

OVERVIEW OF KING IV PRINCIPLES

Principle		Reporting/Disclosure	Explanation of compliance
1	The governing body should lead ethically and effectively	<ul style="list-style-type: none"> Arrangements by which members of the governing body are held to account for ethical and effective leadership, including codes of conducts and performance evaluations 	<p>Charter setting out role and responsibilities. Annual performance evaluations. Declaration of interests register.</p>
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<ul style="list-style-type: none"> Overview of arrangements for governing and managing ethics Key areas of focus during reporting period Measures taken to monitor ethics and how outcomes were addressed Planned areas of future focus 	<p>Social & Ethics Committee mandated with responsibility for monitoring and reporting on ethics. Formal Code of Ethics Requirement for board to declare outside interests. Gift registers. Ethics awareness programme. Ethics risk assessment. "Whistleblowing" framework. Tipp offs anonymous hotline <u>Planned:</u> Presence of ethics training. Training. Compliance monitoring and regular review.</p>
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	<ul style="list-style-type: none"> Overview of arrangement for governing and managing responsible corporate citizenship Key areas of focus during reporting period Measures taken to monitor corporate citizenship and how outcomes were addressed Planned areas of future focus 	<p>Social & Ethics Committee mandated with responsibility for monitoring and reporting on responsible corporate citizenship. Group financial policy in place. Board composition. Identification of major business risks and opportunities. Existence of procedures for on-going risk management and internal control. Description of systems / initiatives to create value (research and development, strategic growth, innovation. Identification of key social, ethical and environmental issues facing the business. <u>Planned:</u> Independent chair for all committees. Targets for achieving strategic growth plans and strategic objectives.</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	Refer to <i>Principle 5</i> disclosures below	<p>Two-day strategic planning meetings held every second year with one-day strategy confirmation meeting every other year. The core purpose, risks and opportunities, performance and sustainable development all form part of the deliberations.</p>

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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>Publication of the following on the organisation's website, or other platforms, for access by stakeholders:</p> <ul style="list-style-type: none"> ▪ corporate governance disclosures ▪ integrated reports ▪ annual financial statements ▪ other external reports 	All corporate governance disclosures, integrated reports, annual financial statements and all other reports, including press releases and SENS announcements are published on the website and other platforms as required by legislation. Half-year and year-end financial information also published in press.
6	The governing body should serve as the focal point and custodian of corporate governance in the organisation	<ul style="list-style-type: none"> ▪ Number of meetings held during reporting period and attendance ▪ Whether governing body is satisfied that it has fulfilled its responsibilities in accordance with its charter 	Number of meetings and attendance reported in integrated report and charter is reviewed annually.
7	<p>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><i>Annexure 1 below: King IV indicators that should be considered when assessing independence</i></p>	<p>Governing body</p> <ul style="list-style-type: none"> ▪ Whether governing body is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence ▪ Targets for race and gender representation and progress made ▪ Categorisation of members as executive/ non-executive/independent non-executive ▪ Qualifications and experience ▪ Period of service ▪ Age ▪ Other professional positions held ▪ Reasons why any members have been removed, resigned or retired <p>Chair</p> <ul style="list-style-type: none"> ▪ Whether chair is considered independent ▪ Whether a lead independent has been appointed, and roles and responsibilities 	<p>Composition reviewed regularly and targets for race and gender representation set. Independence reviewed annually by board. Qualifications and experience as well as ages appear in CV printed in integrated report as well as other professional appointments. Period of service and reasons why members have been removed, resigned or retired appear in Corporate Governance section of integrated report.</p> <p>Independent chairman. Independence assessed annually by board. Lead independent director appointed.</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>General (applicable to each committee)</p> <ul style="list-style-type: none"> ▪ Overall roles and responsibilities/functions ▪ Composition, qualifications and experience ▪ External advisers or invitees who regularly attend meetings ▪ Key areas of focus ▪ Number of meetings held and attendance ▪ Whether the committee is satisfied that it has fulfilled its responsibilities 	All three board sub-committees have formal terms of reference and their responsibilities and functions as delegated by the board are detailed in the terms of reference. A summary of each sub-committee's terms of reference are contained in the Corporate Governance section of the integrated report and they are also published on the Astral website. The number of meetings and attendance are published in the integrated report under Corporate Governance. Every sub-committee has a section in the integrated report where the committee expresses its views regarding its satisfaction regarding the fulfilment of its responsibilities

