



**REX TRUEFORM GROUP
LIMITED**

KING IV APPLICATION REGISTER

This register contains an explanation of the implementation by Rex Trueform Group Limited (formerly Rex Trueform Clothing Company Limited) (“the company”) of the applicable practices as recommended in the King IV Report on Corporate Governance for South Africa, 2016 (“King IV”) in relation to the financial year ended 30 June 2018.

During the year under review the company commenced with the implementation of King IV through the application of the King IV disclosure and application regime. The company is, however, continually engaged in reassessing its compliance with the principles of corporate governance as set out in King IV, including the recommended practices through which this could be achieved. The company is working towards improving compliance where it is deemed appropriate, recognising at all times that the practices as recommended in King IV are positioned at the level of leading practices, and may therefore not all be suitable and appropriate for the company to achieve the principles and realise the intended governance outcomes and, further, that such practices are meant to be scaled proportionally in accordance with the small turnover and relatively small size of the group’s workforce, its limited resources, and the nature and extent of the activities undertaken by the company.

This document is to be read in conjunction with the company's 2018 integrated annual report and at all times having regard to the proportionality considerations detailed above, including the nature, size and structure of the company and its subsidiaries, including Queenspark Proprietary Limited (“Queenspark”) and Queenspark Distribution Centre Proprietary Limited (“Queenspark Distribution Centre”) (collectively hereinafter referred to as the “group”).

LEADERSHIP	
Principle	Explanation
The governing body should lead ethically and effectively	<p>The board of directors of the company (“the board”) is committed to the principles of effective corporate governance and the application of the highest ethical standards in the conduct of the business and the company. The board accordingly endorses the recommended practices of integrity, competence, responsibility, accountability, fairness and transparency advocated by King IV.</p> <p>The board acts at all times in accordance with the standards of conduct required of it in terms of the Companies Act 71 of 2008 (as amended) (“Companies Act”), has a fiduciary duty to, amongst other things, act in good faith and in a manner that the directors reasonably believe to be in the best interests of the company and does so in</p>

accordance therewith. The board exercises objective judgement on the affairs of the company independently from management, has assumed responsibility for setting the direction of the company through the establishment of strategic objectives and policies, has taken overall accountability for the company, and retains full and effective control of the company. In this regard the board considers and approves the company's strategy after taking into account financial and non-financial matters – including risks and opportunities. Risks are continuously assessed by the board (through its risk committee) and the board apprised thereof.

Board members have a working knowledge of the organisation; are kept apprised of the industry(ies) within which the group operates and consider the economic, social and environmental environment within which the company operates. The board has appointed a social and ethics committee to consider, amongst other things, matters such as these. The company has formal disclosure processes in relation to the disclosure of the interests of directors and conflicts of interest. All board members are required to report any conflicts of interest that may arise in the course of their duties. At the beginning of each meeting of the board and its committees, all members are required to declare whether any of them have any conflict of interest in respect of a matter on the agenda. Conflicts (if any) would be proactively managed, as determined by the board and subject to legal provisions.

The board furthermore understands that it has a duty to take the necessary steps to ensure the identification of key laws, rules, codes and standards applicable to the group. A standing agenda item in respect of all board meetings deals with material changes in laws and the board is also kept informed of relevant laws, rules, codes and standards, including changes thereto, on an informal basis.

The board meets at least four times a year, with various committees of the board meeting at additional times during the year. The chairpersons of the various committees report back to the board on the matters dealt with at the committee meetings as a standing board meeting agenda item. Details regarding the attendance of board and committee members at meetings held during the year under review are contained in the company's 2018 integrated annual report.

Directors are held to account for ethical and effective leadership by way of being subject to the board charter and a code of ethics, and performance evaluations of the board and its members are conducted in the manner required in terms of King IV. Furthermore, the performance of each board member would be taken into account by the nomination committee when nominating such member for re-election by shareholders at the relevant annual general meeting.

