

CORPORATE GOVERNANCE

Analysis of the application of the 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	Applied	
2.		1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
3.		1.3 The board should ensure that the company's ethics are managed effectively	Applied	
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	Applied	
5.		2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	
6.		2.3 The board should provide effective leadership based on an ethical foundation	Applied	
7.		2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
8.		2.5 The board should ensure that the company's ethics are managed effectively	Applied	
9.		2.6 The board should ensure that the company has an effective and independent audit committee	Applied	
10.		2.7 The board should be responsible for the governance of risk	Applied	Delegated to Audit and Risk Committees
11.		2.8 The board should be responsible for information technology (IT) governance	Applied	Delegated to Risk Committee
12.		2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	
13.		2.10 The board should ensure that there is an effective risk-based internal audit	Applied	
14.		2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	Applied	
15.		2.12 The board should ensure the integrity of the company's integrated report	Applied	
16.		2.13 The board should report on the effectiveness of the company's system of internal controls	Applied	
17.		2.14 The board and its directors should act in the best interests of the company	Applied	
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	Applied

No.	Area	Requirement	Status	Comments
19.		2.16 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	Applied	
20.		2.17 The board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied	
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	Explained	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 17 of the 2014 Integrated Annual Report)
22.	Board appointment process	2.19 Directors should be appointed through a formal process	Applied	
23.	Director developments	2.20 The induction of and on-going training and development of directors should be conducted through formal processes	Applied	
24.	Company secretary	2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	
25.	Performance assessment	2.22 The evaluation of the board, its committees and the individual directors should be performed every year	Explained	The board does not conduct regular appraisals of its members and committees. Consideration is being given to implement this going forward.
26.	Board committees	2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied	
27.	Group boards	2.24 A governance framework should be agreed between the group and its subsidiary boards	Explained	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	2.25 Companies should remunerate directors and executives fairly and responsibly	Applied	
29.		2.26 Companies should disclose the remuneration of each individual director and certain senior executives	Applied	Senior executives' remuneration is reported on a consolidated basis
30.		2.27 Shareholders should approve the company's remuneration policy	Applied	
3. Audit committees				
31.	Membership and resources of the audit committee	3.1 The board should ensure that the company has an effective and independent audit committee	Applied	
32.		3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	Applied	
33.		3.3 The audit committee should be chaired by an independent non-executive director	Applied	
34.	Responsibilities of the audit committee	3.4 The audit committee should oversee integrated reporting	Applied	
35.		3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied	
36.	Internal assurance providers	3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied	
37.		3.7 The audit committee should be responsible for overseeing of internal audit	Applied	
38.		3.8 The audit committee should be an integral component of the risk management process	Applied	
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	Applied	
40.	Reporting	3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	Applied	
4. The governance of risk				
41.	bility for ris	4.1 The board should be responsible for the governance of risk	Applied	

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

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

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