

KING IV APPLICATION ASSESSMENT

Principle

Application

1. The governing body should lead ethically and effectively.

Overseen by the Board Chairman, the directors hold one another accountable for decision-making based on the highest standards of integrity, competence, responsibility, fairness and transparency.

2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Supported by the Group Social and Ethics Committee, the Board oversees the governance of ethics across the Group. This governance is detailed in the Board-approved Code of Business Standards and Ethics, which guides the interaction between employees, clients, stakeholders, suppliers and the communities in which the Group operates. Management is responsible for the implementation of the code and for reporting any material breaches to the Group Social and Ethics Committee. Employees are surveyed annually to ensure awareness and understanding of the code.

The Group's fraud hotline is managed as an independent reporting mechanism in partnership with an experienced external service provider. Whistle-blowers can register tip-offs anonymously via telephone, fax, email or the service provider's website. The tip-offs are relayed to the Head of Group Audit Services and Risk Manager for investigation and resolution.

3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board, assisted by the Group Social and Ethics Committee, oversees the governance and implementation of activities that tangibly demonstrate responsible corporate citizenship. These include compliance with the Constitution, laws, standards, policies and procedures, as well as consistency with the Group's purpose, strategy and Code of Business Standards and Ethics.

The committee regularly reviews the Group's CSI spend to ensure alignment with defined focus areas and to ensure that major projects reflect the needs of the communities in which the Group operates.

4. 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.

- The Group has a clearly defined strategy with associated risks. The Board meets with key management to review the strategy and any proposed changes.
- The Board has delegated to management the detailed formulation and implementation of the strategy and the realisation of the expected returns.
- The Board has approved key performance measures and targets for management.
- The Board oversees management's implementation of the strategy and plans against the agreed performance measures and targets.
- The Deal Committee will approve any acquisitions, investments or disposals that are material in terms of the delegation of authority limits matrix.
- The Group Audit and Group Risk Committees assist with the governance of risks. They monitor the impact of identified risks and the effectiveness of mitigating controls.
- The responsibility for risk management is detailed in the Group Audit and Group Risk Committees' charters.
- The Group is aware of the general viability, reliance and effect of its activities on its capitals, solvency and liquidity, and going concern status.

5. 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.

- The Board, assisted by its committees, ensures that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of stakeholders.
- The Board, assisted by the Group Audit Committee, ensures that the Integrated Report is in line with the Companies Act, JSE Listings Requirements and JSE Debt Listings Requirements.
- The Board approves the basis for determining materiality for the purpose of defining the information to include in reports.
- The Board, assisted by the Group Audit and Group Risk Committees, ensures the integrity of external reports.
- The Board delegates to management the uploading of the King IV disclosure requirements, Integrated Report, Financial Statements and other external reports on its website.

6. The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Board serves as the focal point and custodian of corporate governance. Its role and responsibilities and the manner in which it executes its duties and decision-making are set out in the Board charter and charters of the Group Audit, Group Risk, Deal, Remuneration, and Group Social and Ethics Committees.

KING IV APPLICATION ASSESSMENT continued

Principle

7. 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.

8. 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.

Application

Composition of the governing body:

- The Board is satisfied that its composition considers the size of the Group, the optimal mix of knowledge, skills, experience and independence, and the requirement in numbers for its committees, quorum requirements and regulatory requirements.
- The Group CEO and Group CFO are members of the Board.
- The Board has set diversity targets that it seeks to achieve as vacancies occur on the Board.
- The majority of Board members are Non-Executive Directors.

Nomination, election and appointment of members to the governing body:

- The Non-Executive Directors are all members of the Nominations Committee and ensure that vacancies on the Board are filled when they arise. The Board charter includes a formal and transparent process for the nomination, election and appointment of directors to the Board.

Independence and conflicts:

- Declarations of interests are tabled at every Board and committee meeting.
- The Board members formally update the register of directors' interests twice a year or when a change is required.

Chair of the Board:

- The role and responsibilities of the Chairman are documented in the Duties of the Chairman of the Company.
- The Chairman is not a member of the Group Audit Committee.
- The Chairman is a member, but not the Chair, of the Remuneration Committee.

- The Board determines delegation to individual members, groups of members, and standing or ad hoc committees.
- The composition of the Board and its committees is in line with King IV. There is a clear balance of power to ensure that no individual has undue decision-making influence.
- Each committee has a formal charter, approved by the Board, recording the responsibilities delegated to it.
- Each committee has a minimum of three members and sufficient capability and capacity to function effectively.
- Any member of the Board is entitled to attend any committee meeting as an observer, and management may be allowed to attend any committee meeting by standing or ad hoc invitation.

