

## REGISTER OF APPLICATION OF KING CODE ON CORPORATE GOVERNANCE FOR SOUTH AFRICA

On an annual basis, the application of the King III Report principles is reviewed by the board, and in accordance with the recommendation of the JSE Limited, a register recording the respects in which the 75 principles of King III Report are applied.

### COMPLIANCE

#### Compliance with laws, rules, codes and standards

The company complies with all applicable laws	√
No exceptions are permitted in law and all shortcomings and proposed changes are handled ethically	√
Compliance is an ethical imperative	√
Compliance with applicable laws is understood in terms of obligations that they create and the rights and protection that they afford	√
The board understands the context of the law and how other applicable laws interact with it	√
The board monitors the company's compliance with applicable laws, rules, codes and standards	√
Compliance is a regular item on the agenda of the board	√
The board discloses in the integrated report how it discharged its responsibility to establish an effective compliance framework and processes	√
Induction and on-going training programs of directors incorporates an overview of and any changes to applicable laws, rules, codes and standards	√
Directors familiarise themselves with the general content of applicable laws, rules, codes and standards in order to discharge their legal duties	√
The risk of non-compliance is identified, assessed and responded to through the risk management process	√
The company has considered establishing a compliance function (Note 1)	*
A legal compliance policy has been approved by the board and implemented by management	√
The board receives assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards	√
Compliance with laws, rules, codes and standards is incorporated in the code of conduct of the company	√
Management has established appropriate structures, educate and train, and communicate and measure key performance indicators relevant to compliance	√
The integrated report includes details of material or often repeated instances of non-compliance by either the company or its directors in their capacity	√
No independent, suitable skilled compliance officer has been appointed (Note 1)	√
The compliance officer is a suitably skilled and experienced person who has access and interacts regularly on strategic compliance matters with the board and/or appropriate board committee and executive management	√

The structuring of the compliance function, its role and its position in terms of reporting lines reflect the company's decision on how compliance is to be integrated with its ethics and risk management	√
The compliance function has adequate resources to fulfil its function	√

## DIRECTORS

### Board appointment process

The nominations committee assists with the process of identifying suitable members for the board	√
Background and reference checks are performed before the nomination and appointment of directors	√
The appointment of directors is formalised through a letter of appointment	√
The company makes full disclosure regarding individual directors in order to enable the shareholders to make their own assessment of the directors	√
The appointment process is formal and transparent and a matter for the board as a whole	√
A brief CV of each director standing for election at annual general meetings are included in the integrated report giving notice of the meeting	√

### Board committees

Formal terms of reference are established and approved for each committee of the board	√
The committees' terms of reference are reviewed annually	√
The committees are appropriately constituted and the composition and the terms of reference are disclosed in the integrated report	√
The company is publically owned	√
The company has an audit and risk management committee	√
The composition of the audit and risk management committee, its purpose and duties are defined in the memorandum of incorporation	√
The company has established a human resources, remuneration and nominations committee	√
The membership of the committees, except the social and ethics committee, consist of only independent non-executive directors	√
External advisers and executive directors attend committee meetings by invitation	√
All board sub-committees are allowed to take independent outside professional advice at the cost of the company subject to an approved process being followed	√
The chairman of the audit and risk management committee is an independent non-executive director	√
The chairman of the human resources, remuneration and nominations committee is not the chairman of the board	√
The audit and risk management committee considers on an annual basis, and satisfies itself of the appropriateness of the expertise and experience of the CFO	√

### Company Secretary

The board appoints and removes the company secretary	√
The board empowers the individual to enable him/her to fulfil his/her duties	√
The company secretary has an “arms-length” relationship with the board	√
The company secretary is not a director of the company	√
The company secretary assists the nominations committee with the appointment of directors	√
The company secretary assists with the director induction and training programs	√
The company secretary provides guidance to the board on the duties of the directors	√
The company secretary provides guidance to the board on good governance	√
The company secretary ensures that the board and committee charters are kept up to date	√
The company secretary prepares and circulates board papers	√
The company secretary elicits responses, input and feedback for the board and board committee meetings	√
The company secretary assists in drafting annual work plans	√
The company secretary prepares and circulates minutes of board and board committee meetings	√
The company secretary assists with the evaluation of the board, committees and individual directors	√

