

Principle	Principle Description	Comments
1.1	The board provides effective leadership based on an ethical foundation	The actions of the board and committees are governed by charters which are reviewed every year. These charters were set up in accordance with King III. All directors subscribe to our Code of Business Ethics.
1.2	The board ensures that the company is and is seen to be a responsible corporate citizen	Compliance to laws and regulations are non-negotiable and a specific requirement contained in our Code of Business Ethics. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-making and all aspects of our business.
1.3	The board ensures that the company ethics are managed effectively	The Transformation, Social & Ethics Committee is tasked with reviewing, overseeing and reporting to shareholders on all matters relating to ethics.
2.1	The board acts as the focal point for and custodian of corporate governance	The board follows a top-down approach because it deems responsible leadership by example as the most effective way of maintaining good governance. Matters relevant to governance will be reported to the board and if required necessary action is taken.
2.2	The board appreciates that the strategy, risk, performance and sustainability are inseparable	Strategy and growth received specific attention during the past year. Opportunities and implementation of objectives are continually monitored and assessed for feasibility and sustainability.
2.3	The board provides for effective leadership based on an ethical foundation	See Principle 1.1
2.4	The board ensures that the company is and is seen as a responsible corporate citizen	See Principle 1.2
2.5	The boards ensures that the company's ethics are managed effectively	See Principle 1.3
2.6	The board ensures that the company has an effective and independent audit committee	The company has an audit committee as required by the JSE, Companies Act and King III. During the year under review membership of the Audit & Risk Committee was changed to be in accordance with the requirements of the JSE.
2.7	The board is responsible for the governance of risk	Governance of risk is the responsibility of the Audit & Risk Committee which reports to the board. Management reports to the CEO and FD on matters regarding risk on a monthly basis. The CEO in turn reports to the Audit & Risk Committee on behalf of management.
2.8	The board is responsible for information technology (IT) governance	IT governance is a standing point on the agenda for meetings. The board requires feedback at every meeting and where changes or improvements are required, the board requires sufficient information to allow them to make an informed decision. The board also has an Information Technology Charter which sets out the responsibilities of the board for the effective management of IT resources.
2.9	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Compliance to laws and regulations are non-negotiable and a specific requirement contained in our Code of Business Ethics. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-making and all aspects of our business. Adherence to non-binding rules, codes and standards is recommended and implemented where possible.
2.10	The board ensures that there is an effective risk-based internal audit	An internal audit department exists. This department conducts audits on all subsidiaries based on an audit plan approved by the Audit & Risk Committee. Where necessary ad-hoc projects and investigations can be conducted outside of the normal audit plan.
2.11	The board appreciates that stakeholders' perceptions affect the company's reputation	Stakeholder perceptions and the management and maintenance of the group's reputation is always considered when the board deliberates. Good stakeholder relationships are a requirement of our Code of Business Conduct.
2.12	The board ensures the integrity of the company's integrated report	All board members are required to review and comment on the integrated report before it is distributed. This is to ensure that all relevant matters are reported on in a fair and transparent manner.
2.13	The board reports on the effectiveness of the company's internal controls	The effectiveness of internal controls are assessed continuously through the work of the internal auditor who provides reports based thereon. The board reports on these findings annually in the integrated report.

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2.14	The board and its directors act in the best interests of the company	Directors are obliged through their directors' agreements, code of business conduct and professional ethics to act in the best interest of the company. All directors are informed regarding their responsibility and liability towards the company and understand the importance of acting in accordance with these responsibilities.
2.15	The board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Company's Act, 71 of 2008	Liquidity and solvency of the company is monitored continually. The company has not faced such a situation and does not foresee a situation like this in the near future. The board will however continue to monitor this and act accordingly if required.
2.16	The board has elected a chairman of the board who is an independent non-executive director. The CEO of the company does not also fulfil the role of chairman of the board	The chairman is independent in terms of the requirements of King III and the JSE Listings Requirements. His independence is assessed annually as part of annual director evaluations.
2.17	The board has appointed the CEO and has established a framework for the delegation of authority	The role of the CEO is clear and in writing and forms part of the Directors Information Manual. The CEO reports to the board on behalf of management and also takes ultimate responsibility for the company on behalf of management.
2.18	The board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent	The composition of the board complies with the requirements of King III and the JSE Listing Requirements. Voting powers prescribed in the Memorandum of Incorporation and Board Charter prevent any director from exercising unfettered powers of decision-making.