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	<p><i>Annexure 2 below: King IV recommendations on the composition of the various Board Committees</i></p>	<p>Audit committee</p> <ul style="list-style-type: none"> ▪ Statement as to whether audit committee is satisfied that the external auditor is independent, specifically addressing: <ul style="list-style-type: none"> - the policy/controls and nature and extent of non-audit services rendered - tenure of external audit firm - rotation of designated external audit partner - significant changes in the management of the organisation during external audit firm's tenure ▪ Significant matters considered in relation to the annual financial statements, and how these were addressed ▪ Views on quality of the external audit ▪ Views on effectiveness of the chief audit executive and arrangements for internal audit ▪ Views on effectiveness of design and implementation of internal financial controls ▪ Views on effectiveness of CFO and finance function ▪ Arrangements in place for combined assurance and views on its effectiveness 	<p>The Audit and Risk Management annually review the independence and quality of the external auditor. Significant matters considered in relation to the annual financial statements and how they were addressed is dealt with in the Audit and Risk Management Report in the integrated report.</p> <p>The Audit and Risk Management annually review the independence and quality of the external auditor Compliance with International Standards for the Professional Practice of Internal Auditing – Independent Quality Assurance reviews conducted. The CFO's qualifications and experience is assessed on an annual basis and a statement in this regard is contained in the Audit and Risk Management Report in the integrated report.</p>
9	<p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness</p>	<ul style="list-style-type: none"> ▪ A description of the performance evaluations undertaken including their scope, whether they were formal or informal, and externally facilitated or not ▪ Overview of evaluation results and remedial actions taken ▪ Whether governing body is satisfied that the evaluation process is improving its performance 	<p>Performance evaluations of the board, its sub-committees, individual directors, chairman, CEO and company secretary are formally done on an annual basis. The results of the evaluations are discussed with individual board members, where remedial action is required and the overall results of the evaluations reported to the board. The evaluations are not externally facilitated.</p>
10	<p>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>CEO</p> <ul style="list-style-type: none"> ▪ Notice period stipulated in CEO's employment contract ▪ Other professional commitments of CEO ▪ Whether succession planning is in place for CEO <p>Delegation</p> <ul style="list-style-type: none"> ▪ Statement on whether governing body is satisfied that the delegation of authority framework contributes to role clarity and effective exercise of authority <p>Professional corporate governance services to the governing body</p> <ul style="list-style-type: none"> ▪ A statement on whether governing body believes that arrangements for accessing professional corporate governance services are effective 	<p>The CEO operates under a normal employment contract applicable to all employees. The CEO does not have other professional commitments and a formal succession plan is in place for the CEO.</p> <p>The delegation of authority framework is updated on a regular basis and contributes to role clarity and effective exercise of authority.</p> <p>The board employs a professional company secretary with in excess of 30 years' experience in the role who supplies corporate governance services to the group.</p>

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11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	<ul style="list-style-type: none"> ▪ Nature and extent of risks and opportunities the organisation is willing to take, without compromising sensitive information ▪ Overview of arrangement for governing and managing risk ▪ Key areas of focus, including objectives, key risks, undue/unexpected/unusual risks and risks taken outside of risk tolerance levels ▪ Actions taken to monitor effectiveness of risk management ▪ Planned areas of future focus 	Refer to integrated report – risk management – comply. Enterprise wide risk management system in place.
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	<ul style="list-style-type: none"> ▪ Overview of arrangements for governing and managing technology and information ▪ Key areas of focus, including objectives, changes in policy, acquisitions and remedial actions taken ▪ Actions taken to monitor effectiveness of technology and information ▪ Planned areas of future focus 	<p>Audit and Risk committee reviews all activities.</p> <p>IT steering committee with two subcommittees established and governed by its Charter.</p> <p>The primary duties of the IT steering committees are to optimise the total investment in Technology and Information systems.</p> <p>The main objectives are:</p> <ul style="list-style-type: none"> Approval of IT business strategies Approval of the IT risk and audit approaches Ensure that IT best practices and trends are implemented. <p>All major IT Investments are approved by the Board.</p> <p>Periodic, independent assurance, received on the effectiveness of technology and information , including outsourcing</p>
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	<ul style="list-style-type: none"> ▪ Overview of arrangements for governing and managing compliance ▪ Key areas of focus ▪ Actions taken to monitor effectiveness of compliance management ▪ Planned areas of future focus ▪ Material/repeated regulatory penalties, sanctions/fines for non-compliance with statutory obligations ▪ Details of monitoring and compliance inspections by environmental regulators, findings of non-compliance with environmental laws, or criminal sanctions and prosecutions for such non-compliance 	<p>A Social and Ethics committee monitors the various areas of applicable laws, rules, codes and standards and reports the areas reviewed and its findings in the financial year in its report included in the integrated report.</p> <p>Should there be areas where compliance inspections by environmental regulators release a finding, this finding will be published in the Sustainability Report which forms part of the integrated report.</p>