### Composition of the board

The majority of the board members are non-executive directors	√
The majority of the non-executive directors are independent	√
The knowledge, skills and resources required for conducting the business of the board are considered when determining the number of directors that serves on the board	√
The board has considered whether its size, diversity and demographics make it effective	√
The board has appointed four executive directors, including a CEO and CFO	√
At least one-third of the non-executive directors are rotated every year	√
The board, through its nominations committee recommends the eligibility of prospective directors	√
All the independent non-executive directors that are serving for more than 9 years are subjected to a rigorous review of his/her independence and performance by the board	√
The board includes a statement in the integrated report regarding the assessment of the independence of the independent non-executive directors	√
The board is permitted to remove any director without shareholder approval	√

### Director development

The board has established a formal induction programme for new directors	√
Inexperienced directors are developed through mentorship programmes	√
The directors regularly receive briefings on company matters, changes in risks, law and the environment	√

### Group boards

The company does not have any listed subsidiary boards	√
The holding company respects the fiduciary duties of the directors serving in a representative capacity on the subsidiary board	√
The subsidiary companies consider and approve the implementation and adoption of the holding company's policies, processes and procedures	√

### Performance assessment

The board has determined its own role, functions, duties and performance criteria	√
The board has determined the role, functions, duties and performance criteria for its directors and the board committees in order for it to serve as a benchmark for the performance appraisal	√
Yearly evaluations are performed by every director on every other director as well as evaluations of the board and its board committees	√
The results of the performance evaluations identify training needs for directors	√
The overview of the appraisal process, the results and action plans are disclosed in the integrated report	√
The nomination for the re-appointment of a director occurs after the evaluation of the performance and attendance of the director	√

## Remuneration of directors and senior executives

The company's adopted remuneration policies are aligned with the strategy of the company and are linked to individual performance	√
The human resources, remuneration and nominations committee assists the board in setting and administering remuneration policies	√
The remuneration policy addresses base pay and bonuses, employee contracts, severance and retirement benefits, and share-based and other long term incentive schemes	√
Non-executive fees do not comprise of a base fee as well as an attendance fee per meeting (Note 2)	*
The remuneration report, included in the integrated report, includes all benefits paid to directors and prescribed officers	√
The remuneration report, included in the integrated report, includes the salaries of the three most highly paid employees who are not directors	√
The remuneration report, included in the integrated report, includes the policy on base pay	√
The remuneration report, included in the integrated report, includes participation in share incentive schemes	√
The remuneration report, included in the integrated report, includes the use of benchmarks	√
The remuneration report, included in the integrated report, includes incentive schemes to encourage retention	√
The remuneration report, included in the integrated report, includes justification of salaries above the median	√
The remuneration report, included in the integrated report, includes material payments that are ex-gratia in nature	√
The remuneration report, included in the integrated report, includes policies regarding executive employment	√
The remuneration report, included in the integrated report, includes the maximum expected potential dilution as a result of incentive awards	√
The shareholders pass a non-binding vote on the company's yearly remuneration policy	√

## Role of the board

The board has a charter which clearly outlines its responsibilities	√
The board meets quarterly or more frequently if required	√
The board monitors the relationship between management and stakeholders of the company	√
The board ensures that the company survives and thrives	√
The board approves the strategy	√
The board ensures that the strategy is aligned with the purpose of the company, the value drivers of its business, and the legitimate interests and expectations of its stakeholders	√

The board satisfies itself that the strategy and business plans are not encumbered by risks that have not been thoroughly examined by management	√
The board takes into account people, the planet and profit when ensuring that strategy will result in sustainable outcomes	√
The board acts in the best interests of the company	√
The directors adhere to the legal standards of conduct	√
Directors are permitted to take independent advice in connection with their duties following an agreed procedure	√
Real or perceived conflicts are disclosed to the board and managed	√
The company has a policy regarding dealing in securities by directors, officers and selected employees	√
The board continuously monitors the solvency and liquidity of the company	√
The board considers workouts, sales, merger, amalgamation, compromise with creditors or business rescue to save a financially distressed company	√
The board will consider the appointment of a suitable practitioner if business rescue is adopted	√
The practitioner will be required to furnish security for the value of the assets of the company	√
The chairman of the board is elected on an annual basis	√
The chairman of the board must be independent and free of conflict upon appointment	√
The appointment of a non-independent chairman will be justified in the integrated report	√
The role of the chairman is formalised	√
The chairman is assessed annually in terms of his ability to add value and his performance against what is expected of his role and function	√
The CEO is not the chairman of the board	√
The chairman together with the board has considered the number of outside chairmanships he has held	√
The board has a succession plan for the role of chairman	√
The board appointed the CEO	√
The board provides input regarding senior management appointments	√
The board defines its own level of materiality and approve a delegation of authority framework	√
The role and function of the CEO has been formalised	√
The performance of the CEO is evaluated against the criteria specified	√
There is a succession plan in place for the CEO and other senior executives and officers	√
The board discloses whether the company is a going concern or not, and if not they will outline the steps in which to correct the action	√

