

**King IV Application Register
FY2019**

Principle	Application of the principle
Section 1: Leadership, ethics and corporate citizenship	
<i>Principle 1</i>	<i>Leadership</i>
<p>The Governing Body should lead ethically and effectively</p>	<p><i>Integrity</i></p> <p>The Board subscribes to and promotes the highest standard of integrity and good corporate governance, acting ethically and setting the tone for an ethical organisational culture. The Board's ethical approach is further strengthened by the diverse experience of its non-executive directors, the majority of whom were independent for the period under review. Since the resignation of the majority of the Board on 6 November 2019, the new Board are currently reviewing potential candidates in order to ensure its composition is compliant with both the Companies Act and King IV.</p> <p>Disclosures of other directorships, personal financial interest and any other conflicts of interest, and those of related persons, is a standard Board agenda item and a director interest schedule is circulated, updated and maintained by the Company Secretary. In the event that there are conflicts of interest, directors recuse themselves from deliberation on the matter.</p> <p>The Company's policy on insider trading and dealing in Company securities prohibits directors from using their positions or confidential and price sensitive information to achieve a benefit for themselves or any related parties and further prohibits directors and employees from trading in Company securities during closed periods. The Company Secretary advises directors of closed periods and director's dealings are disclosed in accordance with the JSE Listings Requirements.</p> <p><i>Competence</i></p> <p>Upon appointment, all new directors are adequately briefed with the requisite knowledge of the Company's operations, business environment and their respective duties as directors in terms of the Companies Act, King IV, JSE Listings Requirements and take over law.</p> <p>In order to ensure that directors sufficiently discharge their duties to the Company, they are required to keep abreast of changes and trends in the business environment and market in which the Company operates.</p> <p>The Company Secretary conducts an evaluation of the effectiveness and performance of the Board, its Committees and individual directors. Issues that are identified during the Board and</p>

	<p>Committee evaluation are addressed and resolved through training and subsequent discussions. The Board conducted an independent external Board evaluation during the reporting period. The findings of the Board evaluation will be considered by the new Board going forward.</p> <p>Responsibility</p> <p>The Board is responsible for setting the strategic direction of the Company. The Board exercises the requisite control through the governance framework of the Board and its Committees. The Board Charter contains a list of matters reserved for Board decisions.</p> <p>Accountability</p> <p>The Board has an approved delegation of authority which is reviewed annually by the Audit and Risk Committee. In accordance with the delegation of authority, the Board has been allocated specific responsibilities. The delegation of authority does not reduce the individual and collective responsibilities of the directors overall fiduciary duties.</p> <p>Fairness & Transparency</p> <p>The Board is the ultimate custodian of the governance framework which requires the Company and its directors to act in accordance with the highest standards of fairness, accountability, responsibility, transparency, ethics and sustainability.</p>
<i>Principle 2</i>	<i>Organisational values and ethics</i>
<p>The Governing Body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture</p>	<p>The Company has implemented a Code of Conduct and Code of Ethics (“Codes”), designed to establish a culture of intolerance towards unethical conduct, fraud and corruption, and seeks to ensure that directors act ethically and in compliance with relevant legislation and regulations. In line with its Codes, the Company has approved a Whistleblowing Policy and appointed an independent external company, Whistle Blowers (Pty) Ltd, to manage the whistleblowing hotline. The Remuneration, Nomination, Transformation, Social and Ethics Committee (“RNTSE Committee”) in conjunction with the Audit and Risk Committee, is tasked with the review of ethical leadership and behaviour and accordingly reviews the Codes and whistleblowing reports, if any, and ensures that the Board is equipped to deliver a sustainable ethical culture.</p>
<i>Principle 3</i>	<i>Responsible corporate citizenship</i>
<p>The Governing Body should ensure that the organisation is and is seen to be a responsible corporate citizen</p>	<p>The Board approves the strategy and priorities of the business, in accordance with its role of overseeing the Company’s conduct as a good corporate citizen. The Board, with the support of the CEO and CFO oversees and monitors how the operations and activities of the Company affect its status as a responsible corporate citizen.</p>