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14	<p>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>	<p>Remuneration report</p> <ul style="list-style-type: none"> ▪ <i>Background statement</i> <ul style="list-style-type: none"> - internal and external factors that influence remuneration - recent voting results - substantial changes to remuneration policy - whether remuneration committee is satisfied that remuneration consultants were independent and objective - whether remuneration committee achieved its stated objectives - future focus areas ▪ <i>Overview of remuneration policy</i> <ul style="list-style-type: none"> - remuneration elements and design principles - details of obligations in executives employment contracts which could give rise to payments on termination - description of framework and performance measures - potential consequences on total remuneration for executive management, on a single, total figure basis - how policy addresses fair and reasonable remuneration - use of remuneration benchmarks - basis for non-executive directors fees - reference to electronic link to full remuneration policy for public access ▪ <i>Implementation report</i> <ul style="list-style-type: none"> - remuneration of each member of executive management, which includes: <ul style="list-style-type: none"> • a single, total figure of remuneration and all remuneration elements that it comprises, at fair value • awards made under variable remuneration incentive schemes in the current and prior period that have not yet vested (incl. number of awards/values at date of grant/vesting/expiry dates), and fair value at the end of reporting period • cash value of all awards made under variable remuneration incentive schemes settled during the reporting period - performance measures used and their relative weighting - disclosure and reason for payments made on termination of employment/office - statement regarding compliance with or deviation from remuneration policy 	<p>The Human Resources, Remuneration and Nominations Committee reports the internal and external factors that influence remuneration in the group in the integrated report and shareholders are afforded the opportunity to bring out a non-binding vote on the policy and the remuneration paid during the financial year.</p> <p>Astral is committed to a reward philosophy that prevails through the group, and one which focuses on rewarding consistent and sustainable individual and corporate performance.</p> <p>Astral's Human Resources, Remuneration and Nominations Committee operate under a mandate from the board and written terms of reference approved by the board.</p> <p>Astral's approach towards remuneration further aims to ensure that an appropriate balance is achieved between the interests of shareholders, the operational and strategic requirements of the group and providing attractive and appropriate remuneration packages to employees.</p> <p>The Remuneration and Nomination Committee considers the remuneration of the Executive and Non-Executive Directors on an annual basis which is benchmarked against peer groups to ensure fair remuneration. Benchmarking is done with the assistance of external independent advisors from time to time, which advisors includes PE Corporate Services (Pty) Limited, 21st Century Pay Solutions Group and PricewaterhouseCoopers Inc.</p> <p>Non-Executive Directors' fees are approved by shareholders with Executive Directors' remuneration being reported to shareholders annually in the Integrated Report.</p>

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	<p>Voting</p> <ul style="list-style-type: none"> ▪ Remuneration policy and implementation report should be tabled every year for separate non-binding advisory votes at AGM ▪ Measures taken in the event that remuneration policy/implementation report or both have been voted against by 25% or more of voting rights exercised ▪ In the event of the above, the following should be disclosed in the background statement: <ul style="list-style-type: none"> - engagements with dissenting shareholders and manner and form of such engagement - nature of steps taken to address objections/concerns ▪ In terms of the Companies Act, non-executive directors' fees must be submitted as a special resolution for shareholder approval, within 2 years preceding payment 	<p>At the February 2017 AGM 79.95% of votes cast were in favour of the policy.</p> <p>Astral will, in line with recommended practices in King IV, table both the remuneration policy and the implementation report for separate non-binding advisory votes to shareholders for the first time at the AGM in February 2018.</p> <p>The remuneration policy will provide for measures that Astral commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the AGM.</p> <p>With effect from the AGM in February 2018, the voting results will be published as well as the steps to be taken by management to address any concerns of shareholders voting against the resolutions.</p>
15	<p>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>Assurance of external reports</p> <ul style="list-style-type: none"> ▪ Disclosure in external reports of type of assurance process applied, in addition to the independent, external audit opinions, including: <ul style="list-style-type: none"> - brief description of nature and scope of assurance functions, and services and processes underlying preparation of report - statement by governing body on integrity of report and basis of this statement <p>Internal audit</p> <ul style="list-style-type: none"> ▪ Refer to <i>Audit committee</i> disclosures in <i>Principle 8</i> above 	<p>The Audit and Risk Committee reviews the combined assurance approach. The Audit Committee annually reviews the expertise, resources and experience of the company's finance function. Internal Audit department complies with the standards as set by the Institute of Internal Auditors for Professional Practice of Internal Auditing and Code of Ethics. Internal Audit methodology includes as risk based approach. Formal review of the External independent service providers on an annual basis. Regular monitoring of the approved audit plan.</p>

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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>Stakeholder relationships</p> <ul style="list-style-type: none"> ▪ Overview of arrangements for governing and managing stakeholder relationships ▪ Actions taken to monitor effectiveness of stakeholder management ▪ Key areas of focus during reporting period ▪ Future focus areas <p>Relationships within a group of companies</p> <ul style="list-style-type: none"> ▪ Overview of group governance framework ▪ Responsibilities that subsidiary company has delegated to board committees of holding company and extent to which it has adopted the policies 	<p>Stakeholder engagement is proactive and frank and sits at the heart of our efforts to maintain the sustainability of our business. Our inclusive stakeholder engagement is based on the principles of:</p> <ul style="list-style-type: none"> - Relevance - Completeness - Responsiveness <p>At an operational level, we identify, prioritise and directly engage with stakeholders on matters that have the potential to affect their operational, sustainability or financial performance.</p> <p>We have a formal stakeholder engagement policy that outlines our approach to communicating and working with our stakeholders.</p> <p>We have a formal governance framework.</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	<ul style="list-style-type: none"> ▪ Investment code adopted by the institutional investor and application of its principles and practices 	Not applicable

