

## CORPORATE GOVERNANCE

In compliance with the regulations of the JSE, a complete list of the King III principals and the Company's compliance therewith is summarised in the table below.

Principal ref#	Area	Principle	Status (Implemented - yes/no; Time period of status - full/partial)	Comments - evidence of implementation
1	<b>Ethical leadership and corporate citizenship</b>	1.1 The board should provide effective leadership based on an ethical foundation	yes ; full	The board leads by a culture of integrity, transparency, accountability, fairness and honesty.
2		1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	yes ; full	The board ensures this through its social and ethics committee which monitors the group's social, economic and environmental impact.
3		1.3 The board should ensure that the company's ethics are managed effectively	yes ; full	The board has endorsed the code of ethics adopted by management and monitors compliance through its social and ethics committee
4	<b>Role and function of the board</b>	2.1 The board should act as the focal point for and custodian of corporate governance	yes ; full	The board ensures good corporate governance is adhered to through its audit committee, and management reporting structures and recruitment policy.
5		2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	yes ; full	The board ensures this through its decision making, and management reporting requirements
6		2.3 The board should provide effective leadership based on an ethical foundation	yes ; full	The board ensures this through its decision making and its social and ethics committee
7		2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen	yes ; full	The board ensures this through its social and ethics committee which monitors the group's social, economic and environmental impact.
8		2.5 The board should ensure that the company's ethics are managed effectively	yes ; full	The board ensures this through its social and ethics committee which monitors the group's social, economic and environmental impact.
9		2.6 The board should ensure that the company has an effective and independent audit committee	yes ; full	The board ensures this through its audit committee: its responsibilities are documented in a written charter; its members are financially literate independent non-executives; its independent chairman reports to the board.
10		2.7 The board should be responsible for the governance of risk	yes ; full	The board ensures this through its board charter, audit committee, and management reporting structures.
11		2.8 The board should be responsible for information technology (IT) governance	yes ; full	The board ensures this through its audit committee, which monitors the IT governance by the operational management of each business.
12		2.9 The board should ensure that the company complies with applicable	yes ; full	The board ensures this through its audit committee, which monitors regulatory compliance by the

		laws and considers adherence to non-binding rules, codes and standards		operational management of each business.
13		2.10 The board should ensure that there is an effective risk-based internal audit	no; full	The nature of the business does not warrant an internal audit function.
14		2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	yes ; full	The board encourages regular and meaningful management engagement with important stakeholders through its management communication and reporting structures.
15		2.12 The board should ensure the integrity of the company's integrated report	yes ; full	The board review the integrity and accuracy of the Integrated Annual Report through its audit committee, which recommends approval to the board
16		2.13 The board should report on the effectiveness of the company's system of internal controls	yes ; full	The board review the effectiveness of internal controls through its audit committee, which reports thereon in the Integrated Report
17		2.14 The board and its directors should act in the best interests of the company	yes ; full	The directors are aware of their fiduciary duties to avoid conflicts of interest and annually disclose personal financial interests in the company
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	yes ; full	The board continually assesses the financial health of the company through its management reporting requirements and will timeously be aware of, and act on, any threats to its financial wellbeing
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 fulfill the role of chairman of the board.	no ; full	The board has a non-executive Chairman, but not independent, whom the board considers the best person for the position. The joint CEO's are not the chairman.
20		2.17 The board should appoint the CEO and establish a framework for the delegation of authority	yes ; full	The board has appointed 2 joint CEO's, who oversee all the operations of the company and report directly to the board.
21	<b>Composition of the board</b>	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	yes ; partial	Up to 21 December 2016 the board had an equal number of non-executive and executive directors. Since the appointment of K R Collins to the board on 22 December 2016, the board now has five non-executive directors and four executive directors. Three of the five non-executive directors are independent. No one director has unfettered powers of decision-making and there is a balance of power among the members of the board, and between the board and management.
22	<b>Board appointment process</b>	2.19 Directors should be appointed through a formal process	yes ; full	The process for appointing new directors is performed by the board as a whole, in a formal and transparent manner; and new directors are obliged to retire and offer themselves for re-election at the first annual general meeting following their appointment.
23	<b>Director</b>	2.20 The induction of and	no ; full	This is not considered necessary