	<p>The RNTSE Committee approves the agreed strategy and monitors the implementation plan to demonstrate the Company's commitment to being a good corporate citizen. The strategy and plan include the Company's impact on the environment and its ongoing corporate social investment.</p>
<p>Section 2: Strategy, performance and reporting</p>	
<p><i>Principle 4</i></p>	<p><i>Strategy and performance</i></p>
<p>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>	<p>The Board recognises that strategy, risk, performance and sustainability are inseparable. The Board is responsible for aligning the strategic objectives, vision and mission of the Company with performance and sustainability considerations. The Board approves the Company's strategy which is aligned with its purpose, the value drivers of the business and the expectations of its stakeholders.</p> <p>The Board, together with the Audit and Risk Committee oversees the governance of risk; monitors the identified risks; and mitigating controls.</p> <p>On an annual basis and as and when distributions are paid, the Audit and Risk Committee review's managements documented assessment of the Company's going concern premise. Upon the recommendation of this Committee, the Board confirms that the Company is both solvent and liquid and is therefore a going concern.</p>
<p><i>Principle 5</i></p>	<p><i>Reporting</i></p>
<p>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>	<p>The Company has the necessary controls in place to verify the integrity of the Company's annual reports and disclosures. The annual report is reviewed by the executive, external advisors and the Audit and Risk Committee to ensure compliance with legal requirements and relevance to stakeholders, prior to approval by the Board.</p> <p>The Audit and Risk Committee oversees the integrated reporting process and similarly reviews the annual financial statements. Company updates and financial information are distributed via various channels and relevant information, including corporate governance disclosures, integrated and sustainability reports and annual financial statements are published on the Company's website.</p>
<p>Section 3: Governing Structures and Delegation</p>	
<p><i>Principle 6</i></p>	<p><i>Primary roles and responsibilities of the governing body</i></p>
<p>The Governing Body should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The Board operates under an approved Charter that ensures that its roles, responsibilities and accountability are documented and adhered to. The Board Charter specifically sets out the Board's responsibilities relating to corporate governance.</p>

	<p>A detailed breakdown of the number of meetings held during the reporting period, and attendance at those meetings, is contained on page 11 of the integrated annual report.</p> <p>The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter for the reporting period.</p> <p>The Board as well as any director or Committee member may obtain independent, external professional advice at the Company's expense concerning matters within the scope of their duties and the directors may request documentation from and set up meetings with management as and when required.</p>
<i>Principle 7</i>	<i>Composition of the governing body</i>
<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>Composition</i></p> <p>The Board currently is comprised of 2 executive directors, being the CEO and CFO, and 2 non-executive directors. The Board recognises that additional independent non-executive directors need to be appointed in order to fulfil the composition requirements in the Companies Act and King IV. In order to ensure an appropriate balance of knowledge, skills, experience and diversity on the Board, the Board is currently engaging with a number of potential candidates.</p> <p>The size of the Board is regulated by the Company's MOI and directors are appointed through a formal process. The Board assess the structure and composition of the Board on an ongoing basis, considering the size of the Board and the knowledge, skills, experience and demographics of the directors to ensure it is appropriately diversified with regard to amongst others, gender, race, nationality, skills, geographic and industry experience, age and other characteristics of directors. The Board has adopted a diversity policy.</p> <p><i>Independence</i></p> <p>As part of the board evaluation process, the Board considers the relationship between executive and non-executive directors. An external independence board evaluation is conducted annually by Acorim Proprietary Limited ("Acorim"). The results of this year's evaluation will be considered by the new Board.</p> <p><i>Periodic rotation and nomination for re-election</i></p> <p>In accordance with the Company's MOI, one third of both the executive and non-executive directors retire from office at each Annual General Meeting. Retiring directors are eligible for re-election.</p> <p><i>Succession planning</i></p> <p>The Board is responsible for overseeing succession planning and ensuring that appropriate strategies are in place to ensure the smooth continuation of roles and responsibilities of members of</p>

	the Board and senior management.
<i>Principle 8</i>	<i>Committees of the governing body</i>
<p>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>	<p>While the Board remains accountable and responsible for the Company's performance and affairs, Board Committees assist the Board in discharging its duties and responsibilities. These Committees do not in any way mitigate or discharge the Board of its duties and responsibilities.</p> <p>The Board has constituted the following Committees, which observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise:</p> <ul style="list-style-type: none"> • Audit and Risk Committee; and • RNTSE Committee. <p>Each Committee operates in accordance with a formally determined and Board approved Committee charter containing clearly agreed upon reporting procedures and a written scope of authority, which is reviewed annually.</p> <p>Further details regarding the Board Committees, is contained in each of the respective Committee reports commencing on page 13 of the integrated report.</p>
<i>Principle 9</i>	<i>Evaluations of the performance of the governing body</i>
<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>	<p>The Board fully supports the notion that an appropriate evaluation of the Board and its various structures is a value adding exercise that facilitates the continued improvement of the Board's performance and effectiveness. For this reason, a formal evaluation facilitated by Acorim was undertaken during the past year. This included a self and peer evaluation, an assessment of the performance of the Board, its chairperson and individual members as well as the Board Committees and the Company Secretary.</p> <p>Overall, the evaluation confirmed that the Board and Board Committees are considered to be highly effective and appropriately positioned to discharge their governance responsibilities.</p>
<i>Principle 10</i>	<i>Appointment and delegation to management</i>
<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>While retaining overall accountability, and subject to matters reserved to itself, the Board has delegated authority to the CFO and CEO to run the day to day affairs of the Company, subject to a delegation of authority framework. The delegation of authority framework sets out authority thresholds and governs sub-delegation.</p> <p>The Board is satisfied that the Company is appropriately resourced and that its delegation to management contributes to</p>