2.19	Directors are appointed through a formal process	Directors' nomination and appointment are a function for the board as a whole. This process is governed by the Board Charter and Procedure for Directors Nomination and Appointment.
2.20	The induction of and ongoing training, as well as the development of directors are conducted through a formal process	All directors receive a Directors Information Manual which contains information on the company and operations, board and committee charters, as well as board policies and procedures. This information is updated on an ongoing basis.
2.21	The board is assisted by a competent, suitably qualified and experienced company secretary	The board has assessed and satisfied itself on the competency, qualifications and experience of the company secretary.
2.22	The evaluation of the board, its committees and individual directors is performed every year	All board members are required to do a self evaluation annually. The independence of non-executive directors is also evaluated annually in line with the independence criteria contained in King III. Annual evaluation of board committees has also been formalised.
2.23	The board delegates certain functions to well-structured committees without abdicating from its own responsibilities	The role and responsibility of each committee is governed by a charter which is reviewed every year. Each charter specifically states that the deliberations of the committee do not reduce the individual and collective responsibilities of board members.
2.24	A governance framework has been agreed upon between the group and its subsidiary boards	All subsidiaries are fully owned and a good relationship exists between the company and all of its subsidiaries. Governance principles recommended and maintained by the company are also implemented and maintained by subsidiary companies where applicable.
2.25	The company remunerates its directors and executives fairly	The remuneration policy is presented for approval by shareholders at each annual general meeting. The Board Governance & Remuneration Committee governs the remuneration of directors and executives in line with the guidelines set by the remuneration policy. Incentive bonuses are linked to comprehensive financial and non-financial targets. Share options are awarded in expectation of service over a performance measurement period and are exercisable within three to eight years of grant.
2.26	The company has disclosed the remuneration of each individual director and prescribed officer	The remuneration of directors of the company and individuals identified as prescribed officers has been disclosed in the notes to the annual financial statements.
2.27	The shareholders have approved the company's remuneration policy	The remuneration policy is published in the integrated report and will be subject to approval by shareholders at the annual general meeting through a non-binding advisory vote.
3.1	The board has ensured that the company has an effective and independent audit committee	See Principle 2.6
3.2	Audit committee members are suitably skilled and experienced independent non-executive directors	The composition of the Audit & Risk Committee is in accordance with the JSE Listing Requirements. All members are suitably skilled and experienced.

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3.3	The audit committee is chaired by an independent non-executive director	The chairman of the Audit & Risk Committee is an independent non-executive director.
3.4	The audit committee oversees integrated reporting	The Audit & Risk Committee oversees and reviews the integrated report before recommending it for approval by the board.
3.5	The audit committee has ensured that a combined assurance model has been applied which provides a coordinated approach to all assurance activities	A three-tiered assurance model including management, internal assurance providers and external assurance providers has been adopted.
3.6	The audit committee is satisfied with the expertise, resources and experience of the company's finance function	The Audit & Risk Committee evaluates the expertise, resources and experience of the company's finance director and finance function on an annual basis and reports on this in the integrated report.
3.7	The audit committee oversees the internal audit function	An external quality assurance review of the internal audit function is not done. Internal quality reviews are however ongoing as part of the review of internal audit findings.
3.8	The audit committee is an integral component of the risk management process	Risk is a standing agenda point for meetings and is discussed and reviewed regularly. If required, recommendations are made to address areas of risk identified.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The Audit & Risk Committee reviews on an annual basis all audit and non-audit services performed. Based on their findings the committee decides on the recommendation of the external auditor for appointment.
3.10	The audit committee has reported to the board and the shareholders as to how it has discharged its duties	Self-assessments of board members and committees are done and reported on in the integrated report.
4.1	The board is responsible for the governance of risk	See Principle 2.7
4.2	The board has determined the levels of risk tolerance	Risk tolerance levels are reviewed annually or more frequently if required.
4.3	The risk committee and/or audit committee has assisted the board in carrying out its risk responsibilities	See Principle 2.7
4.4	The board has delegated to management the responsibility to design, implement and monitor the risk management plan	Management takes responsibility for the daily management and assessment of risk. They report at least on a monthly basis to the CEO and FD. The CEO reports to the Audit & Risk Committee at least four times a year.