Group Audit Committee:

- Provides independent oversight of the assurance functions and the integrity of the Annual Financial Statements and other external reports.
- Oversees risks that may affect the integrity of external reports.
- The committee is satisfied that it has the necessary financial literacy, skills and experience. All members are independent non-executive members.
- The Chairman is an Independent Non-Executive Director and also the Chairman of the Group Risk Committee.

Group Risk Committee:

- Provides an independent review and oversight of the risks of all business units, the Group's OHS compliance, the IT function, and POPIA compliance.
- Monitors all potential and legal actions in which the Group is involved.
- The committee is satisfied that it has the necessary skills and experience. One member is a non-independent executive, two members are independent non-executive members and two are executive members.

Remuneration Committee:

- Provides oversight of remuneration governance and implementation.

Nominations Committee:

- Is responsible for the nomination, election and appointment of members to the governing body.

Group Social and Ethics Committee:

- Ensures that the highest ethical standards are maintained when the Group deals with external and internal stakeholders.
- The Chairperson and one member are independent non-executive members, and the other member is an Executive Director of the Board.
- The Chairperson reports to the Board on the activities of the committee.

Deal Committee:

- Considers acquisitions and disposals of businesses and material asset purchases and disposals that are not approved within the annual budget.
- The Chairman is a Non-Executive Director of the Board, and the other members comprise one Non-Executive Director and two Executive Directors of the Board.

Principle**Application**

9. 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>The Board conducts a formal internal evaluation process of the Board, the Chairman, the Board committees and individual directors at least every two years, with a less formal process in the intervening years.</p> <p>The Board is satisfied that the evaluation process is improving its performance and effectiveness and that it has executed its responsibility under the evaluation policy.</p>
10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	<ul style="list-style-type: none"> • The Board has appointed a Group CEO who is responsible for leading strategy implementation and regularly reports to the Board on the progress thereof. • The Board has approved and implemented a delegation of authority matrix that details the powers and matters reserved for itself and those to be delegated to management via the Group CEO. • The Board ensures that key management functions are adequately resourced and led by competent and appropriately authorised individuals.
11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	<ul style="list-style-type: none"> • The Board is cognisant of the key role risk management plays in the strategy, performance and sustainability of the Group. • The Group Audit and Group Risk Committees delegate to management the responsibility for: <ul style="list-style-type: none"> ◦ implementing processes to ensure that risks to the sustainability of the business are identified and managed within acceptable parameters; and ◦ continually identifying, assessing, mitigating and managing risks within the operating environment. Mitigating controls are in place to address these risks, which are monitored on a continuous basis. • Two Non-Executive Director members of the Group Audit and Group Risk Committees sit on both committees, ensuring coordination of the evaluation and reporting of risks.
12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	<ul style="list-style-type: none"> • The Board is aware of the importance of technology and information in relation to the achievement of the Group's strategy. • The Board, together with the Group Audit and Group Risk Committees, oversees the governance of IT.
13. The governing body should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	<ul style="list-style-type: none"> • The Board, with the assistance of the Group Audit and Group Risk Committees, ensures compliance with applicable laws and adopts non-binding rules, codes and standards. • The Group has identified the laws, codes and standards that impact its operations. • The Board has delegated the responsibility for ensuring compliance to management.
14. 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.	<ul style="list-style-type: none"> • The Board, assisted by the Remuneration Committee, ensures that executives and general employees are remunerated fairly and responsibly with a view to promoting the creation of value in a sustainable manner. • The remuneration policy is reviewed by the Remuneration Committee and approved by the Board. The policy is designed to attract and retain human capital; promote the achievement of strategic objectives and positive outcomes; develop an ethical culture; and ensure responsible corporate citizenship. • The Remuneration Committee oversees the implementation of the policy to ensure achievement of the policy objectives.
15. 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>The Board, assisted by the Group Audit and Group Risk Committees, ensures that there is internal or external assurance to review and report on:</p> <ul style="list-style-type: none"> • the internal control environment; • the integrity of information for management decision-making; and • external reporting. <p>The committees and the Board receive regular reports from the External Audit Partner, the Head of Internal Audit, the Group Legal Manager and the Group Company Secretary.</p>
16. In the execution of its governance roles 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.	<ul style="list-style-type: none"> • The Board, together with management, has identified key stakeholders. • The Group CEO has been delegated to maintain effective relationships with material stakeholders and to balance their legitimate and reasonable needs, interests and expectations with those of the Group. • Management proactively encourages consistent and transparent engagement with shareholders. • The Group ensures equal treatment of all shareholders and the protection of minority interests.
17. The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests.	Not applicable, as the Group is not an institutional investor.