



FirstRand

OVERBOARDED DIRECTORS POLICY

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1 PURPOSE

The purpose of this policy is to ensure that members of the board of directors of FirstRand Limited (the group or FirstRand) and FirstRand Bank Limited (the bank) – collectively the board – have sufficient time and capacity to fulfil their responsibilities as board members. This requirement is informed by the principles of the King IV Report on Corporate Governance for South Africa 2016 (King IV) as well as the Banks Act, 94 of 1990.

2 POLICY STATEMENT

The board believes that:

- as board service is becoming increasingly demanding, directors require sufficient time and available capacity to discharge their fiduciary duties and responsibilities to the group; and
- directors should therefore not be overcommitted by serving on an excessive number of boards or have excessive responsibilities and demands on their time which could impede their ability to discharge their duties as members of the board.

3 POLICY PRINCIPLES

Governance requirements and best practice

In terms of King IV, principle 7, recommended practice 18: “a candidate for election as a non-executive member of the governing body should be requested to provide the governing body 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 governing body.”

The UK Corporate Governance Code stipulates as best practice that additional external appointments should not be undertaken without the prior approval of the chair of the board, considering the requirements of the board and the capacity of the individual director.

Various proxy advisory firms and institutional investors have adopted guidelines addressing the issue of overboarded directors, and internationally many companies are adopting principles to address overboarding in their corporate governance frameworks to ensure that directors are able to discharge their fiduciary duties and responsibilities to the companies on whose boards they serve.

4 OVERBOARDING POLICY

Non-executive directors may hold four (4) mandates on the boards of public listed companies (including FirstRand). For the purposes of calculating this limit:

- a non-executive directorship counts as one mandate;
- a non-executive chairmanship counts as two mandates; and
- a position as executive director (or a comparable role outside the group) is counted as three mandates.

The table below illustrates the maximum number of public company boards that a director may serve on outside the group before being considered overboarded:

Maximum number of public company boards		
Non-executive director is a CEO of a company (outside group)	Non-executive director is an executive officer of another company (outside group)	Non-executive director is a non-executive/independent non-executive director (outside group)
1 listed board	1 listed board	3 listed boards

5 MONITORING AND REPORTING

The board, supported by the nominations committee, will monitor the external commitments of the board of directors and ensure that directors adhere to the limits imposed by the group, subject to the nominations committee retaining discretion on final decision-making on external directorships of directors.

The nature and scope of the various appointments and the companies concerned will be considered in order to assess if any exceptional circumstances exist. Stricter criteria may apply to directors who serve on the boards of complex companies, those in highly regulated sectors and directors who chair several key committees. Likewise, more lenient criteria may apply to directors who serve on the boards of less complex companies (for example smaller, less regulated companies).

Additionally, once appointed to the FirstRand board, directors will also provide the chair of the board and the nominations committee with:

- prior written notification of the director's intention to accept any further external appointments, together with supporting information/comments that they will have the necessary capacity to take on the proposed role/directorship in another institution while duly fulfilling the related fiduciary duties relating to the current organisation; and
- submit to the company a written update of all the director's external directorship roles, on an annual basis or more regularly, as required.

Both executive and non-executive directors carry full fiduciary responsibility and owe a duty of care, skill and loyalty to FirstRand and the bank in terms of the FirstRand code of ethics as well as the Companies Act 71 of 2008. The board will monitor any conflicts of interest in relation to a director's other activities, such as having clients in their capacity as consultants when that client has a relationship with FirstRand.

6 ENGAGEMENT AND FEEDBACK

Contact FirstRand Investor Relations on investor.relations@firstrand.co.za.