

## King IV application register 2018

PRINCIPLE	APPLICATION	EXPECTED GOVERNANCE OUTCOME
<p>1. The governing body should lead ethically and effectively.</p>	<p>The directors hold each other accountable for decision-making based on integrity, competence, responsibility, fairness and transparency through their commitment to lead the company consistent with the company's values. The Chairman oversees this process on an ongoing basis.</p>	<p>Ethical culture Legitimacy</p>
<p>2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The board, assisted by the social and ethics committee, oversees the governance of ethics in the company, which is detailed in the board-approved Code of Ethics Policy and Code of Conduct.</p> <p>The Code of Ethics Policy and Code of Conduct guide the interaction between employees, clients, stakeholders, suppliers and the communities within which the company operates. Management is responsible for the implementation of the code and policy of ethics and reports any material breaches to the social and ethics committee and the audit and risk committee.</p> <p>The company has a fraud/ethics hot line that enables employees to report ethical breaches.</p>	<p>Effective Control Good performance</p>

<p>3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The board, through the social and ethics committee and the audit and risk committee oversees corporate citizenship and ensures statutory and regulatory compliance including compliance with internal protocols.</p>	<p>Ethical culture Legitimacy Good performance</p>
<p>4. 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.</p>	<ul style="list-style-type: none"> <li>- The company has a clear strategy regarding the associated risks.</li> <li>- The board delegates the detailed formulation and implementation of the approved strategy to management in the expectation of specific goals being reached.</li> <li>- The board approved key performance measures and targets for management.</li> <li>- The board oversees the implementation of the strategy and plans carried out by management against the agreed performance measures and targets.</li> <li>- The audit and risk committee assists with the governance of risks. by monitoring the effects of identified risks and the precautionary controls.</li> <li>- The group is aware of the general viability, reliance and effect of its activities on its six capitals, solvency,</li> </ul>	<p>Good performance Effective control</p>

	<p>and liquidity, and its status as a going concern.</p>	
<p>5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.</p>	<ul style="list-style-type: none"> <li>- The board, assisted by its committees, verifies that all committee reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders.</li> <li>- The board, assisted by the audit and risk committee, ensures that an integrated report issued is in line with the Companies Act and the JSE listings requirements.</li> <li>- The board, assisted by the social and ethics committee, a sustainable development report is issued annually.</li> <li>- The audit and risk committee approves the basis for determining appropriate material for inclusion in reports.</li> <li>- The board, assisted by the audit and risk committee, certifies the integrity of external reports.</li> <li>- The board delegated to management the uploading of the King IV disclosure requirements, integrated reports, financial statements and other external reports on its website.</li> </ul>	<p>Effective control</p> <p>Good performance</p> <p>Ethical Culture</p> <p>Legitimacy</p>

<p>6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation.</p>	<p>The board serves as the focal point and custodian of corporate governance. Its role and responsibilities and the way it executes its duties and decision-making are set out in the board charter and the terms of reference of all board subcommittees.</p>	<p>Effective control Good performance</p>
<p>7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p><b>Board composition</b></p> <ul style="list-style-type: none"> <li>- The board is satisfied that its current composition takes into account the size of the company; the optimal mix of knowledge, skills and experience; the requirement of numbers for its committees; quorum requirements and regulatory requirements.</li> <li>- The board is not satisfied with the independence requirement as the current split between independent non-executive directors and non-executive directors is 50/50. The board was not able to resolve this, however it's an ongoing board discussion to regularise the status quo.</li> <li>- The CEO and CFO are members of the board.</li> <li>- The board has met its set diversity targets as per board-approved policy.</li> </ul> <p><b>Board appointment process</b></p>	<p>Good performance</p>

The process is in place and is conducted in terms of the board-approved appointment to the board policy including the gender board diversity policy.

**Independence and conflicts**

- Declarations of interests are tabled at every board meeting.
- The board members formally update the register of directors' interests annually or when a change is required.

**Chairman of the board**

- The Chairman is an independent non-executive director.
- The Chairman is a member of the audit and risk committee contrary to the Code. The board has decided not to apply this recommendation as the Listings Requirements allows the Chairman of the board to be a member subject to the relevant disclosures.
- The Chairman is a member of, but not the Chairman of the remuneration and social and ethics committees.

**Chairmen of subcommittees**

	<p>All subcommittees are Chaired by independent non-executive directors except for the remuneration committee.</p> <p>The board has noted this status and has decided to leave it unchanged</p>	
<p>8. 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.</p>	<ul style="list-style-type: none"> <li>- The board determines delegation of responsibilities to individual members, groups of members, standing or ad hoc committees.</li> <li>- There is a clear balance of power to make sure that no individual has undue decision-making powers.</li> <li>- Each committee has board-approved terms of reference reviewed annually recording the responsibilities delegated to it.</li> <li>- Each committee has a minimum of three members and sufficient capability and capacity to function effectively.</li> <li>- Any member of the board is entitled to attend any committee meeting as an observer, and may allow management to attend by a standing or an ad hoc invitation.</li> </ul>	<p>Effective control</p> <p>Good performance</p>
	<p><b>Audit and risk committee</b></p> <ul style="list-style-type: none"> <li>- The committee provides independent oversight of the assurance functions and on the</li> </ul>	

integrity of the AFS and other external reports.