	<b>development</b>	ongoing training and development of directors should be conducted through formal processes		given the scope, and nature of the business, and the formal appointment process.
24	<b>Company secretary</b>	2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	yes ; full	<p>The company secretary is Mettle Corporate Finance (Pty) Ltd ("MCF"), appointed on 13 September 2016 in the place of F M Ver Loren van Themaat. The board considers the competence, qualifications, experience and independence of the company secretary on an annual basis and reports its findings to shareholders in its annual report. The board takes the following steps in making this assessment-</p> <ul style="list-style-type: none"> <li>• identify the individuals who perform the work on behalf of MCF;</li> <li>• confirm the professional qualifications of such individuals;</li> <li>• obtain details of continuing education undertaken by such individuals during the year;</li> <li>• obtain details of the advisors consulted by such individuals in performing the role during the year;</li> <li>• consider the independence of such individuals from the board.</li> </ul> <p>The board is satisfied that W Marais and T Kretzmann are competent, qualified and appropriately experienced to perform the company secretary function on behalf of MCF for the following reasons- W Marais holds a BA, LLB, Hons (Financial Management) and Grad Dip Tax, is an admitted attorney, notary and conveyance and has 22 years' experience in corporate finance, and is not a member of the board. T Kretzmann holds the qualification M.Com (Financial Management) and has 5.5 years experience in a corporate finance advisory role. Terence has previously served as the company secretary and finance director of an AltX listed company, and is not a member of the board.</p>
25	<b>Performance assessment</b>	2.22 The evaluation of the board, its committees and the individual directors should be performed every year	yes ; full	The board ensures continual evaluation through its committee and management reporting obligations to the board.
26	<b>Board committees</b>	2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	yes ; full	The board has established an audit, social and ethics, and remuneration committee, all with reporting obligations to the board.
27	<b>Group boards</b>	2.24 A governance framework should be agreed between the group	yes ; full	The board ensures this through its divisional management reporting obligations to the board.

		and its subsidiary boards		
28	<b>Remuneration of directors and senior executives</b>	2.25 Companies should remunerate directors and executives fairly and responsibly	yes ; full	The board ensures this through its remuneration committee which monitors executive remuneration and reports to the board.
29		2.26 Companies should disclose the remuneration of each individual director and certain senior executives	yes ; full	The company includes this disclosure in its Integrated Report annually.
30		2.27 Shareholders should approve the company's remuneration policy	yes ; full	The remuneration policy is tabled at the annual general meeting of shareholders for approval annually
31	<b>Audit committees</b>	3.1 The board should ensure that the company has an effective and independent audit committee	yes ; full	The board has established an independent audit committee comprising three independent non-executive directors.
32	<b>Membership and resources of the audit committee</b>	3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	yes ; full	Its audit committee members are financially literate independent non-executives.
33		3.3 The audit committee should be chaired by an independent non-executive director	yes ; full	Its audit committee chairman is the lead independent non-executive director.
34	<b>Responsibilities of the audit committee</b>	3.4 The audit committee should oversee integrated reporting	yes ; full	The audit committee reviews the Integrated Report annually and recommends approval to the board.
35	<b>Assisted by an ad hoc Committee of the Board</b>	3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	yes ; full	The audit committee obtains assurance from the external auditor and management in relation to matters such as financial reporting, legal compliance, internal controls and risk management.
36	<b>Internal assurance providers</b>	3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	yes ; full	The audit committee interviews the independent auditor annually, and also assesses the finance function by ongoing interactive communication with the finance director, and reports on the outcome in the Integrated Report.
37		3.7 The audit committee should be responsible for overseeing of internal audit	no; full	The size of the business does not warrant a separate internal audit function.
38		3.8 The audit committee should be an integral component of the risk management process	yes ; full	The audit committee annually assesses the group's internal control and risk management processes and reports thereon to the board and in the Integrated Report
39	<b>External assurance providers</b>	3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	yes ; full	The audit committee recommends the appointment of the external auditor, and receives reports on the external auditor's findings annually.
40	<b>Reporting</b>	3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	yes ; full	The audit committee reports to the board bi-annually.
41	<b>The governance of risk</b>	4.1 The board should be responsible for the governance of risk	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports to the board.
42		4.2 The board should determine the levels of risk	yes ; full	The board ensures this through its audit committee, which monitors risk

