

## CORPORATE GOVERNANCE

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

No.	Area	Requirement	Status	Comments
<b>1. Ethical Leadership and Corporate Citizenship</b>				
1.		<b>1.1</b> The board should provide effective leadership based on an ethical foundation	<b>Applied</b>	
2.		<b>1.2</b> The board should ensure that the company is and is seen to be a responsible corporate citizen	<b>Applied</b>	
3.		<b>1.3</b> The board should ensure that the company's ethics are managed effectively	<b>Applied</b>	
<b>2. Boards and directors</b>				
4.	<b>Role and Function of the board</b>	<b>2.1</b> The board should act as the focal point for and custodian of corporate governance	<b>Applied</b>	
5.		<b>2.2</b> The board should appreciate that strategy, risk, performance and sustainability are inseparable	<b>Applied</b>	
6.		<b>2.3</b> The board should provide effective leadership based on an ethical foundation	<b>Applied</b>	
7.		<b>2.4</b> The board should ensure that the company is and is seen to be a responsible corporate citizen	<b>Applied</b>	
8.		<b>2.5</b> The board should ensure that the company's ethics are managed effectively	<b>Applied</b>	
9.		<b>2.6</b> The board should ensure that the company has an effective and independent audit committee	<b>Applied</b>	
10.		<b>2.7</b> The board should be responsible for the governance of risk	<b>Applied</b>	Delegated to Audit and Risk Committees
11.		<b>2.8</b> The board should be responsible for information technology (IT) governance	<b>Applied</b>	Delegated to Risk Committee
12.		<b>2.9</b> The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	<b>Applied</b>	
13.		<b>2.10</b> The board should ensure that there is an effective risk-based internal audit	<b>Applied</b>	
14.		<b>2.11</b> The board should appreciate that stakeholders' perceptions affect the company's reputation	<b>Applied</b>	
15.		<b>2.12</b> The board should ensure the integrity of the company's integrated report	<b>Applied</b>	
16.		<b>2.13</b> The board should report on the effectiveness of the company's system of internal controls	<b>Applied</b>	
17.		<b>2.14</b> The board and its directors should act in the best interests of the company	<b>Applied</b>	
18.			<b>2.15</b> The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	<b>Applied</b>

No.	Area	Requirement	Status	Comments
19.		<b>2.16</b> The board should 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	<b>Applied</b>	
20.		<b>2.17</b> The board should appoint the chief executive officer and establish a framework for the delegation of authority	<b>Applied</b>	
21.	Composition of the board	<b>2.18</b> The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	<b>Explained</b>	There are an equal number of executive and non-executive directors (with the majority of non-execs being independent). Measures have however been put in place to ensure the independence of the board (see page 16 of the 2013 Integrated Annual Report)
22.	Board appointment process	<b>2.19</b> Directors should be appointed through a formal process	<b>Applied</b>	
23.	Director developments	<b>2.20</b> The induction of and on-going training and development of directors should be conducted through formal processes	<b>Applied</b>	
24.	Company secretary	<b>2.21</b> The board should be assisted by a competent, suitably qualified and experienced company secretary	<b>Applied</b>	
25.	Performance assessment	<b>2.22</b> The evaluation of the board, its committees and the individual directors should be performed every year	<b>Explained</b>	The board does not conduct regular appraisals of its members and committees. Consideration is being given to implement this going forward.
26.	Board committees	<b>2.23</b> The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	<b>Applied</b>	
27.	Group boards	<b>2.24</b> A governance framework should be agreed between the group and its subsidiary boards	<b>Explained</b>	An informal framework is in place. The process will be formalised in due course.

No.	Area	Requirement	Status	Comments
28.	Remuneration of directors and senior executives	<b>2.25</b> Companies should remunerate directors and executives fairly and responsibly	<b>Applied</b>	
29.		<b>2.26</b> Companies should disclose the remuneration of each individual director and certain senior executives	<b>Applied</b>	Senior executives' remuneration is reported on a consolidated basis
30.		<b>2.27</b> Shareholders should approve the company's remuneration policy	<b>Applied</b>	
<b>3. Audit committees</b>				
31.	Membership and resources of the audit committee	<b>3.1</b> The board should ensure that the company has an effective and independent audit committee	<b>Applied</b>	
32.		<b>3.2</b> Audit committee members should be suitably skilled and experienced independent non-executive directors	<b>Applied</b>	
33.		<b>3.3</b> The audit committee should be chaired by an independent non-executive director	<b>Applied</b>	
34.	Responsibilities of the audit committee	<b>3.4</b> The audit committee should oversee integrated reporting	<b>Applied</b>	
35.		<b>3.5</b> The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	<b>Applied</b>	
36.	Internal assurance providers	<b>3.6</b> The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	<b>Applied</b>	
37.		<b>3.7</b> The audit committee should be responsible for overseeing of internal audit	<b>Applied</b>	
38.		<b>3.8</b> The audit committee should be an integral component of the risk management process	<b>Applied</b>	
39.	External assurance providers	<b>3.9</b> The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	<b>Applied</b>	
40.	Reporting	<b>3.10</b> The audit committee should report to the board and shareholders on how it has discharged its duties	<b>Applied</b>	
<b>4. The governance of risk</b>				
41.	bility for ris	<b>4.1</b> The board should be responsible for the governance of risk	<b>Applied</b>	