ORGANISATIONAL ETHICS	
Principle	Explanation
The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	The board sets the values to which the company adheres and takes active steps to ensure that the applicable ethical standards are integrated into the business operations. In this regard a social and ethics committee has been appointed to monitor the ethical nature of the board and the company's actions; the business of the company (and indeed the group) is conducted in a responsible and ethical manner, and various codes of conduct are issued – such as the dissemination of the group code of ethics to employees and board members and a supplier code of ethics to suppliers - with all relevant codes of conduct and policies being incorporated by reference into group employment contracts and into certain (newer) supplier contracts. Employees are furnished with all applicable

	<p>codes of conduct (including the code of ethics) on their induction into the group and a refresher training programme has been embarked upon for all group employees in relation to the group code of ethics, including the usage of the ethics (whistle-blowing) hotline in terms whereof direct contact can be made by any employee with the chairman of the audit committee to report violations of the code of ethics anonymously. Any incidents reported to the hotline are investigated. The code of ethics and all applicable policies are available on the group's intranet, which is accessible to all employees. Various members of the executive management of the group are responsible for the implementation and execution of the group's codes of conduct and ethics policies in relation to the employees who report to them. Sanctions and remedies are in place for breaches of the group's ethical standards by employees and by various suppliers, including the institution of disciplinary proceedings in the case of employees and termination of the relationship in the case of suppliers.</p> <p>Further details regarding key areas of focus during the period under review and planned areas of focus, in relation to organisational ethics, are set out in the corporate governance and social and ethics committee reports in the company's 2018 integrated annual report.</p>
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

RESPONSIBLE CORPORATE CITIZENSHIP

Principle	Explanation
<p>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen</p>	<p>The company acknowledges its obligation to be, and to be seen to be, a responsible corporate citizen, including by complying with the Constitution of the Republic of South Africa (including the Bill of Rights), all applicable laws, leading standards (where application thereof is reasonably and commercially practicable), and adherence to its own codes of conduct and policies and, as noted above, furthermore considers the economic, social and environmental context within which the company operates.</p> <p>The terms of reference of the group's social and ethics committee were amended during the 2018 financial year to include assisting the group in the implementation of the applicable recommended practices in terms of King IV relating to, amongst other things, responsible corporate citizenship (subject at all times to the proportionality considerations particular to the group). Accordingly, further details and feedback in relation to this principle (including key areas of focus during the period under review and planned areas of focus) are noted in the corporate citizenship and social and ethics committee reports in the company's 2018 integrated annual report.</p> <p>Having regard to the proportionality considerations detailed above, measures and targets (in relation to how the consequences of the company's activities and outputs affect its status as a responsible corporate citizen) against which performance in the areas of workplace, economy, society and environment could be monitored have not been agreed to with management.</p>

STRATEGY AND PERFORMANCE

Principle	Explanation
<p>The governing body should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process</p>	<p>The board of each company within the group is responsible for setting the direction of such company through the establishment of strategic objectives and policies, and takes overall accountability for each such company by taking responsibility for its management.</p> <p>The board considers and approves the company's strategy after taking into account financial and non-financial matters – including risks and opportunities. The strategies of the various companies in the group are formulated and</p>

