

CORPORATE GOVERNANCE

Analysis of the application of the 75 corporate governance principles as recommended in the King III Report

No.	Area	Requirement	Status	Comments
1. Ethical Leadership and Corporate Citizenship				
1.		1.1 The board should provide effective leadership based on an ethical foundation	✓	
2.		1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	
3.		1.3 The board should ensure that the company's ethics are managed effectively	✓	
2. Boards and directors				
4.	Role and Function of the board	2.1 The board should act as the focal point for and custodian of corporate governance	✓	
5.		2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓	
6.		2.3 The board should provide effective leadership based on an ethical foundation	✓	
7.		2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	
8.		2.5 The board should ensure that the company's ethics are managed effectively	✓	
9.		2.6 The board should ensure that the company has an effective and independent audit committee	✓	
10.		2.7 The board should be responsible for the governance of risk	✓	
11.		2.8 The board should be responsible for information technology (IT) governance	✓	
12.		2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	
13.			2.10 The board should ensure that there is an effective risk-based internal audit	x

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				committee is of the opinion that the system of internal financial controls are effective, and forms a basis for the preparation of reliable financial statements.
14.		2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	✓	
15.		2.12 The board should ensure the integrity of the company's integrated report	✓	
16.		2.13 The board should report on the effectiveness of the company's system of internal controls	✓	
17.		2.14 The board and its directors should act in the best interests of the company	✓	
18.		2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	✓	
19.		2.16 The board must elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	✓	
20.		2.17 The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓	
21.	Composition of the board	2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Under review	Three non-executive directors of which two non-executives are independent, three executive directors and one non-independent non-executive director. The Board agreed at this point that even with the above status a balance of power exists and due to the size of the company will not appoint a third Independent non-executive director at this stage. This will be reviewed on an ongoing basis as and when the remuneration and nominations committee finds a suitable candidate.
22.	Board appointment process	2.19 Directors must be appointed through a formal process	✓	

No.	Area	Requirement	Status	Comments
23.	Director developments	2.20 The induction of and on-going training and development of directors should be conducted through formal processes	✓	
24.	Company secretary	2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	✓	
25.	Performance assessment	2.22 The evaluation of the board, its committees and the individual directors should be performed every year	✓	
26.	Board committees	2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✓	
27.	Group boards	2.24 A governance framework should be agreed between the group and its subsidiary boards	✓	
28.	Remuneration of directors and senior executives	2.25 Companies should remunerate directors and executives fairly and responsibly	✓	
29.		2.26 Companies should disclose the remuneration of each individual director and certain senior executives	✓	
30.		2.27 Shareholders should approve the company's remuneration policy	✓	
3. Audit committees				
31.		3.1 The board should ensure that the company has an effective and independent audit committee	X	The Chairman of the Board is currently a member of the Audit and Risk committee. The Chairman is one of the two Independent non-executives of the Board. To achieve majority of independent representation at the committee level this has

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				<p>been agreed by the Board at this point in time and will be reassessed at the time when a further independent non-executive is appointed to the Board.</p> <p>The Board consists of three non-executive directors of which two non-executives are independent and three executive directors. The Board agreed at this point that even with the above status a balance of power exists and due to the size of the Company will not appoint a third Independent non-executive director at this stage. This will be reviewed on an ongoing basis and when the remuneration and nominations committee finds a suitable candidate.</p>
32.	Membership and resources of the audit committee	3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	✓	
33.		3.3 The audit committee should be chaired by an independent non-executive director	✓	
34.	Responsibilities of the audit committee	3.4 The audit committee should oversee integrated reporting	✓	
35.		3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓	
36.	Internal assurance providers	3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	✓	
37.		3.7 The audit committee should be responsible for overseeing of internal audit	Under review	The Audit and Risk committee agreed that the internal audit function would be performed by the group finance department. The Board, as a whole, also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls are effective, and forms a basis for the preparation of reliable financial statements.

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38.		3.8 The audit committee should be an integral component of the risk management process	✓	
39.	External assurance providers	3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓	
40.	Reporting	3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	✓	
4. The governance of risk				
41.	Board's responsibility for risk governance	4.1 The board should be responsible for the governance of risk	✓	
42.		4.2 The board should determine the levels of risk tolerance	✓	
43.		4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓	
44.	Managements responsibility for risk management	4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓	
45.	Risk assessment	4.5 The board should ensure that risk assessments are performed on a continual basis	✓	
46.		4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	
47.	Risk response	4.7 The board should ensure that management considers and implements appropriate risk responses	✓	
48.	Risk monitoring	7.8 The board should ensure continual risk monitoring by management	✓	
49.	Risk assurance	4.9 The board should receive assurance regarding the effectiveness of the risk management process	✓	

No.	Area	Requirement	Status	Comments
50.	Risk disclosure	4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓	
5. The governance of information technology				
51.		5.1 The board should be responsible for information technology (IT) governance	✓	
52.		5.2 IT should be aligned with the performance and sustainability objectives of the company	✓	
53.		5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework	✓	
54.		5.4 The board should monitor and evaluate significant IT investments and expenditure	✓	
55.		5.5 IT should form an integral part of the company's risk management	✓	
56.		5.6 The board should ensure that information assets are managed effectively	✓	
57.		5.7 A risk committee and audit committee should assist the board in carrying out its IT responsibilities	✓	
6. Compliance with laws, rules, codes and standards				
58.		6.1 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	
59.		6.2 The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	✓	
60.		6.3 Compliance risk should form an integral part of the company's risk management process	✓	
61.		6.4 The board should delegate to management the implementation of an effective compliance framework and processes	✓	
7. Internal audit				

No.	Area	Requirement	Status	Comments
62.	The need for and role of internal audit	7.1 The board should ensure that there is an effective risk based internal audit	X	The Audit and Risk committee agreed that the internal audit function would be performed by the group finance department. The Board, as a whole, also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls are effective, and forms a basis for the preparation of reliable financial statements. The Board consists of three non-executive directors of which two non-executives are independent and three executive directors. The Board agreed at this point that even with the above status a balance of power exists and due to the size of the Company will not appoint a third Independent non-executive director at this stage. This will be reviewed on an ongoing basis as and when the remuneration and nominations committee finds a suitable candidate.
63.	Internal audit's approach and plan	7.2 Internal audit should follow a risk based approach to its plan	X	Refer above
64.		7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	x	Refer above
65.		7.4 The audit committee should be responsible for overseeing internal audit	x	Refer above
66.	Internal audit's status in the company	7.5 Internal audit should be strategically positioned to achieve its objectives	x	Refer above
8. Governing stakeholder relationships				
67.		8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation	✓	

No.	Area	Requirement	Status	Comments
68.		8.2 The board should delegate to management to proactively deal with stakeholder relationships	✓	
69.		8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓	
70.		8.4 Companies should ensure the equitable treatment of shareholders	✓	
71.		8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	
72.	Dispute resolution	8.6 The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	✓	
9. Integrated reporting and disclosure				
73.	Transparency and accountability	9.1 The board should ensure the integrity of the company's integrated report	✓	
74.		9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	✓	
75.		9.3 Sustainability reporting and disclosure should be independently assured	✓	