	<p>an effective arrangement by which authority and responsibilities are exercised.</p> <p>Professional corporate governance has been outsourced to Acorim, as the Company's company secretary.</p> <p>All directors have unfettered access to the company secretary who assists with a full range of services to ensure that the Board and the individual directors are in a position to discharge their roles and responsibilities.</p> <p>The Board considers the competence, qualifications and experience of the company secretary annually and is satisfied that Acorim is competent and has the appropriate in-house qualifications and experience to serve as the company secretary. The Board further believes that the company secretary is suitably qualified and experienced to carry out the duties stipulated under the Companies Act.</p> <p>The Board is satisfied that an arm's length relationship exists with the company secretary.</p>
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Section 4: Governance functional areas

<i>Principle 11</i>	<i>Risk governance</i>
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<p>The Governing Body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<p>The Board has delegated responsibility to monitor risk activities of the Company to the Audit and Risk Committee whilst remaining ultimately accountable. The Board has delegated the responsibility to design, implement and monitor the risk management plan to the executive. The Board, through the Audit and Risk Committee, sets limits for the levels of risk tolerance and appetite and is monitored by the Audit and Risk Committee. Management performs risk assessments on a continuous basis and provides regular feedback to the Audit and Risk Committee and the Board.</p> <p>The Audit and Risk Committee provides assurance to the Board regarding the efficacy of the risk management process, after consultation with the external auditors where applicable. A draft risk management policy has been provided to the Audit and Risk Committee for consideration. It is endeavoured that the risk management policy will be approved and adopted before the end of the 2020 financial year.</p>
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<i>Principle 12</i>	<i>Technology and information governance</i>
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<p>The Governing Body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</p>	<p>The Board has delegated responsibility for governing IT to the Audit and Risk Committee. Assurance on IT systems and processes is provided by management to the Audit and Risk Committee, which ensures that any and all material findings are addressed appropriately. A number of IT Policies have been adopted to assist with the monitoring and regulation of all IT related issues.</p>
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<i>Principle 13</i>	<i>Compliance governance</i>
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<p>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</p>	<p>The Board is responsible for the Company's compliance with applicable laws and has delegated the responsibility for implementing compliance to the executive team. The Board is assisted by the Audit and Risk Committees in monitoring compliance.</p> <p>Legal compliance systems and processes are in place and are continuously improved to mitigate the risk of non-compliance with the laws in the various jurisdictions in which the Company does business and also to ensure appropriate responses to changes and developments in the regulatory environment.</p> <p>The Audit and Risk Committee receives regular reports on compliance matters to the extent that they have an impact on the Company's financial statements.</p> <p>The Company is made aware of and complies with all legislation and anticipates the statutory requirements of bills and regulations by the compliance function. It ensures that all business, legislative and administrative processes and procedures are implemented, monitored and adhered to and that in ensuring that compliance is enforced, eliminates reputational risk, alerts the compliance officer to aspects of non-compliance and endeavors to minimise any potential financial loss.</p>
<p><i>Principle 14</i></p>	<p><i>Remuneration governance</i></p>
<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>The Board, assisted by the RNTSE Committee, oversees the establishment of a remuneration policy that will promote the achievement of strategic objectives at all levels in the Company and reviews the outcomes of the implementation of the remuneration policy on an annual basis.</p> <p>The Remuneration Policy and Implementation Report is set out on pages 16 of the integrated report.</p>
<p><i>Principle 15</i></p>	<p><i>Assurance</i></p>
<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>The Audit and Risk Committee oversees assurance matters and receives reports on assurance matters from the external auditors and executive management. The Audit and Risk Committee have adopted an Internal Audit Charter which recognizes that the internal audit function is not carried out by the Company, but that each subsidiary within the group must establish its own internal audit function which must confirm to the International Standards for the Professional Practice of Internal Auditing. The Audit and Risk Committee are satisfied that at this stage there is still no requirement for the Company to appoint independent, external internal auditors. A draft combined assurance framework and policy has been provided to the Audit and Risk Committee for consideration. It is endeavored that the combined assurance</p>

	<p>policy and framework should be adopted before the end of the 2020 calendar year.</p> <p>The Audit and Risk Committee approves the non-audit services provided by the external auditors, recommends approval of the audit fees, considers the effectiveness and independence of the external auditors, and recommends the appointment / re-appointments of the external auditors. The Audit and Risk Committee provides assurance to the Board regarding the efficacy of the risk management process, after consultation with the external auditors, where applicable.</p>
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Section 5: Stakeholders relationships

<i>Principle 16</i>	<i>Stakeholders</i>
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<p>In the execution of its governance role 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>	<p>The Company strives to ensure a systematic and integrated approach to stakeholder engagement throughout the Company, to ensure that all stakeholder issues have been identified, prioritised and appropriately addressed.</p> <p>The Board considers issues around stakeholder perceptions and oversees stakeholder engagement with management. By receiving regular reports, the Board is equipped with the necessary information to enable it to take the legitimate interests and expectations of stakeholders into account in its decision-making.</p> <p>The Company publishes its most recent financial performance and provides recent historical information, including its annual reports, on its website. The company invites all shareholders to attend its AGM and facilitates participation by way of focused proxy solicitation and electronic means.</p>
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