		tolerance		management by the operational management of each business and reports to the board.
43	<b>Assisted by a Committee of the Board</b>	4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports to the board.
44	<b>Management's responsibility for risk</b>	4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports to the board.
45	<b>Risk assessment</b>	4.5 The board should ensure that risk assessments are performed on a continual basis	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports to the board.
46		4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports to the board.
47	<b>Risk response</b>	4.7 The board should ensure that management considers and implements appropriate risk responses	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports to the board.
48	<b>Risk monitoring</b>	4.8 The board should ensure continual risk monitoring by management	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports to the board.
49	<b>Risk assurance</b>	4.9 The board should receive assurance regarding the effectiveness of the risk management process	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports to the board.
50	<b>Risk disclosure</b>	4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	yes ; full	The board ensures this through its audit committee, which monitors risk management by the operational management of each business and reports its findings to the board and in the Integrated Report.
51	<b>The governance of information technology</b>	5.1 The board should be responsible for information technology (IT) governance	yes ; full	The board ensures this through its audit committee, which monitors IT management by the operational management of each business and reports its findings to the board.
52		5.2 IT should be aligned with the performance and sustainability objectives of the company	yes ; full	The board ensures this through its audit committee, which monitors IT management by the operational management of each business and reports its findings to the board.
53		5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework	yes ; full	The board ensures this through its audit committee, which monitors IT management by the operational management of each business and reports its findings to the board.
54		5.4 The board should monitor and evaluate significant IT investments and expenditure	yes ; full	The board ensures this through its management reporting obligations and budgeting requirements.
55		5.5 IT should form an integral part of the	yes ; full	The board ensures this through its audit committee, which monitors IT

		company's risk management		management by the operational management of each business and reports its findings to the board.
56		5.6 The board should ensure that information assets are managed effectively	yes ; full	The board ensures this through its audit committee, which monitors IT management by the operational management of each business and reports its findings to the board.
57		5.7 A risk committee and audit committee should assist the board in carrying out its IT responsibilities	yes ; full	The board ensures this through its audit committee, which monitors IT management by the operational management of each business and reports its findings to the board.
58	<b>Compliance with laws, rules, codes and standards</b>	6.1 The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules codes and standards	yes ; full	The board ensures this through its appointment criteria, and its audit committee, which monitors regulatory compliance by the operational management of each business and reports to the board.
59	<b>Assisted by a management Committee</b>	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	yes ; full	The board ensures this through its formal appointment process, and its audit committee, which monitors regulatory compliance by the operational management of each business and reports to the board.
60		6.3 Compliance risk should form an integral part of the company's risk management process	yes ; full	The board ensures this through its audit committee, which monitors regulatory compliance by the operational management of each business and reports to the board.
61		6.4 The board should delegate to management the implementation of an effective compliance framework and processes	yes ; full	The board ensures this through its audit committee, which monitors regulatory compliance by the operational management of each business and reports to the board.
62	<b>The need for and role of internal audit</b>	7.1 The board should ensure that there is an effective risk based internal audit	no; full	The nature of the business does not warrant a separate internal audit function.
63	<b>Internal audit's approach and plan</b>	7.2 Internal audit should follow a risk based approach to its plan	no; full	Refer 7.1
64		7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	no; full	Refer 7.1
65		7.4 The audit committee should be responsible for overseeing internal audit	no; full	Refer 7.1
66	<b>Internal audit's status in the company</b>	7.5 Internal audit should be strategically positioned to achieve its objectives	no; full	Refer 7.1
67	<b>Governing stakeholder relationships</b>	8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation	yes ; full	The board encourages regular and meaningful management engagement with important stakeholders through regular management communication, and management reporting processes.
68		8.2 The board should delegate to management to proactively deal with stakeholder relationships	yes ; full	The board encourages regular and meaningful management engagement with important stakeholders through regular management communication, and management reporting

				processes.
69		8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	yes ; full	The board encourages regular and meaningful management engagement with important stakeholders through regular management communication, and management reporting processes.
70		8.4 Companies should ensure the equitable treatment of shareholders	yes ; full	The company has a majority shareholder, and ensures equitable treatment of all shareholders through timeous release of price-sensitive information, transparent financial reporting and announcements, its dividend policy and encouragement of shareholder involvement at AGMs.
71		8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	yes ; full	The board encourages regular, meaningful and transparent management engagement with important stakeholders through regular management communication, and management reporting processes.
72	<b>Dispute resolution</b>	8.6 The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	yes ; full	The board encourages effective internal and stakeholder dispute resolution through meaningful management engagement, and management reporting processes.
73	<b>Integrated reporting and disclosure , Transparency and accountability</b>	9.1 The board should ensure the integrity of the company's integrated report	yes ; full	The board ensures this through open communication by executive directors with the external auditor, the JSE sponsor, as well as through its audit committee, which reviews the Integrated Report, engages with the external auditor and reports its findings to the board.
74	<b>Assisted by an ad hoc Committee of the Board</b>	9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	no; full	Currently not applicable due to the scope and nature of the business. This will become an area for development as the company expands its operations.
75		9.3 Sustainability reporting and disclosure should be independently assured	no; full	Refer 9.2