	<p>developed by management and are thereafter interrogated by the applicable board prior to their approval. The board of each group company continues to oversee the implementation of the agreed strategy. Authority and responsibility has been delegated by each respective board to the CEO and management for the implementation of the agreed strategies and the on-going management of the group's business. The board monitors the financial position of the company on a frequent basis. The company is not financially distressed, nor is it in business rescue and the board is satisfied that the going concern assertion has been satisfied for the forthcoming financial year.</p>
REPORTING	
Principle	Explanation
<p>The governing body should ensure that reports issued by the company enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects</p>	<p>The board (duly assisted by the relevant committees) assumes responsibility for the company's reporting and approves all external reports of the company, including in an endeavour to ensure that these meet the legitimate and reasonable needs of material stakeholders.</p> <p>The board acknowledges its ultimate responsibility for the integrity of the integrated annual report as a whole. The integrated annual report focuses on issues which the board and management believe are material to stakeholders and could significantly affect the group's ability to create value. The board has applied its mind to the 2018 integrated annual report and in its opinion the integrated annual report addresses all material issues and presents fairly the integrated performance of the organisation. The board furthermore endeavours to ensure that the integrated annual report provides a holistic and integrated representation of the company's performance in terms of its financial performance and its sustainability, and is satisfied that the 2018 integrated annual report will enable stakeholders to obtain insight into the operations of the group's business, strategy, and the financial and sustainability performance of the group. While the annual financial statements are assured by the external auditor, the integrated annual report (other than the financial statements contained therein) is not externally assured.</p>
PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY	
Principle	Explanation
<p>The governing body should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The board serves as the focal point and custodian of corporate governance in the company and is ultimately accountable and responsible for the performance and affairs of the company. The board exercises its leadership role by steering the organisation and setting its strategic direction, approving policy and planning that give effect to the direction provided, overseeing and monitoring of implementation and execution by management, and ensuring accountability for organisational performance by means of, amongst other things, reporting and disclosure.</p> <p>The board's role, responsibilities, membership requirements and procedural conduct are documented in a board charter, which it regularly reviews to guide its effective functioning. The board is satisfied that it has fulfilled its responsibilities in accordance with the board charter for the period under review.</p> <p>Board members are entitled to and have access to all relevant company information and management to assist them in discharging their duties and responsibilities, and in order for them to take informed decisions. The board meets at least quarterly to consider performance, to monitor issues of strategic direction and to consider any other issues having a material effect on the company. Certain executives may attend board and committee meetings by invitation, specifically where their contribution is required in order to assist the board in its deliberation. A formal agenda is prepared for each board meeting and comprehensive board packs containing the information required in order to enable directors to make informed decisions are forwarded to directors and invitees prior to board</p>

meetings. The number of board and committee meetings held during the financial year ended 30 June 2018, as well as the attendance register, is detailed in the company's 2018 integrated annual report.

COMPOSITION OF THE BOARD

Principle	Explanation
<p>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</p>	<p>Composition</p> <p>The company has a unitary board structure which consisted during the year under review (subject to what is stated below) of five non-executive directors, four of whom are independent, and two executive directors. Executive directors are involved in the day-to-day management of the company. Non-executive directors are chosen for their knowledge, skills and experience and they bring an independent view to bear on key issues.</p> <p>There were various changes to the board during the reporting period which changes aided the board in attaining the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. Details of the changes to the board are contained in the company's 2018 integrated annual report.</p> <p>A policy on the promotion of gender diversity at board level was approved by the board during the 2017 financial year. This policy was updated during the 2018 financial year to incorporate a policy on the promotion of racial diversity at board level. When recommending persons for appointment to the board, the nomination committee has considered and applied this policy. The board has determined that, at this stage and given the current level of diversity enjoyed by the board, no voluntary targets in relation to the gender or racial diversity of the board will be set. The board will consider this on an annual basis when reviewing the policy.</p> <p>The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p> <p>Nomination, election and appointment of members to the board</p> <p>Prior to nominating a candidate for election, the nomination committee considers, amongst other things, the collective knowledge, skills and experience required by the board, the diversity of the board and whether the candidate meets the appropriate fit and proper criteria.</p> <p>Independence and conflicts</p> <p>The board annually assesses the independence of the independent non-executive directors and has ascertained that PM Naylor, LK Sebatane, HB Roberts and MR Molosiwa all satisfy the criteria for independence. PM Naylor has served on the board as an independent non-executive director for longer than nine years. Upon assessment, the board has concluded that PM Naylor exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in PM Naylor's decision-making.</p> <p>Chair of the board</p> <p>The chairman, MA Golding, is responsible for, amongst other things, leading the board in the objective and effective discharge of its governance role and responsibilities and for representing the board to shareholders. The chairman is</p>

	<p>a non-executive director and is appointed by the board. As the non-executive chairman is not independent, PM Naylor has been appointed as lead independent non-executive director. The chairman is not a member of the audit or risk committees, is a member and the chair of nomination committee, and is a member of the social and ethics and remuneration committees, but does not chair such committees.</p>
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

