



# KING III COMPLIANCE CHECKLIST

for the four-month period ended 30 June 2016



# CORPORATE GOVERNANCE

Corporate governance entails the framework of principles and practices by which the Datacentrix board of directors (“the Board”) ensures accountability, fairness, and transparency in the Group's relationship with all its stakeholders. It extends beyond legislative and regulatory compliance and considers explicit and implicit relationships between the Company and the stakeholders. Datacentrix' Board regards corporate governance as important to the success of the Group and remains committed to sound corporate governance principles. The Board endorses the application of the principles recommended in the King III Report, and has been effectively implementing and reporting on a spectrum of governance principles, underpinned by the values of responsibility, accountability, fairness and transparency.

## Statement of compliance

The Board accepts the responsibility to ensure that the King III principles are considered and applied, and is satisfied that every effort has been made to comply in all material aspects with these principles. Where the Group does not comply, this is stated and explained. The Group has remained committed to applying these principles to all its subsidiaries and its equity-accounted investee as appropriate.

A number of these principles are reflected in the Group's internal controls and policy procedures. While the Board is satisfied with its level of compliance with applicable governance and regulatory requirements, it recognises that its practices can always be improved, and accordingly the Board has and will continuously review the Group's governance framework against governance best practices. The Group continues to improve its well-established corporate governance processes and remains abreast of the latest industry developments.

The following matrix was compiled based on the review of the Group's corporate governance framework to indicate the level to which King III principles have been applied (based on the 27 main principles per chapter 2 of King III).

Principle	Description of principle (including related actions)	Compliance	Refer to details contained in the Integrated Report and additional comments
<b>1 – ETHICAL AND CORPORATE CITIZENSHIP</b>			
<b>1.1</b>	<b>The board should provide effective leadership based on an ethical foundation</b>	<b>F</b>	<b>Corporate governance report: Board charter</b>
	<b>Ethical leaders should:</b>		<p>In accordance with the board charter, the Board is the guardian of the values and ethics of the Group.</p> <p>The Board recognises that good governance emanates from effective, responsible leadership, which is characterised by the ethical values of responsibility, accountability, fairness and transparency. The Group's Code of Ethics Policy articulates the Group's position on conflicts of interest, gifts, confidentiality, fair dealings and protection and appropriate utilisation of assets.</p>
	Direct the strategy and operations to build a sustainable business;	✓	
	Consider the short and long-term impacts of the strategy on the economy, society and the environment;	✓	
	Do business ethically;	✓	
	Do not compromise the natural environment;	✓	
	Take account of the company's impact on internal and external shareholders.	✓	
	<b>The board should:</b>		
	Be responsible for the strategic direction of the company and for the control of the company;	✓	
	Set the values to which the company will adhere formulated in its code of conduct;	✓	
	Ensure that its conduct and that of management aligns to the values and is adhered to in all aspects of its business;	✓	
	Promotes the stakeholders inclusive approach to governance;	✓	

Principle	Description of principle (including related actions)	Compliance	Refer to details contained in the Integrated Report and additional comments
	Ensure that all deliberations, decisions and actions are based on the four values underpinning good governance;	✓	
	Ensure that each director adheres to the duties of a director;	✓	
<b>1.2</b>	<b>The board should ensure that the company is and is seen to be a responsible corporate citizen</b>	<b>F</b>	<b>Business overview: Corporate social responsibility report</b>
	<b>The board should:</b>		
	Consider not only on financial performance but also the impact of the company's operations on society and the environment;	✓	The Social, Ethics and Remuneration Committee, which reports to the Board, reflects and effects Datacentrix' commitment to responsible corporate citizenship. In addition to compliance with King III.
	Protect, enhance and invest in the wellbeing of the economy, society and the environment;	✓	
	Ensure that the company's performance and interaction with its stakeholders is guided by the constitution and the bill of rights;	✓	
	Ensure that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship;	✓	
	Ensure that measurable corporate citizenship programmes are implemented;	✓	
	Ensure that management develops corporate citizenship policies.	✓	
<b>1.3</b>	<b>The board should ensure that the company's ethics are managed effectively</b>	<b>F</b>	
	<b>The board should ensure that:</b>		
	It builds and sustains an ethical corporate culture in the company;	✓	Datacentrix has a Code of Ethics, to which all members of the Board, management and employees of the Group are required to adhere. The code promotes and enforces ethical business practices.
	It determines the ethical standards which should be clearly articulated and ensures that the company takes measures to achieve adherence to them in all aspects of the business;	✓	
	Adherence to ethical standards is measured;	✓	
	Internal and external ethics performance is aligned around the same ethical standards;	✓	
	Ethical risks and opportunities are incorporated in the risk management process;	✓	
	Code of conduct and ethics related policies are implemented;	✓	
	Compliance with the code of conduct is integrated in the operations of the company;	✓	
	The company's ethics performance should be assessed, monitored, reported and disclosed.	✓	