4.5	The board has ensured that risk assessments are performed on a continual basis.	See Principle 4.4
4.6	The board has ensured that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	A comprehensive risk identification process was undertaken during the year with the assistance of our insurers. We have continued with this and are implementing measures that will allow us to mitigate risks identified as well as anticipate and address unpredictable risks.
4.7	The board has ensured that management has considered and has implemented appropriate risk responses	See principle 4.6
4.8	The board has ensured the continual risk monitoring by management	See principle 4.6
4.9	The board has received assurance regarding the effectiveness of the risk management process	Reporting on risk is included in the monthly reports submitted by divisional management to the CEO and FD. These reports are circulated to the non-executive directors. The CEO reports on risk to the board of directors at least four times a year.
4.10	The board has ensured that there are processes in place which enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	See Principle 4.9
5.1	The board is responsible of information technology (IT) governance	See Principle 2.8
5.2	IT has been aligned with the performance and sustainability objectives of the company	An effective IT system is integral to the efficient running and sustainability of the group. For this reason IT infrastructure is assessed and maintained on a continuous basis to ensure that it is able to meet the demands set by the group.
5.3	The board has delegated to management the responsibility for the implementation of an IT governance framework	See Principle 5.2
5.4	The board monitors and evaluates significant IT investments and expenditure	See Principle 5.2

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5.5	IT is an integral part of the company's risk management plan	Daily back-ups of data are made and stored in a secure separate location. Disaster recovery measures are in place as part of the risk management process and are reviewed on an annual basis.
5.6	The board ensures that information assets are managed effectively	Information management and security is critical to the sustainability of the company and is treated as an important asset. Systems for the protection and management of personal information are also in place.
5.7	A risk committee and audit committee assists the board in carrying out its IT responsibilities	The Audit & Risk Committee is required by its charter to assist the board in carrying out its IT responsibilities.
6.1	The board ensures that the company complies with applicable laws and considers adherence to non binding rules, codes and standards	See Principle 2.9
6.2	The board and each individual director have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business	The board charter requires a composition that allows for a diversified set of expertise when appointing board members. This promotes a wide understanding of rules, codes and standards affecting the company.
6.3	Compliance risk should form an integral part of the company's risk management process	See Principle 1.2
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Compliance is delegated on a daily basis to divisional managing directors. This will be monitored by the CEO and FD. If required legal opinion will be obtained to clarify any matters.
7.1	The board should ensure that there is an effective risk based internal audit	See Principle 2.10
7.2	Internal audit should follow a risk based approach to its plan	Both the internal audit plan and ad hoc projects are risk based and the internal audit department based their procedures on risks identified.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Internal audit provides a written assessment of the outcome of each audit to the Audit & Risk Committee. This is also discussed with the internal auditor when the Audit & Risk Committee meets.
7.4	The audit committee should be responsible for overseeing internal audit	The internal audit plan is approved by the Audit & Risk Committee. The internal auditor provides a written assessment of the outcome of all audits to the Audit & Risk Committee and reports on these findings when the committee meets.
7.5	Internal audit should be strategically positioned to achieve its objectives	Internal audit reports functionally to the Audit & Risk Committee and operationally to the FD. We are in the process of appointing more staff to assist the internal auditor to become even more effective and efficient.
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	See Principle 2.11
8.2	The board should delegate to management to proactively deal with stakeholder relationships	Divisional managing directors are responsible for the daily management of stakeholder relationships. Where required the CEO and FD provide assistance. Any matters that may affect stakeholder relationships are reported to the board.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	The board always considers the interest and expectations of stakeholders when deliberating as they are aware of the importance of maintaining good relations and that this would contribute to the long term sustainability of the company.
8.4	Companies should ensure the equitable treatment of shareholders	All stakeholders and stakeholder groupings are regarded as important. Equitable treatment of all stakeholders is also required by the JSE, board charter and approved MOI.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	In line with the requirements of King III, the Companies Act and JSE Listings Requirements the board always endeavours to provide timeous, transparent and effective communication to stakeholders.
8.6	The board should ensure that disputes are resolved effectively and expeditiously as possible	Dispute resolution policies exist for employee related matters. It is however regarded as important that any disputes that may exist be resolved as effectively and expeditiously as possible.
9.1	The board should ensure the integrity of the company's integrated report	See Principle 2.12
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	The company reports on sustainability matters as part of the requirement to deliver an integrated report.
9.3	Sustainability reporting and disclosure should be independently assured	At present the company does not obtain independent assurance on all aspects of sustainability. This will be considered in future.