No.	Area	Requirement	Status	Comments
42.		<b>4.2</b> The board should determine the levels of risk tolerance	<b>Applied</b>	
43.		<b>4.3</b> The risk committee or audit committee should assist the board in carrying out its risk responsibilities	<b>Applied</b>	
44.	Managements responsibility for risk management	<b>4.4</b> The board should delegate to management the responsibility to design, implement and monitor the risk management plan	<b>Applied</b>	
45.	Risk assessment	<b>4.5</b> The board should ensure that risk assessments are performed on a continual basis	<b>Applied</b>	
46.		<b>4.6</b> The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	<b>Applied</b>	
47.	Risk response	<b>4.7</b> The board should ensure that management considers and implements appropriate risk responses	<b>Applied</b>	
48.	Risk monitoring	<b>7.8</b> The board should ensure continual risk monitoring by management	<b>Applied</b>	
49.	Risk assurance	<b>4.9</b> The board should receive assurance regarding the effectiveness of the risk management process	<b>Applied</b>	
50.	Risk disclosure	<b>4.10</b> The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	<b>Applied</b>	
<b>5. The governance of information technology</b>				
51.		<b>5.1</b> The board should be responsible for information technology (IT) governance	<b>Applied</b>	Delegated to Risk Committee
52.		<b>5.2</b> IT should be aligned with the performance and sustainability objectives of the company	<b>Applied</b>	
53.		<b>5.3</b> The board should delegate to management the responsibility for the implementation of an IT governance framework	<b>Applied</b>	
54.		<b>5.4</b> The board should monitor and evaluate significant IT investments and expenditure	<b>Applied</b>	
55.		<b>5.5</b> IT should form an integral part of the	<b>Applied</b>	

No.	Area	Requirement	Status	Comments
		company's risk management		
56.		<b>5.6</b> The board should ensure that information assets are managed effectively	<b>Applied</b>	
57.		<b>5.7</b> A risk committee and audit committee should assist the board in carrying out its IT responsibilities	<b>Applied</b>	
<b>6. Compliance with laws, rules, codes and standards</b>				
58.		<b>6.1</b> The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	<b>Applied</b>	
59.		<b>6.2</b> 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	<b>Applied</b>	
60.		<b>6.3</b> Compliance risk should form an integral part of the company's risk management process	<b>Applied</b>	
61.		<b>6.4</b> The board should delegate to management the implementation of an effective compliance framework and processes	<b>Applied</b>	
<b>7. Internal audit</b>				
62.	The need for and role of internal audit	<b>7.1</b> The board should ensure that there is an effective risk based internal audit	<b>Applied</b>	
63.	Internal audit's approach and plan	<b>7.2</b> Internal audit should follow a risk based approach to its plan	<b>Applied</b>	
64.		<b>7.3</b> Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	<b>Applied</b>	
65.		<b>7.4</b> The audit committee should be responsible for overseeing internal audit	<b>Applied</b>	
66.	Internal audit's status in the company	<b>7.5</b> Internal audit should be strategically positioned to achieve its objectives	<b>Applied</b>	
<b>8. Governing stakeholder relationships</b>				
67.		<b>8.1</b> The board should appreciate that stakeholders' perceptions affect a company's reputation	<b>Applied</b>	
68.		<b>8.2</b> The board should delegate to management to proactively deal with stakeholder relationships	<b>Applied</b>	

No.	Area	Requirement	Status	Comments
69.		<b>8.3</b> The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	<b>Applied</b>	
70.		<b>8.4</b> Companies should ensure the equitable treatment of shareholders	<b>Applied</b>	
71.		<b>8.5</b> Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	<b>Applied</b>	
72.	<b>Dispute resolution</b>	<b>8.6</b> The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	<b>Applied</b>	
<b>9. Integrated reporting and disclosure</b>				
73.	<b>Transparency and accountability</b>	<b>9.1</b> The board should ensure the integrity of the company's integrated report	<b>Applied</b>	
74.		<b>9.2</b> Sustainability reporting and disclosure should be integrated with the company's financial reporting	<b>Applied</b>	
75.		<b>9.3</b> Sustainability reporting and disclosure should be independently assured	<b>Explained</b>	The board will consider the appropriateness of the required independent assurance in due course