2 – BOARDS AND DIRECTORS			
2.1	The board should act as the focal point for and custodian of corporate governance	F	Corporate governance report: Structure, governance and operation of the board of directors
	<b>The board should:</b>		In accordance with the board charter, the Board is committed to the highest standards of corporate governance.
	Have a charter setting out its responsibilities;	✓	
	Meet at least four times per year;	✓	
	Monitor the relationship between management and the stakeholders of the company;	✓	
	Ensure that the company survives and thrives.	✓	
2.2	The board should appreciate strategy, risk, performance and sustainability are inseparable	F	Corporate governance report: Board charter
	<b>The board should:</b>		The Board, in accordance with the board charter, is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The Group's formalised risk management process takes into account the full range of risks including strategic and operational risk encompassing performance and sustainability.
	Inform and approve the strategy;	✓	
	Ensure that the strategy is aligned with the purpose of the company, the value drivers of its business and the legitimate interests and expectations of its stakeholders;	✓	
	Satisfy itself that the strategy and business plans are not encumbered by risks that have not been thoroughly examined by management;	✓	
	Ensure that the strategy will result in sustainable outcomes taking account of people, planet and profit.	✓	
2.3	The board should provide effective leadership based on an ethical foundation	F	Corporate governance report: Board charter <i>Refer principle 1.1</i>
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	F	Our integrated report strategy <i>Refer principle 1.2</i>
2.5	The board should ensure that the company's ethics are managed effectively	F	Corporate governance report: Board charter <i>Refer principle 1.3</i>
2.6	The board should ensure that the company has an effective and independent audit committee	F	Corporate governance report: Board Committees – Audit and Risk <i>Refer to principles 3.1 to 3.10</i>
2.7	The board should be responsible for the governance of risk	F	Corporate governance report: Board committees – Audit and Risk <i>Refer to principles 4.1 to 4.10</i>
2.8	The board should be responsible for information technology (IT) governance	F	Corporate governance report: Information technology <i>Refer to principles 5.1 to 5.7</i>
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	F	Corporate governance report: Board committees – Audit and Risk <i>Refer to principles 6.1 to 6.4</i>
2.10	The board should ensure that there is an effective risk-based internal audit	F	Corporate governance report: Board committees – Audit and Risk <i>Refer to principles 7.1 to 7.5</i>
2.11	The board should appreciate that stakeholders perceptions affect the company's reputation	F	Corporate governance report: Board committees – Audit and Risk <i>Refer to principles 8.1 to 8.6</i>

2.12	The board should ensure the integrity of the company's integrated report	F	Corporate governance report: Board committees – Audit and Risk <i>Refer to principles 9.1 to 9.3</i>
2.13	The board should report on the effectiveness of the company's system of internal controls	F	Corporate governance report: Board committees – Audit and Risk <i>Refer to principles 7.1 to 7.5</i>
2.14	The board and its directors should act in the best interests of the company	F	Corporate governance report: Board composition, performance and independence
	The board must act in the best interests of the company.	✓	The director's act in the best interest of the Group by, among other actions, disclosing conflicts where they exist, dealing in securities only as allowed by directors' dealing policies and by adhering to legal standards of conduct. Where required, they are permitted to take independent advice.
	Directors must adhere to the legal standards of conduct.	✓	
	Directors or the board should be permitted to take independent advice in connection with their duties following an agreed procedure.	✓	
	Real or perceived conflicts should be disclosed to the board and managed.	✓	
	Listed companies should have a policy regarding dealing in securities by directors, officers and selected employees.	✓	
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	N/A	N/A
	<b>The board should ensure that:</b>		Business rescue has not been required.
	The solvency and liquidity of the company is continuously monitored;	✓	
	Its consideration is fair to save a financially distressed company either by way of workouts, sale, merger, and amalgamation, compromise with creditors or business rescue;	✓	
	A suitable practitioner is appointed if business rescue is adopted;	N/A	
	The practitioner furnishes security for the value of the assets of the company.	N/A	
2.16	The board should elect a chairman of the board who is an independent non-executive chairman. The CEO of the company should not also fulfil the role of the chairman of the board.	F	Corporate governance report: Board chairman; lead independent director; chief executive officer
	The members of the board should elect a chairman on an annual basis.	✓	The Board has elected a non-executive Chairman who is not independent. Owing to the lack of independence, a fellow independent non-executive director has been appointed as the Lead Independent Director ("LID"). The Chief Executive ("CEO") and the Chairman are two separate individuals.
	The chairman should be independent and free of conflict upon appointment.	P	
	A lead independent director should be appointed in the case where an executive chairman is appointed or where the chairman is not independent or conflicted.	✓	
	The appointment of a chairman, who is not independent, should be justified in the integrated report.	✓	
	The role of the chairman should be formalised.	✓	
	The chairman's ability to add value, and his performance against what is expected of his role and function, should be assessed every year.	✓	
	The CEO should not become the chairman until 3 years have lapsed.	N/A	
	The chairman together with the board should consider the number of outside chairmanships held.	✓	
	The board should ensure a succession plan for the role of the chairman.	✓	

2.17	<b>The board should appoint the chief executive officer and establish a framework for the delegation of authority</b>	F	<b>Corporate governance report: Chief executive officer</b>
	<b>The board should:</b>		
	Appoint the CEO;	✓	The Board formally appoints the CEO, and ensures that the role of the CEO is formalised and his performance evaluated against specified criteria. The Board has established committees to which certain responsibilities and authority are delegated.
	Provide input regarding senior management appointments;	✓	
	Define its own level of materiality and approve a delegation of authority framework;	✓	
	Ensure that the role and function of the CEO is formalised and the performance of the CEO is evaluated against the criteria specified;	✓	
	Ensure succession planning for the CEO and other senior executives and officers is in place.	✓	
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>	F	<b>Corporate governance report: Board composition, performance and independence</b>
	The majority of board members should be non-executive directors.	✓	The Board has a majority of independent non-executive directors.
	The majority of the non-executive directors should be independent.	✓	
	When determining the number of directors serving on the board, the knowledge, skills and resources required for conducting the business of the board should be considered.	✓	
	Every board should consider whether its size, diversity and demographics make it effective.	✓	
	Every board should have a minimum of two executive directors of which one should be the CEO and the other director responsible for finance.	✓	
	At least one third of the non-executive directors should rotate every year.	✓	
	The board, through its nomination committee, should recommend the eligibility of prospective directors.	✓	
	Any independent non-executive directors serving more than 9 years should be subjected to a rigorous review of his independence and performance by the board.	✓	
	The board should include a statement in the integrated report regarding the assessment of the independence of the independent non-executive directors.	✓	
	The board should be permitted to remove any director without shareholder approval.	✓	
2.19	<b>Directors should be appointed through a formal process</b>	F	<b>Corporate governance report: Board composition, performance and independence</b>
	A nominations committee should assist with the process of identifying suitable members of the board.	✓	Directors are formally appointed, and one third rotated for re-election by shareholders at the Annual General Meeting ("AGM").
	Background and reference checks should be performed before the nomination and appointment of directors.	✓	
	The appointment of non-executive directors should be formalised through a letter of appointment.	✓	
	The board should make full disclosure regarding individual directors to enable shareholders to make their own assessment of directors.	✓	