COMMITTEES OF THE GOVERNING BODY

Principle	Explanation
<p>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</p>	<p>The board has ensured 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, by way of constituting audit, risk, social and ethics, remuneration and nomination committees.</p> <p>Audit committee</p> <p>The audit committee of the company also performs the audit committee functions for its subsidiary companies, Queenspark and Queenspark Distribution Centre. The audit committee is comprised of three independent non-executive directors and is chaired by PM Naylor, the lead independent non-executive director of the company. During the year under review the audit committee also consisted of HJ Borkum and RV Orlin who retired from the board and the audit committee and were replaced on the audit committee by LK Sebatane and HB Roberts, who are independent non-executive directors.</p> <p>The audit committee is governed by formal terms of reference which set out the role and responsibilities of the audit committee and its processes and procedures. The audit committee's role and responsibilities include ensuring that appropriate financial procedures have been established and are operating; overseeing integrated reporting; ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities; reviewing the effectiveness of the company's finance function and considering, on an annual basis, and satisfying itself of the appropriateness of the expertise and experience of the financial director; overseeing the internal audit process; acting as an integral part of the risk management process; nominating the external auditor and overseeing the external audit process; and complying with any further responsibilities included in the audit committee's terms of reference and/or the Companies Act and the Regulations thereto, to the extent not specifically addressed above.</p> <p>The committee met three times during the period under review, specifically prior to the publication of (and to review) the company's and group's interim and final results (in addition to reviewing the reports of the internal and external auditors and the group's risk committees), and in order to consider and confirm the appropriateness of the expertise and experience of the new financial director, D Franklin, insofar as same would relate to the performance of his duties as executive financial director.</p> <p>The board is of the view that the current audit committee members possess the skills, knowledge, capacity and experience necessary for them to carry out their duties and responsibilities.</p> <p>Further details regarding the functioning of the audit committee, including key areas of focus during the period under review, are set out in the corporate governance and audit committee reports in the company's 2018 integrated annual report.</p>

Nomination committee

The nomination committee is comprised of non-executive directors, the majority of whom are independent. In this regard, during the year under review the nomination committee consisted of ML Krawitz (who chaired the committee), PM Naylor and RV Orlin. During the course of such year ML Krawitz and RV Orlin retired from the board and the nomination committee, and were replaced by LK Sebatane and MR Molosiwa, who are independent non-executive directors, and MA Golding, who is a non-executive director and was appointed as the new chairman of the nomination committee.

The role of the nomination committee is to assist the board to ensure that the board has an appropriate composition for it to execute its duties effectively; that directors are nominated, elected and/or appointed through a formal process; that induction and on-going training and development of directors takes place; that formal succession plans for the board, the CEO and senior management appointments (if any) are in place; and that the performance of the board, its chairperson and the CEO is evaluated in the manner contemplated in the board charter.

The nomination committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Further details regarding the functioning of the nomination committee, including key areas of focus during the period under review, are set out in the corporate governance report in the company's 2018 integrated annual report.

Risk committee

The board is responsible for the governance of risk and is assisted by both the audit committee and the risk committee, who has an independent role, and makes recommendations to the board for its consideration and final approval on various risk-related matters. The risk committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.

The role of the risk committee is to assist the board to ensure that the company has implemented an effective policy and plan for risk management that will enhance the company's ability to achieve its strategic objectives; and the disclosure regarding risk is comprehensive, timely and relevant. The risk committee furthermore assists the board in fulfilling its responsibilities by overseeing the development and annual review of a policy and plan in respect of risk management for approval by the board; monitoring implementation of the policy and plan; making recommendations to the board concerning the levels of tolerance for risk and monitoring same; overseeing that the risk management policy is widely disseminated throughout the group and integrated into the day-to-day activities of the group companies; ensuring that risk management assessments are performed on a continuous basis; ensuring that frameworks and methodologies are implemented to improve the prediction of risk; verifying that continuous risk monitoring by management takes place; verifying that management considers and implements appropriate risk responses; liaising with the audit committee to exchange information relevant to risk; and reporting to the board on the effectiveness of the system and process of risk management.

The risk committee has executive and non-executive members, with a majority being non-executive directors. During the year under review the risk committee consisted of DS Johnson (who chaired the risk committee), CEA

Radowsky and HJ Borkum. During the course of such year DS Johnson resigned as a director of the company, and HJ Borkum retired from the board, and were replaced by HB Roberts and PM Naylor, who are both independent non-executive directors, with HB Roberts being appointed as the chairman of the risk committee.

