

Compliance in terms of the King Code on Corporate Governance for South Africa, 2009

	Principle(s)	Comply	Application of the Principle(s)
1. Ethical leadership and corporate citizenship			
Responsible leadership	1.1 The board should provide effective leadership based on an ethical foundation	✓	The ethical foundation on which the board provide effective leadership is incorporated in the code of business conduct and the social and ethics committee terms of reference. The group's values on which it builds its foundation is included in the 2016 integrated annual report.
	1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	The board ensures that the company is and is seen to be a corporate citizen and this is also included in the board charter as part of the role of the board.
	1.3 The board should ensure that the company's ethics are managed effectively	✓	The board adopted the code of business conduct, thereby committing that the company's ethics will be managed effectively. An external whistle-blowing process is in place demonstrating this.
2. Boards and directors			
Role and function of the board	2.1 The board should act as the focal point for and custodian of corporate governance	✓	The board's charter sets out its responsibilities and the board meets at least four times per year. Proper minutes are maintained to ensure that proper corporate governance is being implemented on an on-going basis.
	2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓	The board informs and approves the strategy and is aligned with the purpose of the company, its value drivers and the legitimate interests and expectations of its stakeholders to ensure sustainable outcomes. This principle is also included in the board charter.
	2.3 The board should provide effective leadership based on an ethical foundation	✓	The code of business conduct is a fundamental policy of the group to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards.
	2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	Through the audit and risk committee, the board identifies and monitors the non-financial aspects relevant to the business and reviews appropriate non-financial information that goes beyond assessing the financial and quantitative

			performance of the group, and looks at other qualitative performance factors, which take into account broad stakeholder issues.
	2.5 The board should ensure that the company's ethics are managed effectively	✓	All employees are required to comply with the spirit, as well as the letter of the code of business conduct, and maintain the highest standards of conduct in all dealings.
	2.6 The board should ensure that the company has an effective and independent audit committee	✓	The audit and risk committee consists of three non-executive directors, all of whom are independent.
	2.7 The board should be responsible for the governance of risk	✓	Through the audit and risk committee, the board identifies the key risk areas and key performance indicators for the group. The board has a process by which these risks are updated regularly.
	2.8 The board should be responsible for information technology (IT) governance	✓	The board delegated this function to the audit and risk committee to ensure that IT governance is properly implemented. Minutes of the IT steering committee is included in the audit and risk committee meeting pack as well as board packs. A new chief information officer/IT executive was appointed during the reporting period.
	2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	The audit and risk committee as well as social and ethics committee oversee this function, however certain of these responsibilities have been delegated to the social and ethics committee and are stipulated as such in the relevant committee terms of reference.
	2.10 The board should ensure that there is an effective risk-based internal audit	✓	Internal audit assists the group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
	2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	✓	The stakeholder engagement table is included in the 2016 annual integrated report.
	2.12 The board should ensure the integrity of the company's integrated report	✓	This responsibility was delegated to the audit and risk committee to review the integrity of the company's integrated report prior to tabling this to the board for final approval.
	2.13 The board should report on the effectiveness of the company's system of internal controls	✓	The internal auditor's primary mandate is to examine and evaluate the effectiveness of the systems of internal financial control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention

			of the board through the audit and risk committee.
	2.14 The board and its directors should act in the best interests of the company	✓	A standard conflict of interest agenda item allow directors to report on real or perceived conflicts. The board and committees are free to take professional advice in the exercise of their duties. A formal policy on insider trading and dealing in shares is in place.
	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	✓	This duty was included in the board charter and will be implemented as and when required.
	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	✓	Mr Philip was appointed as chief executive officer and his role is separate to that of the executive chairman, Mr Ronny. Mr John Macey is the lead independent director, supporting the executive chairman.
	2.17 The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓	A delegation of authority framework was reviewed, updated and adopted and the chief executive officer's role was formalised and his performance is evaluated against specific criteria.
	2.18 The board should comprise a balance of power, with majority of non-executive directors. The majority of non-executive directors should be independent	✓	Four of the six directors are non-executive directors. Three of the non-executive directors are independent. The board size, diversity and demographics was considered and a current board of six members are efficient. A chief executive officer was appointed during the reporting period.
	2.19 Directors should be appointed through a formal process	✓	Directors are appointed through a formal process and this is overseen by the remuneration and nomination committee and confirmed by the board. A policy regarding the appointment of directors to the board is in place.
	2.20 The induction of an ongoing training and development of directors should be conducted through formal processes	✓	Following the appointment of new directors, they visit the group's businesses and meet with senior management, as appropriate and are offered to facilitate their understanding of the group and their fiduciary responsibilities. Directors receive training as and when required.
	2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	✓	Sirkien van Schalkwyk is a competent suitably qualified company secretary and was evaluated as such as part of the board evaluation process.
	2.22 The evaluation of the board,	✓	A self-evaluation was conducted by