## ETHICAL LEADERSHIP

### Board responsibilities

The board provides strategic direction for the company	√
The board controls the company	√
The board sets values to which the company adheres, formulated in its code of conduct	√
The board ensures that its conduct and that of management aligns to the values and is adhered to in all aspects of its businesses	√
The board promotes the stakeholder-inclusive approach to governance	√

### Ethical foundation

The board ensures that all deliberations, decisions and actions are based on the four values (responsibility, accountability, fairness and transparency) which underpins good governance	√
The board ensures that each director adheres to the duties of a director	√
The board considers its financial performance and the impact of the company's operations on society and the environment	√
The board protects, enhances and invests in the well-being of the economy, society and the environment	√
The board ensures that the company's performance and interaction with its stakeholders is guided by the Constitution and the Bill of Rights	√
The board has embarked upon collaborative efforts with stakeholders in order to promote ethical conduct and good corporate citizenship	√
The board ensures that measurable corporate citizenship programmes are implemented	√
The board ensures that management develops corporate citizenship policies	√
The board builds and sustains an ethical corporate culture in the company	√
The board has determined the company's ethical standards and clearly articulated them to all	√
The board ensures that the company takes measures to achieve adherence to all the ethical standards in all aspects of the business	√
The board measures the adherence to these ethical standards	√
The board has aligned the internal and external ethics performance with the ethical standards	√
The board has incorporated ethical risks and opportunities into the risk management process	√
The board has implemented a code of conduct and ethics related policies	√
The board ensures compliance with the code of conduct is integrated in the operations of the company	√
The board assess, monitor, report and disclose the company's ethics performance	√

## Responsible leadership

The company's responsible leaders direct the strategy and operations to build a sustainable business	√
The company's responsible leaders consider the short-term and long term impacts of the strategy on the economy, society and the environment	√
The company's responsible leaders do business ethically	√
The company's responsible leaders consider the natural environment	√
The company's responsible leaders take into account the company's impact on internal and external stakeholders	√

## INTERNAL AUDIT

### Internal audit's approach and plan

The internal audit plan and approach is in line with the strategy and risks of the company	√
Internal audit is independent from management	√
The internal audit is an objective provider of assurance	√
The internal audit considers the risks that may prevent or slow down the realisation of strategic goals	√
The internal audit considers whether controls are in place and functioning effectively to mitigate this	√
The internal audit considers opportunities that will promote the realisation of strategic goals that are identified, assessed and effectively managed by the company's management team	√
The internal audit forms an integral part of the combined assistance model as the internal assurance provider	√
Internal control are established over financial, operational, compliance and sustainability issues	√
The company maintains an effective governance, risk management and internal control framework	√
Management specifies the elements of the control framework	√
Internal audit provides to the board a written assessment of the system of internal controls and risk management	√
Internal audit provides to the audit and risk management committee a written assessment of internal financial controls	√
The internal audit plan is agreed and approved by the audit and risk management committee	√
The audit and risk management committee evaluates the performance of the internal audit function	√
The audit and risk management committee ensures that the internal audit function is subjected to an independent quality review	√
The audit and risk executive reports functionally to the audit and risk management committee chairman	√
The audit and risk management committee is responsible for the appointment, performance assessment and dismissal of the audit and risk executive	√



The audit and risk management committee ensures that the internal audit function is appropriately resourced and has appropriate budget allocated to the function	√
The internal audit reports at all audit and risk management committee meetings	√