2.20	<b>The induction of an on-going training and development of directors should be conducted through formal processes.</b>	F	<b>Corporate governance report: Board composition, performance and independence</b>
	<b>The board should ensure that:</b>		New and inexperienced directors are suitably trained through formal induction. Directors are kept up to date through regular briefings.
	A formal induction programme is established for new directors;	✓	
	Inexperienced directors are developed through mentorship programmes;	✓	
	Continuing professional development programmes are implemented, and;	✓	
	Directors receive regular briefings on changes in risks, law and the environment.	✓	
2.21	<b>The board should be assisted by a competent, suitably qualified and experienced company secretary</b>	F	<b>Corporate governance report: Company secretary</b>
	The board should appoint and remove the company secretary.	✓	The Board is assisted by a competent, suitably qualified and experienced company secretary who complies with the requirements set out in the Companies Act.
	The board should empower the individual to enable him to properly fulfil his duties.	✓	
	<b>The company secretary should:</b>		
	Have an arm's length relationship with the board;	✓	
	Not be director of the company;	✓	
	Assist the nominations committee with the appointment of directors;	✓	
	Assist with the director induction and training programmes;	✓	
	Provide guidance to the board on the duties of directors and good governance;	✓	
	Ensure board and committee charters are kept up to date;	✓	
	Prepare and circulate board papers;	✓	
	Elicit responses, input, feedback for board and committee meetings;	✓	
	Assist in drafting year work plans;	✓	
	Ensure preparation and circulation of minutes of board and committee meetings; and	✓	
	Assist with the evaluation of the board, committees and individual directors.	✓	
2.22	<b>The evaluation of the board, its committees and the individual directors should be performed every year</b>	F	<b>Corporate governance report: Board composition, performance and independence</b>
	The board should determine its own role, functions, duties and performance criteria as well as that for directors on the board and the board committees to serve as a benchmark for the performance appraisal.	✓	An internal evaluation is conducted annually, when an external valuation does not take place.
	Yearly evaluations should be performed by the chairman or an independent provider.	✓	
	The results of performance evaluations should identify training needs for directors.	✓	
	An overview of the appraisal process, results and action plans should be disclosed in the integrated report.	✓	
	The nomination for the re-appointment of a director should only occur after the evaluation of the performance and attendance of the director.	✓	

<b>2.23</b>	<b>The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities</b>	<b>F</b>	<b>Corporate governance report: Board committees</b>
	Formal terms of reference should be established and approved for each committee of the board.	✓	Appropriate committees are duly constituted and each has formulated terms of reference that are reviewed annually.
	The committee's terms of reference should be reviewed yearly.	✓	
	The committees should be appropriately constituted and the composition and the terms of reference should be disclosed in the integrated report.	✓	
	Public and state owned companies must appoint an audit committee.	✓	
	All other companies should establish an audit committee and define its composition, purpose and duties in the memorandum of incorporation.	✓	
	Companies should establish risk, nomination and remuneration committees.	✓	
	Committees, other than the risk committee, should comprise a majority of non-executive directors of which the majority should be independent.	✓	
	External advisors and executive directors should attend committee meetings by invitation.	✓	
	Committees should be free to take independent outside professional advice at the cost of the company subject to an approved process being followed.	✓	
<b>2.24</b>	<b>A governance framework should be agreed between the group and its subsidiary boards</b>	<b>F</b>	<b>Corporate governance report: Structure, governance and operation of the board of directors</b>
	Listed subsidiaries must comply with the rules of the relevant stock exchange in respect of insider trading.	✓	A governance framework is established between the Group and the subsidiary boards.
	The holding company must respect the fiduciary duties of the director serving in a representative capacity on the board of the subsidiary.	✓	
	The implementation and adoption of policies, processes or procedures of the holding company should be considered and approved by the subsidiary company.	✓	
	Disclosure should be made on the adoption of the holding company's policies in the integrated report of the subsidiary company.	<b>N/A</b>	
<b>2.25</b>	<b>Companies should remunerate directors and executives fairly and responsibly</b>	<b>F</b>	<b>Corporate governance report: Board committees – Social, Ethics and Remuneration</b>
	Companies should adopt remuneration policies aligned with the strategy of the company and linked to individual performance.	✓	The Group's Social, Ethics and Remuneration Committee determines the remuneration of executive directors and senior management, and ensures the remuneration is in line with the Group's remuneration philosophy and strategy. The total remuneration packages of the executive directors and senior management are subject to annual review, and benchmarked against external market data taking into account the size of the company, its market sector and business complexity. A detailed remuneration report is contained in the integrated report.
	The remuneration committee should assist the board in setting and administering remuneration policies.	✓	
	The remuneration policy should address base pay and bonuses, employee contracts, severance and retirement benefits, share-based and other long-term incentive schemes.	✓	
	Non-executive fees should comprise a base fee.	*	