	its committees and the individual directors should be performed every year		the board and its sub-committees during 2016, except for the social and ethics committee. The results were discussed as well as plans to develop the identified improvement areas.
	2.23 The board should delegate certain functions to well-structured committees but without abdication its own responsibilities	✓	Specific responsibilities have been formally delegated to the board committees with defined terms of reference, duration and function, clearly agreed upon reporting procedures and written scope of authority documented in its formal charters.
	2.24 A governance framework should be agreed between the group and its subsidiary boards	✓	A governance framework was implemented during 2014 and continuously improved. The framework would be increased during 2017 to include more of the subsidiaries.
	2.25 Companies should remunerate directors and executives fairly and responsibly	✓	An approved remuneration philosophy, consisting of fix pay, a bonus component and participation in an incentive scheme is in place and is subject to shareholder approval at the annual general meeting on 4 May 2017.
	2.26 Companies should disclose the remuneration of each individual director and certain senior executives	✓	The directors' remuneration is disclosed in the 2016 integrated annual report.
	2.27 Shareholders should approve the company's remuneration policy	✓	The remuneration will be tabled for shareholder approval at the annual general meeting to be held on 4 May 2017.
3. Audit committee			
	3.1 The board should ensure that the company has an effective and independent audit committee	✓	The committee comprises of three non-executive directors, all of whom are independent.
	3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	✓	The members have the required financial knowledge and experience to oversee and guide the board and the group in respect of the audit and corporate governance disciplines.
	3.3 The audit committee should be chaired by an independent non-executive director	✓	The committee is chaired by John Macey, who is an independent non-executive director.
	3.4 The audit committee should over-see integrated reporting	✓	This function is included in the committee's terms of reference.
	3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓ (partially)	A combined assurance model is being considered for all assurance activities.
	3.6 The audit committee should	✓	The committee satisfied itself with

	satisfy itself of the expertise, resources and experience of the company's finance functions		Willie van Wyk's work experience, performance and technical skills in fulfilling his role as financial director and providing leadership to the rest of the financial team.
	3.7 The audit committee should be responsible for overseeing of internal audit	✓	Kelvin Mooya was appointed as the head of internal audit. He reports to the audit and risk committee at each meeting.
	3.8 The audit committee should be an integral component of the risk management process	✓	The internal audit scope is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks and issues highlighted by the audit and risk committee and senior management.
	3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓	The audit and risk committee approves the appointment of the external auditor as well as its engagement letter and terms, nature and scope of the audit function and the audit fee.
	3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	✓	The audit and risk committee advises the board on issues ranging from the application of accounting standards to published financial information and feedback is provided at each board meeting. A report from the audit and risk committee chairman is included in the 2016 integrated annual report.
4. The governance risk			
	4.1 The board should be responsible for the governance of risk	✓	The board has established a comprehensive control environment ensuring that risks are mitigated and the group's objectives are attained. Oversight function in terms of risk is delegated to the audit and risk committee and discussed at each meeting with feedback to the board.
	4.2 The board should determine the levels of risk tolerance	✓	The risk tolerance levels are discussed at each audit and risk committee meeting.
	4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓	The board's risk responsibilities are delegated to the audit and risk committee. The internal audit plan is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks and issues highlighted by the audit and risk committee and senior management.
	4.4 The board should delegate to management the responsibility to design implement and monitor the risk management plan	✓	All inherent and residual risks are discussed at each audit and risk committee meeting with feedback to the board. The risk register include the risks, ratings, internal controls