### Internal audit's status in the company

The internal audit function is independent and objective	√
The internal audit reports functionally to the audit and risk management committee	√
The audit and risk executive has a standing invitation to attend executive committee meetings	√
The internal audit function is skilled and resourced as is appropriate for the complexity and volume of risk and assurance needs	√
The internal audit function has developed and maintained a quality assurance and improvement program	√

### The need for and role of internal audit

The company has established an internal audit function	√
Internal audit evaluate the company's governance processes	√
Internal audit performs an objective assessment of the effectiveness of risk management and the internal control framework	√
Internal audit systematically analyse and evaluate business processes and associated controls	√
Internal audit provides a source of information as appropriate regarding instances of fraud, corruption, unethical behaviour and irregularities	√

## INFORMATION TECHNOLOGY GOVERNANCE

The board defines and approves the internal audit charter	√
The internal audit function adheres to the Institute of Internal Auditors' standards and code of ethics	√

### The governance of information technology (IT)

The board assumes the responsibility for the governance of IT and place it on the board agenda	√
The board has established and implemented an IT charter and policies	√
The board promotes an ethical IT governance culture and awareness	√
The board promotes a common IT language	√
The board adopt an implement an IT internal control framework	√
The board receives independent assurance on the effectiveness of the IT internal controls	√
The board has integrated the IT strategy with the company's strategic and business processes	√

The board has a process in place to identify and exploit opportunities to improve the performance and sustainability of the company through the use of IT	√
Management is responsible for the implementation of the structures, processes and mechanisms for the IT governance framework	√
The board has appointed an IT steering committee to assist with its governance of IT	√
The CEO has appointed a chief information officer who is responsible for the management of IT	√
The chief information officer is a suitably qualified and experienced person who has access and interacts on strategic IT matters with the board and/or appropriate board committee and executive management	√
The board oversees the value delivery of IT	√
The board monitors the return on investment from significant IT projects	√
The board has protected the intellectual property contained in the information systems	√
The board obtains independent assurance on the IT governance and controls supporting outsourced IT services	√
Management regularly demonstrates to the board that the company has adequate business resilience arrangements in place for disaster recovery	√
The board makes certain that the company complies with IT laws and that IT related issues, codes and standards are considered	√
The board ensures that there are systems in place for management of information through information security, information management and information privacy	√
The board ensures that the company identifies and treats all personal information as an important business asset	√
The board ensures that an information security management system is developed and implemented	√
The board approves the information security management system strategy and empowers management to implement the strategy	√
The audit and risk management committee adequately addresses IT risks	√
The audit and risk management committee obtains appropriate assurance that controls are in place and are effective in addressing IT risks	√
The audit and risk management committee considers IT in relation to financial reporting and the going concern of the company	√
The audit and risk management committee considers the use of technology to improve audit coverage and efficiency	√

## REPORTING

### Transparency and accountability

The company has controls in place to enable it to verify and safeguard the integrity of its integrated report	√
The board delegates to the audit and risk management committee to evaluate sustainability disclosures	√
An integrated report is prepared every year	√
The integrated report convey adequate information regarding the company's financial and sustainability performance	√
The integrated report is focused on substance over form	√
The board includes commentary on the company's financial results	√
The board discloses if the company is a going concern	√
The integrated report describes how the company has made its money	√
The board conveys in the integrated report the positive and negative impacts of the company's operations and its plans to improve the positives and eradicate or ameliorate the negatives in the financial year ahead	√
The board delegates general oversight and reporting of sustainability to the audit and risk management committee	√
The audit and risk management committee assists the board by reviewing the integrated report and ensuring that the information contained in it is reliable and that it does not contradict the financial aspects of the report	√
The audit and risk management committee oversees the provision of assurance over sustainability issues	√

## RISK GOVERNANCE

### Management's responsibility for risk management

The board's risk strategy is executed by management by means of risk management systems and processes	√
Management is accountable for integrating risk into the day-to-day activities of the company	√
The audit and risk executive is a suitably experienced person who has access and interacts regularly on strategic matters with the board and/or appropriate board committee and executive management	√

### Risk assessment

The board performs effective and on-going risk assessments	√
A systematic, documented, formal risk assessment is conducted at least once a year	√
Risks are prioritised and ranked according to focus responses and interventions	√
The risk assessment process involve the risks affecting the various income streams of the company, critical dependencies of the business, the sustainability and the legitimate interests and expectations of stakeholders	√
The risk assessment adopts a top-down approach	√