2.26	<b>Companies should disclose the remuneration of each individual director and certain senior executives</b>	F	<b>Annual financial statements</b>
	<b>The remuneration report, included in the integrated report, should include:</b>		A detailed remuneration report is contained in the integrated report and the remuneration of directors and prescribed officers is disclosed in the financial statements included in the integrated report
	All benefits paid to directors;	✓	
	The salaries of the three most highly-paid employees who are not directors;	✓	
	The policy on base pay;	✓	
	Participation in share incentive schemes;	✓	
	The use of benchmarks;	✓	
	Incentive schemes to encourage retention;	✓	
	Justification of salaries above the median;	✓	
	Material payments that are ex-gratia in nature;	✓	
	Policies regarding executive employment; and	✓	
	The maximum expected potential dilution as a result of incentive awards.	✓	
2.27	<b>Shareholders should approve the company's remuneration policy</b>	F	<b>Corporate governance report: Board committees – Social, Ethics and Remuneration</b>
	Shareholders should pass a non-binding advisory vote on the company's remuneration policy.	✓	Shareholders consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy at the AGM.
	The board should determine the remuneration of executive directors in accordance with the remuneration policy put to shareholders vote.	✓	
<b>3 – AUDIT COMMITTEE</b>			
3.1	<b>The board should ensure that the company has an effective and independent audit committee</b>	F	<b>Corporate governance report: Board committees – Audit and Risk</b>
	Listed and state owned companies must establish an audit committee.	✓	The Group has an Audit and Risk Committee comprising three independent non-executive directors and meets independently of management with auditors.
	All other companies should establish an audit committee and define its composition, purpose and duties in the memorandum of incorporation.	✓	
	The board should approve the terms of reference of the audit committee.	✓	
	The audit committee should meet as often as is necessary to fulfil its functions but at least twice a year.	✓	
	The audit committee should meet with internal and external auditors at least once a year without management being present.	✓	

<b>3.2</b>	<b>Audit committee members should be suitably skilled and experienced independent non-executive directors</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	All members of the audit committee should be independent non-executive directors.	✓	The composition of the Committee meets the mandatory requirements set by the JSE and is compliant with the Companies Act. The Committee comprises solely of independent, non-executive directors who are financially proficient with the necessary expertise to discharge their responsibilities.
	The audit committee should consist of at least three members.	✓	
	The chairman of the board should not be the chairman or member of the audit committee.	✓	
	The committee collectively should have sufficient qualifications and experience to fulfil its duties.	✓	
	The audit committee members should keep up to date with developments affecting the required skill set.	✓	
	The committee should be permitted to consult with specialists or consultants subject to a board approved process.	✓	
	The board must fill any vacancies on the audit committee.	✓	
<b>3.3</b>	<b>The audit committee should be chaired by an independent non-executive director</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The board should elect the chairman of the audit committee.	✓	The Group Audit and Risk Committee is chaired by an independent non-executive director, whose independence has been both formally declared and assessed. The Chairman of the Audit and Risk Committee attends the AGM.
	The chairman of the audit committee should participate in the setting and agreeing the agenda of the committee.	✓	
	The chairman of the audit committee should be present at the AGM.	✓	
<b>3.4</b>	<b>The audit committee should oversee integrated reporting</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The audit committee should have regard to all factors and risks that may impact on the integrity of the integrated report.	✓	The Group's Audit and Risk Committee is ultimately responsible for the content and integrity of the integrated report, and has reviewed the report before being approved by the Board.
	The audit committee should review and comment on the financial statements included in the integrated report.	✓	
	The audit committee should review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information.	✓	
	The audit committee should recommend to the board to engage an external assurance provider on material sustainability issues.	✓	
	The audit committee should consider the need to issue interim results.	✓	
	The audit committee should review the content of the summarised information.	✓	
	The audit committee should engage the external auditors to provide assurance on the summarised financial information.	✓	
<b>3.5</b>	<b>The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The audit committee should ensure that the combined assurance is received is appropriate to address all the significant risks facing the company.	✓	The Group's Audit and Risk Committee monitors the relationship between the external assurance providers and the Group. The roll out of a formal combined assurance model was implemented through a co-ordinated governance process approved by the Audit and Risk Committee.
	The relationships between the external assurance providers and the company should be monitored by the audit committee.	✓	

<b>3.6</b>	<b>The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	Every year a review of the finance function should be performed by the audit committee.	✓	The Audit and Risk Committee considered the expertise, resources and experience of the Chief Financial Officer and the finance function and concluded these were appropriate.
	The results of the review should be disclosed in the integrated report.	✓	
<b>3.7</b>	<b>The audit committee should be responsible for overseeing of internal audit</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The audit committee should be responsible for the appointment, performance assessment and/or dismissal of the CAE.	✓	The Audit and Risk Committee reviews and approves the internal audit plan submitted by the internal auditor..
	The audit committee should approve the internal audit plan.	✓	
	The audit committee should ensure that the internal audit function is subject to an independent quality review as and when the committee determines it appropriate.	✓	
<b>3.8</b>	<b>The audit committee should be an integral component of the risk management process</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The charter of the audit committee should set out its responsibilities regarding risk management.	✓	The Audit and Risk Committee reviewed the Group's risk approach and found it to be sound and considered and reviewed the findings and recommendations.
	<b>The audit committee should specifically have oversight of:</b>		
	Financial reporting risks;	✓	
	Internal financial controls;	✓	
	Fraud risks;	✓	
	IT risks as it relates to financial reporting.	✓	
<b>3.9</b>	<b>The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	<b>The audit committee:</b>		The Group's Audit and Risk Committee nominates the external auditor for appointment at the AGM; approves the terms of engagement and remuneration for the external audit engagement; monitors and reports on the independence of the external auditor; defines a policy for non-audit services provided by the external auditor and approves the contracts for non-audit services; is informed of any reportable irregularities identified and reported by the external auditor; and, reviews the quality and effectiveness of the external audit process.
	Must nominate the external auditor for appointment;	✓	
	Must approve the terms of engagement and remuneration for the external audit engagement;	✓	
	Must monitor and report on the independence of the external auditor;	✓	
	Must define a policy for non audit services provided by the external auditor and must approve the contracts for non audit services;	✓	
	Should be informed of any reportable irregularities identified and reported by the external auditor; and	✓	
	Should review the quality and effectiveness of the external audit process.	✓	