Further details regarding the functioning of the risk committee, including its key areas of focus during the period under review, are set out in the risk committee and corporate governance reports in the company's 2018 integrated annual report.

Remuneration committee

The remuneration committee is comprised of non-executive directors, the majority of whom are independent. In this regard, during the year under review the remuneration committee consisted of ML Krawitz, PM Naylor (who chaired the remuneration committee) and RV Orlin. During the course of such year ML Krawitz and RV Orlin retired from the board and PM Naylor resigned from the remuneration committee, and were replaced by LK Sebatane and MR Molosiwa who are independent non-executive directors, and MA Golding, who is a non-executive director. MR Molosiwa was furthermore appointed as the chairman of the remuneration committee.

The role of the remuneration committee is to ensure that the company's directors and senior executives (if any) are, to the extent applicable, fairly, responsibly and transparently rewarded for their individual contributions to the company's overall performance; to demonstrate to all stakeholders that the remuneration of senior executives (if any) is set by a committee of board members who have no personal interest in the outcome of their decisions and give due regard to the interest of the shareholders of the company, and to the financial and commercial health of the company, in setting such remuneration; to approve the company's remuneration policy and report (including the remuneration implementation report) from time to time; and to play an active role in succession planning activities, particularly in regard to the CEO and senior executives (if any).

The remuneration committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Further information regarding the directors' remuneration, and details regarding the functioning of the remuneration committee (including its key areas of focus during the period under review) are set out in the human capital and remuneration and corporate governance reports in the company's 2018 integrated annual report.

Social and ethics committee

The social and ethics committee has executive and non-executive members, with a majority being non-executive directors. During the year under review the social and ethics committee consisted of an independent non-executive director (PM Naylor) who is the chairman of the committee and two executive directors (DS Johnson and CEA Radowsky). During the course of such year DS Johnson resigned as a director of the company and was replaced on the committee by MA Golding, who is a non-executive director.

The social and ethics committee is broadly responsible for monitoring the company's activities, having regard to relevant legislation, other legal requirements or prevailing codes of best practice (where practical) in terms of matters relating to social and economic development; good corporate citizenship; the environment, health and

	<p>public safety; consumer relationships; and labour and employment. The social and ethics committee furthermore performs the functions of a social and ethics committee for the company's South Africa subsidiaries, in accordance with the provisions of the Companies Act and is responsible for assisting in the implementation of an ethics management programme within the company; overseeing that the ethics of the company are correctly captured and conveyed; assessing ethics-related risks and opportunities; undertaking such other social and ethics-related duties delegated to it by the board; drawing matters within its mandate to the board as occasions require; and reporting to the board and the shareholders.</p> <p>The terms of reference of the social and ethics committee were amended during the 2018 financial year such that the functions and role of the social and ethics committee have now been broadened to include assisting the group in the implementation of the applicable recommended practices in terms of King IV in relation to organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships (subject at all times to the proportionality considerations particular to the group). It is envisaged that this would be achieved by way of the social and ethics committee, amongst other things, overseeing and monitoring, on an on-going basis, how the consequences of the group's activities and outputs affect its status as a responsible corporate citizen in the areas of workplace, economy, society and environment.</p> <p>The social and ethics committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.</p> <p>Further details regarding the functioning of the social and ethics committee, including its role and responsibilities, attendees at its meeting, key areas of focus during the period under review and planned areas of focus, are set out in the social and ethics committee and corporate governance reports in the company's 2018 integrated annual report.</p>
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY

Principle	Explanation
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	During the period under review the board evaluated its own performance and that of its committees, its chair and its individual members on an informal basis (taking into account that the majority of the members of the board and its committees had been recently elected or appointed, as the case may be, and accordingly had performed their duties for only a portion of the period under review) and concluded that it was satisfied with such performance. The evaluation process is aimed at improving the board's performance and effectiveness. It is anticipated that the process of evaluation of board members and committees will continue to be improved upon over time. The performance evaluations were not externally facilitated.

