to the integrated report |
|--|---|---|
| <p>8. Committees of the governing body</p> <p>The Board ensures that its arrangements for delegation within its own structures promote independent judgement, assist with balance of power and the effective discharge of its duties</p> | <p>The Board has appointed and delegated certain responsibilities to its board committees. The Board committees operate in terms of approved terms of reference, which are in line with the Companies Act, 71 of 2008 and King IV. These committees exist to ensure balance of power and effective discharge of duties. Membership of the Board committees are as recommended by King IV. The number and nature of board committees ensures there is adequate separation and balance of responsibilities and power.</p> <p>The committees of the Board include audit, risk, remco, and social and ethics committees, which are all chaired by independent non-executive directors. The chairperson of each committee reports their respective committee's discussions, activities and resolutions, including the performance of the committee, to the Board at each board meeting.</p> <p>The Board is satisfied that each committee has the appropriate skills, experience and knowledge to execute its mandate effectively.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Governance committees (pages 71 – 74) |
| <p>9. Performance evaluation</p> <p>The Board ensures 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>The Board ensures that the evaluation of its performance (formal and informal) and that of its chairperson and individual members is conducted in line with its charter. The two-year review was concluded in July 2021, where the Board facilitated a formal board evaluation internally. This process was facilitated by the executive director, governance, risk and compliance. The methodology used was based on questionnaires completed by all the directors. The outcome of this internally facilitated methodology was shared with all board committees and the Board. The Board is satisfied with the outcome of its evaluation, including the skills represented on the Board.</p> <p>The performance of the company secretary is assessed annually to ensure the company secretary's independence and objectivity is not unduly influenced. Raubex's company secretary is suitably qualified and experienced and is able to provide Exco and the Board with the requisite support for its efficient functioning and discharge of its duties.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Board and committees evaluation (page 71) – Company secretary (page 75) |
| <p>10. Delegation to management</p> <p>The Board ensures that the appointment of and delegation to management, contributes to role clarity and effective exercise of authority and responsibilities</p> | <p>The Board ensures that the appointment and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities. The CEO is responsible for leading the implementation of the Group strategy. The Board sets clear roles for the CEO and other executives.</p> <p>The Board is satisfied that the Group is adequately resourced and that there is proper delegation of authority. The CEO attends remco and audit committee meetings as an invitee, and is not a member of these committees. Succession planning for the CEO position is reviewed periodically by the Board.</p> <p>Other key management functions such as the Group financial director and executive director governance, risk and compliance are approved by the Board, including the delegation of the framework to appoint executives who will serve as Exco members.</p> <p>The performance of the CEO and executives is formally reviewed by remco and approved by the Board annually.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Board accountability and delegation (page 68) – Role of the chief executive officer (page 70) <p>Financial performance</p> <ul style="list-style-type: none"> – Statement of responsibility by the Board of Directors (page 92) |

Application of the King IV Principles (continued)



GOVERNANCE FUNCTIONAL AREAS

| Principle | Application | Reference to the integrated report |
|---|---|--|
| <p>11. Risk and opportunity</p> <p>The Board governs risk in a way that supports Raubex in setting and achieving its strategic objectives</p> | <p>Risk management and the governance of risk is considered an integral part of the Board’s responsibility. The risk management policy, including the associated opportunities, has been reviewed and approved by the Board. The Board, through its risk committee, has delegated to management the responsibility to identify, assess, mitigate and manage risks and opportunities within the existing and emerging risk profile of Raubex’s operating environment.</p> <p>An assessment of risks and opportunities stemming from the six capitals (Financial, Manufactured, Intellectual, Human, Social and Relationship and Natural capitals) is considered on an ongoing basis. Mitigation actions are developed to reduce the impact of the risk and the Board through the risk committee is appraised quarterly on the risk management plan.</p> <p>The Raubex Group continues to embed risk management at various levels of management within the Group and ensures a good level of commitment from the Exco, board committees and the Board. The current level of maturity of Raubex’s risk management across the Group is at a top down/systematic level. This indicates that Raubex has many risk elements in the top down level and some effectively at the systematic level.</p> <p>For more information regarding the top and emerging risks including opportunities for Raubex, refer to the integrated report.</p> | <p>About Raubex</p> <ul style="list-style-type: none"> – Raubex business model (pages 10 – 11) – Material risks and opportunities (pages 18 – 27) <p>Governance section</p> <ul style="list-style-type: none"> – Risk committee (page 73) |
| <p>12. Technology and information governance</p> <p>The Board governs technology and information in a way that supports Raubex in setting and achieving its strategic objectives</p> | <p>The audit committee assists the Board with the governance of technology and information for the Group. The Board appreciates the importance of information technology (“IT”) for the achievement of its strategy and sustainability of the business. The Exco fulfils the role of the IT steering committee, which meets on a monthly basis. The Group IT manager attends a specific timeslot allocated to report and discuss technology and information management related matters across the Group.</p> <p>IT risks are identified and monitored on an ongoing basis, which includes the addressing of safeguards of IT assets, disaster recovery plans and ensuring continuity of operations. The financial director reports to the audit committee on IT governance and other related IT matters. Assurance on the governance of information and technology is provided and aligned to the Group’s strategy. Both external and internal auditors consider the effectiveness of IT controls, as per the respective approved audit plans.</p> <p>The Board has also ensured IT is included as part of the Group combined assurance model and the risks are monitored on a quarterly basis based on the defined levels of assurance. Processes to ensure compliance with the relevant laws, information security and protection of personal information have been established. Cybercrime and security is monitored as part of IT governance.</p> <p>During FY2022, an independent cyber security review was performed in line with the approved internal audit plan.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Audit committee (pages 71 – 72) – Governance report – IT steering committee (page 74) |