<b>3.10</b>	<b>The audit committee should report to the board and shareholders on how it has discharged its duties</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The audit committee should report internally to the board on its statutory duties and duties assigned to it by the board.	✓	The Audit and Risk Committee formally reports to the Board after each meeting. The report of the Chairman is included in the integrated report.
	<b>The audit committee must report to the shareholders on its statutory duties:</b>		
	How its duties were carried out;	✓	
	If the committee is satisfied with the independence of the external auditor;	✓	
	The committees view on the financial statements and accounting practices; and	✓	
	Whether the financial controls are effective.	✓	
	The audit committee should provide a summary of its role and details of its composition, number of meetings and activities, in the integrated report.	✓	
	The audit committee should recommend the integrated report for approval by the board.	✓	
<b>4 – THE GOVERNANCE OF RISK</b>			
<b>4.1</b>	<b>The board should be responsible for the governance of risk</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	A policy and plan for a system and process of risk management should be developed.	✓	The Board is aware of this responsibility and has an established Audit and Risk Committee to aid the governance of risk.
	The board should comment in the integrated report on the effectiveness of the system and process of risk management.	✓	
	The board's responsibility for risk governance should be expressed in the board charter.	✓	
	The induction and ongoing training programmes of the board should incorporate risk governance.	✓	
	The board's responsibility for risk governance should manifest in a documented risk management policy and plan.	✓	
	The board should approve the risk management policy and plan.	✓	
	The risk management policy should be widely distributed throughout the company.	✓	
	The board should review the implementation of the risk management plan at least once a year.	✓	
	The board should ensure that the implementation of the risk management plan is monitored continually.	✓	
<b>4.2</b>	<b>The board should determine the levels of risk tolerance.</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The board should set the levels of risk tolerance once a year.	✓	The Board has established the risk levels that it can tolerate versus the risk that it is willing to take (risk appetite).
	The board may set limits for the risk appetite.	✓	
	The board should monitor that risks taken are within the tolerance and appetite levels.	✓	

<b>4.3</b>	<b>The risk committee or audit committee should assist the board in carrying out the risk responsibilities</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The board should appoint a committee responsible for risk.	✓	<p><b>Refer principle 4.1</b></p> <p>The Audit and Risk Committee assists the Board in its responsibility for the governance of risk.</p>
	<b>The risk committee should:</b>		
	Consider the risk management policy and plan and monitor the risk management process;	✓	
	Have as its member's executive and non-executive directors, members of senior management and independent risk management experts to be invited, if necessary;	✓	
	Have a minimum of three members; and		
	Convene at least twice per year.	✓	
	The performance of the committee should be evaluated once a year by the board.	✓	
<b>4.4</b>	<b>The board should delegate to management the responsibility to design, implement and monitor the risk management plan</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The board's risk strategy should be executed by management by means of risk management systems and processes.	✓	The Board has delegated to management the responsibility to design, implement and monitor the risk management plan.
	Management is accountable for integrating risk in the day to day activities of the company.	✓	
	The CRO should be a suitably experienced person who should have access and interact regularly on strategic matters with the board and/or appropriate board committee and executive management.	✓	
<b>4.5</b>	<b>The board should ensure that the risk assessments are performed on a continual basis</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The board should ensure effective and ongoing risk assessments are performed.	✓	The Audit and Risk Committee met once during the four-month period to 30 June 2016, which included discussions of the risk assessments, and risk framework and methodology.
	A systematic, documented, formal risk assessment should be conducted at least once a year.	✓	
	Risks should be prioritised and ranked according to focus responses and interventions.	✓	
	The risk assessment process should involve the risks affecting the various income streams of the company, the critical dependencies of the business, the sustainability and the legitimate interests and expectations of stakeholders.	✓	
	Risk assessments should adopt a top down approach.	✓	
	The board should regularly receive and review a register of the company's key risks.	✓	
	The board should ensure that key risks are quantified where practicable.	✓	
<b>4.6</b>	<b>The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The board should ensure that a framework and processes are in place to anticipate unpredictable risks.	✓	The Group's Audit and Risk Committee has ensured that the risk assessment framework and methodology increases the probability of anticipating unpredictable risks.