- The committee oversees risks that may affect the integrity of external reports.
- The audit and risk committee is satisfied that it has the necessary financial literacy, skills and experience, and that all members are independent non-executive members.
- The Chairman is an independent non-executive director.
- The committee provides independent review and oversight of the risks in all business units.
- The committee provides independent review and oversight of the IT function and the IT risks.
- The committee monitors all legal actions in which the company may be, or is involved.

**Remuneration committee**

The committee has oversight of remuneration governance.

**Social and ethics committee**

- The Chairman of the committee is an independent non-executive director of the board.

	<ul style="list-style-type: none"> <li>- The committee is comprised of three members, one being a member of the executive committee.</li> </ul> <p><b>Technical committee</b></p> <p>The committee comprises three members, one being an executive director and the other two non-executive directors.</p>	
<p>9. The governing body should ensure that the evaluation of its own performance and that of its committees, its Chairman and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>The board conducts an annual formal evaluation of the board, its committees, the Chairman, and individual directors. The Chairman, assisted by the group company secretary, conducts the board's evaluation process. Its committees and the individual directors are evaluated by an external service provider.</p>	<p>Good performance</p>
<p>10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.</p>	<ul style="list-style-type: none"> <li>- The board appointed a CEO, responsible for leading strategy implementation and who provides quarterly reports to the board on the progress thereof.</li> <li>- The board approved and implemented a delegation of authority matrix, which details the powers and matters reserved for itself and those to be delegated to management via the CEO.</li> </ul>	<p>Effective control</p> <p>Good performance</p>

	<ul style="list-style-type: none"> <li>- The board ensures that key management functions are led by a competent and appropriately authorised individual and are adequately resourced.</li> </ul>	
<p>11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<ul style="list-style-type: none"> <li>- The board, with the assistance of the audit and risk committee, is cognisant of the importance of risk management as it is linked to the strategy, performance and sustainability of the company.</li> <li>- The audit and risk committee have delegated to management the implementation of processes to ensure that risks to the sustainability of the business are identified and managed within acceptable thresholds.</li> <li>- The audit and risk committee entrusted management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address these risks, which are monitored on a continuous basis.</li> </ul>	<p>Effective control</p> <p>Good performance</p>
<p>12. The governing body should govern technology and information in a way that supports the organisation's setting</p>	<ul style="list-style-type: none"> <li>- The board, together with the audit and risk committee, oversees the governance of IT.</li> <li>- The audit and risk committee will, during the next reporting period,</li> </ul>	<p>Good performance</p>

<p>and achieving of its strategic objectives.</p>	<p>focus on technology governance as recommended by King IV.</p>	
<p>13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.</p>	<ul style="list-style-type: none"> <li>- The board, with the assistance of the audit and risk committee, ensures that the company complies with applicable laws, adopted non-binding rules, codes and standards.</li> <li>- The company has identified all laws, regulatory requirements, codes and standards that impact its operations.</li> <li>- The board has delegated the responsibility for implementing compliance to management.</li> </ul>	<p>Ethical culture</p> <p>Legitimacy</p> <p>Effective control</p> <p>Good performance</p>
<p>14. 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.</p>	<ul style="list-style-type: none"> <li>- The board, assisted by the remuneration committee, ensures that executives and general staff are remunerated fairly and responsibly with a view to promoting the creation of value in a sustainable manner.</li> <li>- The company's reward and remuneration policy is reviewed by the remuneration committee and approved by the board. The policy is designed to attract and retain human capital, promote the achievement of strategic objectives, positive outcomes, an ethical culture and responsible corporate citizenship.</li> <li>- The remuneration committee oversees the implementation of the</li> </ul>	<p>Ethical culture</p> <p>Good performance</p> <p>Legitimacy</p> <p>Effective control</p>

	<p>policy to achieve the policy objectives.</p>	
<p>15. 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.</p>	<p>The board, assisted by the audit and risk committee, ensures that there is internal or external assurance to review and reports on:</p> <ul style="list-style-type: none"> <li>- the internal control environment</li> <li>- integrity of information for management decision making</li> <li>- external reporting.</li> </ul> <p>The committees and the board receive regular reports from the external audit engagement partner including the company secretary .</p>	<p>Effective control</p> <p>Good performance</p> <p>Ethical culture</p> <p>Legitimacy</p>
<p>16. 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.</p>	<ul style="list-style-type: none"> <li>- The board, assisted by the social and ethics committee together with management, has identified all the key stakeholders.</li> <li>- The CEO is mandated to achieve effective stakeholder relationships with material stakeholders and to balance their legitimate and reasonable needs, interests and expectations with that of the company.</li> <li>- Management proactively encourages engagement with shareholders.</li> <li>- Management has developed a stakeholder plan based on board-</li> </ul>	<p>Legitimacy</p> <p>Good performance</p>

	<p>approved stakeholder management policy.</p> <ul style="list-style-type: none"> <li>- The company affirms equal treatment of all shareholders and the protection of minority interests.</li> </ul>	
<p>17. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.</p>	<p>Not applicable, the company is not an institutional investor.</p>	<p>Not applicable</p>