The board regularly receives and reviews a register of the company's key risks	√
The board ensures that key risks are quantified where practicable	√
The board ensures that a framework and processes are in place to anticipate unpredictable risks	√

### **Risk assurance**

Management provides assurance to the board that the risk management plan is integrated in the daily activities of the company	√
Internal audit provides the board a written assessment of the effectiveness of the system of internal controls and risk management	√

### **Risk disclosure**

All undue, unexpected or unusual risks are disclosed in the integrated report	√
The board discloses in the integrated report its view on the effectiveness of the risk management process	√

### **Risk monitoring**

The board ensures that effective and continual monitoring of risk management takes place	√
The responsibility for monitoring is defined in the risk management plan	√

### **Risk response**

Management identifies and notes in the risk register the risk response decided upon	√
Management demonstrates to the board that the risk response provides for the identification and exploitation of opportunities to improve the performance of the company	√

### **The board's responsibility for risk governance**

A policy and a plan for the system and process of risk management has been developed	√
The board comments in the integrated report on the effectiveness of the system and process of risk management	√
The board's responsibility for risk governance is expressed in the board charter	√
The induction and on-going training programmes of the board incorporates risk governance	√
The board's responsibility for risk management manifests in a documented risk management policy and plan	√
The board approved the risk management policy and plan	√

The risk management policy is widely distributed throughout the company	√
The board reviews the implementation of the risk management plan at least once a year	√
The board ensures that the implementation of the risk management plan is monitored continually	√
The board sets limits of risk tolerance once a year	√
The board sets limits for the risk appetite	√
The board monitors risks taken within the tolerance and appetite levels	√
The board has appointed a committee responsible for risk	√
The committee considers the risk management policy and plan and monitors the risk management process	√
The committee consists of only non-executive directors (Note 4)	√
The committee invites independent risk management experts if necessary	√
The committee has a minimum of three members	√
The committee convenes three times per year	√
The performance of the committee is evaluated once a year	√

## STAKEHOLDERS

### Dispute resolution

The board has adopted a formal dispute resolution process for internal and external disputes	√
The board selects the appropriate individuals to represent the company in alternative dispute resolution	√

### Governing stakeholder relationships

The gap between stakeholder perceptions and the performance of the company managed and measured to enhance or protect the company's reputation	√
The company's reputation and its linkage with stakeholder relationships are a regular board agenda item	√
The board identifies important stakeholder groupings	√
Management develops a strategy and formulate policies for the management of relationships with each stakeholder grouping	√
The board has not considered whether it is appropriate to publish its stakeholder policies (Note 3 )	*
The board oversees the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company	√
The board encourages shareholders to attend the annual general meeting	√
The board considers formal and informal processes for interaction with the company's stakeholders	√
The board does not disclose the nature of the company's dealings with stakeholders and the outcomes of these dealings in its integrated report (Note 4)	√
The board takes account of the legitimate interests and expectations of its stakeholders in its decision-making in the best interest of the company	√

There is equitable treatment of all holders of the shares in issue	√
The board ensures that minority shareholders are protected	√
The company provides complete, timely, relevant, accurate, honest and accessible information to its stakeholders whilst having regard to legal and strategic considerations	√
The communication with stakeholders is in a clear and understandable language	√
The board adopts communication guidelines that support responsible communication programmes	√
The board considers disclosing the number of refusals of requests of information that were lodged with the company in terms of the Promotion of Access to Information Act, 2000, in the integrated report	√

√ Principle applied

\* Principle not applied – refer applicable note

**NOTES:**

- Note 1      The group company secretary and internal audit and risk executive are responsible for compliance and refer to the company's legal advisors where necessary
- Note 2      Remuneration of non-executive directors is paid on a fixed fee per annum basis as the directors not only attend board meetings and committee meetings but actively participate in the affairs of the company at all times
- Note 3      The audit and risk management committee consists of three non-executive directors. The CEO, CFO and internal audit and risk executive are required to attend all meetings of the committee
- Note 4      The board will review the disclosure of the nature of the company's dealings with stakeholders and the outcomes of these dealings in its integrated report

30 September 2016