

Building leading companies



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people's lives



DEVIATIONS FROM DUTCH CORPORATE GOVERNANCE CODE, 2016	Best Practice Provision
CHAPTER 1: LONG-TERM VALUE CREATION	
Best practice provision 1.3.1: internal audit function: appointment and dismissal	
<p>The board has delegated certain powers to the audit committee, including overseeing the internal audit function. The board believes that the audit committee, whose members are financially literate and have business as well as financial acumen, are well placed to do so. As such, the audit committee, and not the board, appoints the group head of internal audit.</p>	<p>The management board both appoints and dismisses the senior internal auditor. Both the appointment and the dismissal of the senior internal auditor should be submitted to the supervisory board for approval, along with the recommendation issued by the audit committee.</p>
Best practice provision 1.3.2: internal audit function: assessment of the internal audit function	
<p>As discussed above, the board has delegated certain powers to the audit committee. The audit committee (pursuant to the powers delegated to it by the board), and not the board, assesses the internal audit function.</p>	<p>The management board should assess the way in which the internal audit function fulfils its responsibility annually, taking into account the audit committee's opinion.</p>
CHAPTER 2: EFFECTIVE MANAGEMENT AND SUPERVISION	
Best practice provision 2.1.7: independence of the supervisory board	
<p>Each director is also a member of the Naspers board and the composition of each board committee is the same as the corresponding Naspers board committee. Prosus believes that it is in the best interests of the group and its shareholders that the Prosus board and the Naspers board (and their respective committees) have the same composition. Following the annual evaluation of independence, it was determined that Koos Bekker, Rachel Jafra, Debra Meyer, Nolo Letele, Steve Pacak, Fred Phaswana, Cobus Stoffberg and Ben van der Ross are independent for purposes of the Dutch Corporate Governance Code. In light of this assessment, the board complies with best practice provision 2.1.7</p>	<p>The composition of the supervisory board is such that the members are able to operate independently and critically vis-à-vis one another, the management board, and any particular interests involved.</p> <p>In order to safeguard its independence, the supervisory board is composed in accordance with the following criteria:</p> <ol style="list-style-type: none"> i. any one of the criteria referred to in best practice provision 2.1.8, sections i. to v. inclusive should be applicable to at most one supervisory board member; ii. the total number of supervisory board members to whom the criteria referred to in best practice provision 2.1.8 are applicable should account for less than half of the total number of supervisory board members; and iii. for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the company, there is at most one supervisory board member who can be considered to be affiliated with or representing them as stipulated in best practice provision 2.1.8, sections vi. and vii.
Best practice provision 2.1.9: independence of the chairman of the board	
<p>Koos Bekker is chair of the Prosus board and the Naspers board. He is a former chief executive of Naspers and a former executive director. The group believes that his experience and industry knowledge (gained while at Naspers) benefit Prosus and its shareholders, which outweigh any perceived disadvantage of being a former executive director of Prosus. Prosus has also appointed a lead independent director. In accordance with the board charter, the responsibilities of the lead independent director are: (i) to lead in the absence of the chair; (ii) to serve as a sounding board for the chair; (iii) to act as an intermediary between the chair and other members of the board, if necessary; (iv) to deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate; (v) to strengthen independence on the board if the chair is not an independent non-executive member or the board; (vi) to chair discussions and decision-making by the board on matters where the chair has a conflict of interest; and (viii) to lead the performance appraisal of the chair.</p>	<p>The chair of the supervisory board should not be a former member of the management board of the company and should be independent within the meaning of best practice provision 2.1.8.</p>

DEVIATIONS FROM DUTCH CORPORATE GOVERNANCE CODE, 2016	Best Practice Provision
Best practice provision 2.2.1: appointment and reappointment periods – management board members	
<p>Neither the chief executive nor the financial director has a fixed appointment term. The group intends to continue to focus on building platforms that address major societal needs in high-growth markets. This strategy requires the group, and its chief executive and the financial director, to take a long-term perspective. Considering its business and strategy, the group believes that it is appropriate not to limit their appointment to a four-year term.</p>	<p>A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion. The diversity objectives from best practice provision 2.1.5 should be considered in the preparation of the appointment or reappointment.</p>
Best practice provision 2.2.2: appointment and reappointment periods	
<p>To match the appointment periods of Naspers, non-executive directors are appointed for a period of not more than three years. A director's term of office shall lapse in accordance with the rotation schedule drawn up by the board. A non-executive director may be reappointed for additional periods of not more than three years.</p>	<p>A supervisory board member is appointed for a period of four years and may then be reappointed once more for another four-year period. The supervisory board member may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the supervisory board. In any appointment or reappointment, the profile referred to in best practice provision 2.1.1 should be observed.</p>
THE GENERAL MEETING	
Best practice provision 4.1.3: the general meeting – agenda: dividend policy	
<p>Prosus does not have a defined dividend policy and, as such, there are no restrictions on, or a target range for, the payment of dividends. The board will generally consider dividend declarations annually during the month of June when it finalises the annual financial statements. The ability and intention of Prosus to declare and pay dividends in the future: (i) will mainly depend on its financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity and such other factors as the board may deem relevant; and (ii) are subject to numerous assumptions, risks and uncertainties, many of which are beyond Prosus's control.</p>	<p>The agenda of the general meeting should list which items are up for discussion and which items are to be voted on. The following items should be dealt with as separate agenda items:</p> <ul style="list-style-type: none"> iii. the policy of the company on additions to reserves and on dividends (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend).
CHAPTER 5: ONE-TIER GOVERNANCE STRUCTURE	
Best practice provision 5.1.3: independence of the chairman of the management board	
<p>Koos Bekker is chair of the Prosus board and the Naspers board. He is a former chief executive of Naspers and a former executive director. The group believes that his experience and industry knowledge (gained while at Naspers) benefit Prosus and its shareholders, which outweigh any perceived disadvantage of being a former executive director of Prosus. Prosus has also appointed a lead independent director. In accordance with the board charter, the responsibilities of the lead independent director are: (i) to lead in the absence of the chair; (ii) to serve as a sounding board for the chair; (iii) to act as an intermediary between the chair and other members of the board, if necessary; (iv) to deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate; (v) to strengthen independence on the board if the chair is not an independent non-executive member or the board; (vi) to chair discussions and decision-making by the board on matters where the chair has a conflict of interest; and (viii) to lead the performance appraisal of the chair.</p>	<p>The chair of the management board should not be an executive director or former executive director of the company, and should be independent within the meaning of best practice provision 2.1.8.</p>



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