Application of the King IV Principles (continued)

| Principle | Application | Reference to the integrated report |
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| <p>13. Compliance governance</p> <p>The Board governs compliance with applicable laws and adopts, non-binding rules and codes and standards in a way that supports Raubex being ethical and a good corporate citizen</p> | <p>The Board is responsible for the governance of compliance by setting the direction for how compliance should be approached and addressed by the Group. Compliance continues to be governed and managed through the Board approved compliance policy and risk management charter. The risk committee, through management, has defined and continually monitors the regulatory universe and appropriate responses to changes in legislation and developments.</p> <p>Raubex subscribes to LexisNexis regulatory compliance updates and developments, which is a notification service that provides updates to the Group of any regulatory changes, which are then reviewed and communicated to the relevant subsidiary companies.</p> <p>The risk committee monitors the defined regulatory universe, which includes possible regulatory penalties, sanctions and fines for contraventions of, or non-compliance with, statutory obligations. Management went further in defining the regulatory policy universe by ensuring all required policies are in place, updated where necessary, and are approved and implemented.</p> <p>Annual compliance assessments are completed by senior management in ensuring compliance with legislation and regulations. Periodic independent assurance compliance reviews are undertaken by internal audit and non-compliances (if any) are addressed by management and rectified accordingly.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Statement of compliance (page 68) – Compliance with laws, rules, codes and standards (pages 75 – 76) |
| <p>14. Remuneration governance</p> <p>The Board ensures that Raubex 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>Also applicable: JSE Listings Requirement 3:84(j), the remuneration policy and the implementation report.</p> <p>Raubex has an approved remuneration policy, which aims to attract, motivate, reward and retain executive directors and management with the required level of experience and knowledge necessary to achieve the Group’s strategic objectives. Remco is delegated by the Board to independently oversee the implementation of the approved remuneration policy that will ensure the achievement of Raubex’s strategy and grow stakeholder value sustainably.</p> <p>The Group actively engages with Raubex’s institutional investors. At the annual general meeting held on 30 July 2021, of the total shares voted, 94.7% (2020: 96.8%) voted in favour of the remuneration policy and 5.2% (2020: 3.2%) voted against the policy, with 0.3% of voters abstaining (2020: 0.01%). The remco is satisfied with the level of support received from shareholders for the remuneration policy. There have been no changes to the remuneration policy for the ensuing year.</p> <p>A disclosure of the remuneration of each director and its prescribed officers is included in the AFS.</p> <p>In line with the recommended practices of King IV, the remuneration policy and implementation report will be tabled for separate non-binding advisory votes by the shareholders at the AGM in August 2022.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Remuneration and nomination committee report (pages 79 – 90) <p>Shareholder information</p> <ul style="list-style-type: none"> – Endorsement of Raubex’s remuneration policy and remuneration implementation report (page 208) |

Application of the King IV Principles (continued)

| Principle | Application | Reference to the integrated report |
|--|---|--|
| <p>15. Assurance</p> <p>The Board ensures that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision making and of Raubex's external reports</p> | <p>The Board is responsible for assurance throughout the Group and continues to monitor the combined assurance framework. The responsibility of overseeing these arrangements have been delegated to the audit and risk committees. The audit and risk committees consider the combined assurance reports to ensure assurance is provided on the risks and emerging risks identified.</p> <p>The combined assurance plan and report are based on the risk profile of the Group and the Board satisfies itself quarterly on the effectiveness of controls. The audit committee ensures a system of internal financial controls that is designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information is maintained. The internal audit plan includes the execution of compliance audits.</p> <p>Raubex has an independent internal audit function, which was outsourced to KPMG. The risk-based internal audit plan is executed under the mandate approval of the audit committee. Progress against the approved plan is reported quarterly to the audit committee.</p> <p>The Raubex Board applied its collective mind to the contents of the integrated report and is satisfied with its integrity.</p> <p>The Board, through the audit and risk committees, is satisfied with the level of assurance provided during FY2022.</p> | <p>Scope and boundary of integrated report</p> <ul style="list-style-type: none"> – Assurance (page 5) <p>About Raubex</p> <ul style="list-style-type: none"> – Material risks and opportunities (pages 18 – 27) – Combined assurance approach (pages 25 – 26) <p>Governance section</p> <ul style="list-style-type: none"> – Audit committee (pages 71 – 72) – Internal audit (page 75) |



STAKEHOLDER RELATIONSHIPS

| Principle | Application | Reference to the integrated report |
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| <p>16. Stakeholders</p> <p>In the execution of its governance roles and responsibilities, the Board adopts a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of Raubex over time</p> | <p>The Board is responsible for the governance of stakeholder relationships and ensures that a stakeholder engagement framework is in place and implemented by management. The Board has adopted a stakeholder inclusive approach, which includes the identification of individual stakeholders and stakeholder groups. The Board ensures a transparent and effective communication that builds stakeholder confidence.</p> <p>The social and ethics committee exercises ongoing oversight of stakeholder relationship management including public relations.</p> <p>The Board, together with management, understands and responds to the needs of the various stakeholder groups, which include investors, employees, customers, clients, suppliers, providers of finance, government regulatory bodies, JSE, trade unions, industry associations and communities in balancing their legitimate and reasonable needs, interests and expectations. To ensure effective communication, the Group publishes its integrated annual report, including interim and final financial results, on its website.</p> | <p>Governance section</p> <ul style="list-style-type: none"> – Stakeholder communication and relations (page 76) – Social and ethics report (page 42) <p>Stakeholder engagement</p> <ul style="list-style-type: none"> – Stakeholder engagement (pages 77 – 78) |