			and mitigating actions.
	4.5 The board should ensure that risk assessments are performed on a continual basis	✓	The inherent and residual risks are discussed at the quarterly audit and risk committee meetings.
	4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	The risk register is continuously reviewed and is discussed quarterly at the audit and risk committee meetings.
	4.7 The board should ensure that management considers and implements appropriate risk responses	✓	Responses in terms of the risk register are being enhanced so as to include detailed responses from a subsidiary level.
	4.8 The board should ensure continual risk monitoring by management	✓	The board has established a comprehensive control environment ensuring that risks are mitigated and the group's objectives are attained.
	4.9 The board should receive assurance regarding the effectiveness of the risk management process	✓	A risk assessment is done bi-annually by the audit and risk committee with the assistance of a risk register.
	4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓	The major risks are disclosed in the 2016 integrated annual report.
5. The governance of information technology			
	5.1 The board should be responsible for information technology (IT) governance	✓	The board delegated this function to the audit and risk committee and it is included in its terms of reference. This function also forms part of the responsibility of the audit and risk committee. The IT steering committee was re-established to have more strategic discussions at the meeting. The IT steering committee reports to the audit and risk committee in this regard. Feedback is provided on IT governance at each board meeting. Martin Coetsee was appointed as IT executive and is also the chief information officer. He attends audit and risk meetings as an invitee.
	5.2 IT should be aligned with the performance and sustainability objectives of the company	✓	The IT steering committee meets minimum two times a year and discuss the sustainability of IT systems.
	5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework	✓	Terms of reference was adopted for the IT steering committee and feedback is provided to the audit and risk committee as well as the board with the minutes of the IT steering committee included in the meeting packs.
	5.4 The board should monitor and	✓	IT investments and expenditure are

	evaluate significant IT investments and expenditure		being monitored and approved in terms of the delegation of authority framework.
	5.5 IT should form an integral part of the company's risk management	✓	The IT steering committee developed a detailed risk register focussing on IT related risks. The top IT risks are also included in the company risk register and also dealt with separately on a bi-annual basis.
	5.6 The board should ensure that information assets are managed effectively	✓	The board delegated this function to the audit and risk committee which provide feedback at each meeting under a standard agenda item dealing with information technology.
	5.7 A risk committee and audit committee should assist the board in carrying out its IT responsibilities	✓	The audit and risk committee assists the board carrying out its IT responsibilities via the IT steering committee.
6. Compliance with laws, rule, codes and standards			
	6.1 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	The audit and risk committee assist the board in complying with the applicable laws, rules, codes and standards in the ambit of its terms of reference. The balance of the compliance matters will be delegated to the social and ethics committee.
	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	✓	Directors have a working understanding of all applicable laws, rules, codes and standards applicable to the company.
	6.3 Compliance risk should form an integral part of the company's risk management process	✓	Joanette Nagel was appointed as group compliance officer and oversee the compliance function within the group. She attends audit and risk committee meetings by invitation.
	6.4 The board should delegate to management the implementation of an effective compliance framework and processes	✓	Compliance is a standard agenda item with a reporting function in terms of establishing a compliance framework.
7. Internal audit			
	7.1 The board should ensure that there is an effective risk based internal audit	✓	The internal audit scope is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks and issues highlighted by the audit and risk committee and senior management.
	7.2 Internal audit should follow a risk based approach to its plan	✓	The internal audit plan is focussing on risk management and assisting in the reduction of risk.
	7.3 Internal audit should provide a	✓	A quarterly report from the internal

	written assessment of the effectiveness of the company's system of internal controls and risk management		auditors is submitted to the audit and risk committee meetings.
	7.4 The audit committee should be responsible for overseeing internal audit	✓	The internal audit function forms part of the audit and risk committee's responsibility as set out in its terms of reference.
	7.5 Internal audit should be strategically positioned to achieve its objectives	✓	The internal audit plan is developed in order for it to achieve its objectives. This is reviewed at the quarterly audit and risk committee meetings.
8. Governing stakeholder relationships			
	8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation	✓	The board acknowledges this and is engaging with stakeholders on an on-going basis.
	8.2 The board should delegate to management to proactively deal with stakeholder relationships	✓	The group interacts with its major stakeholders on an ad hoc basis in the normal course of business.
	8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓	Management interacts with stakeholders on an on-going basis to ensure that they have all stakeholder's interests at heart.
	8.4 Companies should ensure the equitable treatment of shareholders	✓	Shareholders are all treated equally notwithstanding their percentage of shareholding in the company.
	8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	The board strives to ensure that reporting to stakeholders is relevant, transparent and accurate.
	8.6 The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✓ (partially)	A formal dispute policy is not adopted, but disputes are managed efficiently and expeditiously as possible
9. Integrated reporting and disclosure			
	9.1 The board should ensure the integrity of the company's integrated report	✓	This forms part of the responsibilities of the audit and risk committee and is included as such in its terms of reference prior to presenting the report to the board.
	9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	✓	The group endeavours to integrate all information to stakeholders in the form of the integrated report, focussing on sustainability on all levels, including finances.
	9.3 Sustainability reporting and disclosure should be independently assured	x	Sustainability reporting is currently being self-assured, however this is being reviewed.