<b>4.7</b>	<b>The board should ensure that management considers and implements appropriate risk responses</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	Management should identify and note in the risk register the risk responses decided upon.	✓	The Audit and Risk Committee report is tabled for consideration by the Board. The Committee Chairperson raises issues at Board meetings if required, and ensures that management considers and implements the appropriate risk responses.
	Management should demonstrate to the board that the risk response provides for the identification and exploitation of opportunities to improve the performance of the company.	✓	
<b>4.8</b>	<b>The board should ensure continual risk monitoring by management</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The board should ensure that effective and continual monitoring of risk management takes place.	✓	Responsibility for identified risks is assigned to an appropriate member of the Group's senior management team, who is required to report to the Executive Committee on the steps being taken to manage or mitigate such risks.
	The responsibility for monitoring should be defined in the risk management plan.	✓	
<b>4.9</b>	<b>The board should receive assurance regarding the effectiveness of the risk management process</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	Management should provide assurance to the board that the risk management plan is integrated in the daily activities of the company.	✓	The Group's Audit and Risk Committee provides the required assurance with regard to the risk management process to the Board.
	Internal audit should provide a written assessment of the effectiveness of the system of internal controls and risk management to the board.	✓	
<b>4.10</b>	<b>The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	Undue, unexpected or unusual risks should be disclosed in the integrated report.	✓	The Group's integrated report provides a detailed outline of the risk management process to its stakeholders.
	The board should disclose its view on the effectiveness of the risk management process in the integrated report.	✓	
<b>5 – THE GOVERNANCE OF INFORMATION TECHNOLOGY</b>			
<b>5.1</b>	<b>The board should be responsible for information technology (IT) governance</b>	<b>F</b>	<b>Corporate governance report: Information technology</b>
	The board should assume the responsibility for the governance of IT and place it on the board agenda.	✓	The Board understands the importance, relevance and inherent risks in IT and has delegated the management thereof to management. The Audit and Risk Committee assists in ensuring appropriate compliance structures are in place. Management have established an IT steering committee to assist in its IT governance responsibilities. The IT governance framework supports effective and efficient management and decision making around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT-related risk. Policy and charter is in the process of being reviewed and updated.
	The board should ensure that an IT charter and policies are established and implemented.	✓	
	The board should ensure that promotion of an ethical IT governance culture and awareness and of a common IT language.	✓	
	The board should ensure that an IT internal control framework is adopted and implemented.	✓	
	The board should receive independent assurance on the effectiveness of the internal IT controls.	✓	

<b>5.2</b>	<b>IT should be aligned with the performance and sustainability objectives of the company</b>	<b>F</b>	<b>Corporate governance report: Information technology</b>
	The board should ensure that the IT strategy is integrated with the company's strategic and business processes.	✓	The Board ensures that the IT strategy is integrated into the Group's strategic and business processes, and that IT adds value to the Group's objectives.
	The board should ensure that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of the company through the use of IT.	✓	
<b>5.3</b>	<b>The board should delegate to management the responsibility for the implementation of an IT governance framework</b>	<b>F</b>	<b>Corporate governance report: Information technology</b>
	Management should be responsible for the implementation of the structures, processes and mechanisms for the IT governance framework.	✓	Responsibility for managing the IT governance framework is delegated to management. The framework supports effective and efficient management and decision making around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT-related risk. The Group has appointed a CIO and in addition has outsourced this function to the internal business competence.
	The board may appoint an IT steering committee of similar function to assist with its governance of IT.	✓	
	The CEO should appoint a chief information officer responsible for the management of IT.	*	
	The CIO should be a suitably qualified and experienced person who should have access and interact regularly on strategic IT matters with the board and/or appropriate board committee and executive management.	✓	
<b>5.4</b>	<b>The board should monitor and evaluate significant IT investments and expenditure</b>	<b>F</b>	<b>Corporate governance report: Information technology</b>
	The board should oversee the value delivery of IT and monitor the return on investment from significant IT projects.	✓	The Board is responsible for ensuring good governance principles are in place for the acquisition and disposal of IT goods and services. IT management ensures good project management principles are applied. The Board also ensures that the information and intellectual property contained in the information systems are protected.
	The board should ensure that intellectual property contained in information systems is protected.	✓	
	The board should obtain independent assurance on the IT governance and controls supporting outsourced IT services.	✓	
<b>5.5</b>	<b>IT should form an integral part of the company's risk management</b>	<b>F</b>	<b>Corporate governance report: Information technology</b>
	Management should regularly demonstrate to the board that the company has adequate business resilience arrangements in place for disaster recovery.	✓	IT risk management includes disaster recovery planning, IT legal risks and compliance to laws, rules, codes and standards that are an integral part of the Group's risk management.
	The board should ensure that the company complies with IT laws and that IT related rules, codes and standards are considered.	✓	
<b>5.6</b>	<b>The board should ensure that information assets are managed effectively</b>	<b>F</b>	<b>Corporate governance report: Information technology</b>
	The board should ensure that there are systems in place for the management of information which should include information security, information management and information privacy.	✓	The Board ensures that processes are in place to ensure information assets are effectively managed.
	The board should ensure that all personal information is treated by the company as an important business asset and is identified.	✓	
	The board should ensure that an Information Security Management System is developed and implemented.	✓	
	The board should approve the information security strategy and delegate and empower management to implement the strategy.	✓	

<b>5.7</b>	<b>A risk committee and audit committee should assist the board in carrying out its IT responsibilities</b>	<b>F</b>	<b>Corporate governance report: Information technology</b>
	The risk committee should ensure IT risks are adequately addressed.	✓	The status on significant issues addressed by the IT steering committee are reported directly to the Board as and when required. Any risks identified by the IT steering committee form part of the formal risk governance process, and are considered at the Audit and Risk Committee.
	The risk committee should obtain appropriate assurance that controls are in place and effective in addressing IT risks.	✓	
	The audit committee should consider IT as it relates to financial reporting and the going concern of the company.	✓	
	The audit committee should consider the use of technology to improve audit coverage and efficiency.	✓	
<b>6 – COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS</b>			
<b>6.1</b>	<b>The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	Companies must comply with all applicable laws.	✓	A compliance framework has been implemented. Papers on legislative and governance developments that affect the Group are tabled to the Board and board committees on a periodic basis. The Audit and Risk Committee is also mandated to manage this process.
	Exceptions permitted in law, shortcomings and proposed changes expected should be handled ethically.	✓	
	Compliance should be an ethical imperative.	✓	
	Compliance with applicable laws should be understood not only in terms of the obligations that they create, but also for the rights and protection they afford.	✓	
	The board should understand the context of the law, and how other applicable laws interact with it.	✓	
	The board should monitor the company's compliance with applicable laws, rules, codes and standards.	✓	
	Compliance should be a regular item on the agenda of the board.	✓	
	The board should disclose details in the integrated report on how it discharged its responsibilities to establish an effective compliance framework and processes.	✓	
<b>6.2</b>	<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>	<b>F</b>	<b>Corporate governance report: Board composition, performance and independence</b>
	The induction and ongoing training programmes of directors should incorporate an overview of and any changes to applicable laws, rules, codes and standards.	✓	The Directors and the Board understand the appropriate applicable laws, rules, codes of standards required by the company and its business.
	Directors should sufficiently familiarise themselves with the general content of applicable laws, rules, codes and standards to discharge their legal duties.	✓	
<b>6.3</b>	<b>Compliance risk should form an integral part of the company's risk management process</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The risk of non-compliance should be identified, assessed and responded to through the risk management processes.	✓	Compliance is an identified significant risk and addressed as part of the risk management process.
	Companies should consider establishing a compliance function.	✓	

<b>6.4</b>	<b>The board should delegate to management the implementation of an effective compliance framework and processes</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The board should ensure that a legal compliance policy, approved by the board, has been implemented by management.	✓	An Audit and Risk Committee represented by various individuals has been constituted to ensure appropriate skills and knowledge is addressed.
	The board should receive assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards.	✓	
	Compliance with laws, rules, codes and standards should be incorporated in the code of conduct of the company.	✓	
	Management should establish the appropriate structures, educate and train, and communicate and measure key performance indicators relevant to compliance.	✓	
	The integrated report should include details of material or often repeated instances of non-compliance by either the company or its directors in their capacity as such.	✓	
	An independent, suitably skilled compliance officer may be appointed.	*	
	The compliance officer should be a suitably skilled and experienced person who should have access and interact regularly on strategic compliance matters with the board and/or board committees and executive management.	*	
	The structuring of the compliance function, its role and its position in terms of reporting lines should be a reflection of the company's decision on how compliance is to be integrated with its ethics and risk management.	✓	
	The compliance function should have adequate resources to fulfil its function.	✓	

## 7 – INTERNAL AUDIT

<b>7.1</b>	<b>The board should ensure that there is an effective risk based internal audit</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	Companies should establish an internal audit function.	✓	A risk-based approach is followed by internal audit.
	<b>Internal audit should perform the following functions:</b>		
	Evaluate the companies governance processes;	✓	
	Perform an objective assessment of the effectiveness of risk management and the internal control framework;	✓	
	Systematically analyse and evaluating business processes and associated controls; and	✓	
	Provide a source of information as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.	✓	
	An internal audit charter should be defined and approved by the board.	✓	
	The internal audit function should adhere to the IIA standards and code of ethics.	✓	

<b>7.2</b>	<b>Internal audit should follow a risk based approach to its plan</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The internal audit plan and approach should be informed by the strategy and risks of the company.	✓	A risk-based approach is followed by internal audit.
	Internal audits should be independent of management.	✓	
	<b>Internal audit should be an objective provider of assurance that considers:</b>		
	The risks that may prevent or slow down the realisation of strategic goals;	✓	
	Whether controls are in place and functioning effectively to mitigate these; and	✓	
	The opportunities that will promote the realisation of strategic goals that are identified assessed and effectively managed by the company's management team.	✓	
<b>7.3</b>	<b>Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	Internal audit should form an integral part of the combined assurance model as internal assurance provider.	✓	The internal auditor reviews the effectiveness of the internal controls of the Group on a periodic basis and these reports are tabled to the Audit and Risk Committee. A detailed review of the Group's risk management processes is also undertaken and is reported to at the Board through the Audit and Risk Committee.
	Internal controls should be established not only over financial matters, but also operational, compliance and sustainability issues.	✓	
	Companies should maintain an effective governance, risk management and internal control framework.	✓	
	Management should specify the elements of the control framework.	✓	
	Internal audit should provide a written assessment of the system of internal controls and risk management to the board.	✓	
	Internal audit should provide a written assessment of internal financial controls to the audit committee.	✓	
<b>7.4</b>	<b>The audit committee should be responsible for overseeing internal audit</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The internal audit plan should be agreed and approved by the audit committee.	✓	The Audit and Risk Committee is responsible for overseeing the internal audit. <b>Refer principle 3.7</b>
	The audit committee should evaluate the performance of the internal audit function.	✓	
	The audit committee should ensure that the internal audit function is subjected to an independent quality review.	✓	
	The CAE should report functionally to the audit committee chairman.	✓	
	The audit committee should be responsible for the appointment, performance assessment and dismissal of the CAE.	✓	
	The audit committee should ensure that the internal audit function is appropriately resourced and has appropriate budget allocated to the function.	✓	
	Internal audit should report at all audit committee meetings.	✓	

<b>7.5</b>	<b>Internal audit should be strategically positioned to achieve its objectives</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The internal audit function should be independent and objective.	✓	The internal audit function is independent, with no material breakdowns, enabling it to achieve its objectives.
	The internal audit function should report functionally to the audit committee.	✓	
	The CAE should have a standing invitation to attend Executive Committee meetings.	✓	
	The internal audit function should be skilled and resourced as is appropriate for the complexity and volume of risk and assurance needs.	✓	
	The CAE should develop and maintain a quality assurance and improvement programme.	✓	
<b>8 – GOVERNANCE STAKEHOLDER RELATIONSHIPS</b>			
<b>8.1</b>	<b>The board should appreciate that stakeholders perceptions affect a company's reputation</b>	<b>F</b>	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The gap between stakeholder perceptions and the performance of the company should be managed and measured to enhance or protect the company's reputation.	✓	The Board appreciates that close relationships with stakeholders should be maintained and that stakeholder perceptions affect the Group's reputation. The Board has identified the Group's stakeholders.
	The company's reputation and its linkage with stakeholder relationships should be a regular board agenda item.	✓	
	The board should identify important stakeholder groupings.	✓	
<b>8.2</b>	<b>The board should delegate to management to proactively deal with stakeholder relationships</b>	<b>F</b>	<b>Corporate governance report: Board committees</b>
	Management should develop a strategy and formulate policies for the management of relationships with each stakeholder grouping.	✓	The Board has delegated its authority to various board committees and, in some instances, management in accordance with clearly agreed reporting procedures and a written scope of authority to address stakeholder relationships.
	The board should consider whether it is appropriate to publish its stakeholder policies.	✓	
	The board should oversee the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company.	✓	
	The board should encourage shareholders to attend AGM's.	✓	
	The board should consider not only formal, but also informal, processes for interaction with the company's stakeholders.	✓	
	The board should disclose in its integrated report the nature of the company's dealings with the stakeholders and the outcomes of these dealings.	✓	
<b>8.3</b>	<b>The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company</b>	<b>F</b>	<b>Corporate governance report: Board committees</b>
	The board should take account of the legitimate interests and expectations of its stakeholders in its decision making in the best interests of the company.	✓	The Board has delegated its authority to various Board committees and, in some instances, management in accordance with clearly agreed reporting procedures and a written scope of authority to address stakeholder relationships.

8.4	<b>Companies should ensure the equitable treatment of shareholders</b>	F	<b>Corporate governance report: Board committees</b>
	There must be equitable treatment of all holders of the same class of shares issued.	✓	The Board ensures the equitable treatment of shareholders.
	The board should ensure that minority shareholders are protected.	✓	
8.5	<b>Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence</b>	F	<b>Corporate governance report: Stakeholder communication</b>
	Complete, timely, relevant, accurate, honest and accessible information should be provided by the company to its stakeholders whilst having regard to legal and strategic considerations.	✓	The Board has adopted communication guidelines that support a responsible stakeholder communication programme. Additional work is being undertaken to refine this process to ensure a formal communication programme is implemented.
	Communication with stakeholders should be in clear and understandable language.	✓	
	The board should adopt communication guidelines that support a responsible communication programme.	✓	
	The board should consider disclosing in the integrated report the number and reasons for refusals of request for information that were lodged with the company in terms of the Promotion of Access to Information Act, 2000.	✓	
8.6	<b>The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible</b>	F	<b>Corporate governance report: Structure, governance and operation of the board of directors</b>
	The board should adopt formal dispute resolution processes for internal and external disputes.	✓	The Board ensures that disputes are resolved effectively as is possible.
	The board should select the appropriate individuals to represent the company in Alternative Dispute Resolution (“ADR”).	✓	
<b>9 – INTEGRATED REPORTING AND DISCLOSURE</b>			
9.1	<b>The board should ensure the integrity of the company’s integrated report</b>	F	<b>Corporate governance report: Board committees – Audit and Risk</b>
	The company should have controls to enable it to verify and safeguard the integrity of its integrated report.	✓	The Board is responsible for the integrity of the integrated report.
	The board should delegate to the audit committee to evaluate sustainability disclosures.	✓	
	<b>The integrated report should:</b>		
	Be prepared every year;	✓	
	Convey adequate information regarding the company’s financial and sustainability performance; and	✓	
	Focus on substance over form.	✓	
9.2	<b>Sustainability reporting and disclosure should be integrated with the company’s financial reporting</b>	F	<b>Directors’ report</b>
	The board should include commentary on the company’s financial results.	✓	The company’s vision and mission statements, strategic objectives and value system are integrated into all policies, procedures, decision-making and operations, with sustainability as the ultimate objective
	The board must disclose if the company is a going concern.	✓	
	The integrated report should describe how the company has made its money.	✓	
	The board should ensure that the positive and negative impacts of the company’s operations and plans to improve the positives and eradicate or ameliorate the negatives in the financial year ahead are conveyed in the integrated report.	✓	

9.3	Sustainability reporting and disclosure should be independently assured	F	Corporate governance report: Board committees – Audit and Risk
	General oversight and reporting of sustainability should be delegated by the board to the audit committee.	✓	Assurance over sustainability issues is considered by the Audit and Risk Committee however at present the company does not obtain independent assurance, as no significant issues have been identified.
	The audit committee should assist the board by reviewing the integrated report to ensure that the information contained in it is reliable and that it does not contradict the financial aspects of the report.	✓	
	The audit committee should oversee the provision of assurance over sustainability issues.	✓	

**Legend for principles**

- F Fully implemented
- P Partially implemented
- N Not implemented
- NA Not applicable

**Legend for actions**

- ✓ Fully implemented
- \* Partially implemented
- X Not implemented