APPOINTMENT AND DELEGATION TO MANAGEMENT

Principle	Explanation
The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	<p>CEO appointment and role</p> <p>The CEO, CEA Radowsky, is responsible for leading the implementation and execution of approved strategy, policy and operational planning. She serves as the chief link between management and the board and is accountable and reports to the board. The CEO is furthermore responsible for ensuring that the day-to-day business affairs of the company are properly managed. The CEO is not a member of the remuneration, audit or nomination committees, but may attend meetings, or portions thereof, if needed to contribute pertinent insights and information.</p>

The roles of chairman, CEO, financial director and the remaining non-executive directors are separated, there being a clear division of responsibilities at board level, as informed by the Memorandum of Incorporation of the company, together with the company's board charter, in order to ensure that no one director has unfettered powers of decision-making.

A formal succession plan for the CEO, and for group executive management and other key positions, is in place to provide continuity of executive leadership. Group succession plans are reviewed on an annual basis, and provide for both succession in emergency situations and succession over the longer term. The CEO does not hold any outside directorships. Further required disclosure in relation to the CEO is set out in the human capital and remuneration report in the company's 2018 integrated annual report.

Delegation

The board has delegated certain of its powers to its committees and other powers have been delegated (including via the CEO) to the group's executive and other management. The board charter distinguishes between those matters that are reserved for decision by the board and those that may be delegated to management. The various committees' terms of reference set out the delegation by the board of its powers to such committees. Delegation by the board of its powers does not mitigate or dissipate the responsibility of the board to discharge its duties and responsibilities. The board is satisfied that the delegation of authority framework within the company contributes to role clarity and the effective exercise of authority and responsibilities.

Professional corporate governance services to the board

The board has ensured that it has access to professional and independent guidance on corporate governance and its legal duties, and also that it has support to co-ordinate the functioning of the board and its committees, by way of the appointment of a company secretary, whose responsibilities include providing the directors of the company with guidance as to their duties, responsibilities and powers; and providing a central source of guidance and advice to the board, and within the company, on matters of good governance and changes in legislation.

The company secretary is not a director of the company and has no relationship with the board that interferes with his maintenance of an arm's length relationship with the board. The company secretary attends all board and committee meetings by invitation, including in order to maintain a record of such meetings.

The board considers and satisfies itself on an annual basis as to the performance, competence, qualifications and experience of the company secretary and is satisfied that during the year under review the company secretary, given his performance, competence, qualifications and experience, discharged his duties effectively and appropriately, and maintained an arm's length relationship with the board.

All directors have unlimited and unfettered access to the advice and services of the company secretary. The board believes that the arrangements in place for accessing professional corporate governance services are effective.

RISK GOVERNANCE

Principle

Explanation

<p>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<p>The board is committed to a process of risk management that is aligned to the principles of good corporate governance as encompassed in King IV.</p> <p>Risk management assists the group in achieving its objectives by establishing a formal, structured approach of identifying, prioritising and managing risks within each group entity, with the aim of ensuring both the short-term and long-term sustainability of the group. The risk management vision of the group is the effective and efficient management of risk, enabling each entity to fulfil its mandate, the service delivery expectations of the stakeholders and the performance expectations within the entity itself.</p> <p>Risk management is recognised as an integral part of responsible management and the group therefore adopts a comprehensive approach to the management of risk. Management ensures that each entity has an effective on-going risk assessment process, consisting of risk identification, prioritisation and evaluation. Risks are prioritised in terms of their impact and likelihood. At least once a year a facilitated and formal process is undertaken to update a documented risk register across each entity. The CEO, with the assistance of the financial director, is responsible for managing and facilitating the risk management process.</p> <p>Further salient details regarding the arrangements for governing and managing risk, key areas of focus during the reporting period, including the key risks that the organisation faces, actions taken to monitor the effectiveness of risk management and how the outcomes were addressed, and planned areas of future focus are set out in the risk committee report in the company's 2018 integrated annual report.</p>
----------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

TECHNOLOGY AND INFORMATION GOVERNANCE

Principle	Explanation
<p>The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives</p>	<p>In order to manage the group's resources more effectively the company receives certain IT- related services from its subsidiary, Queenspark. The company therefore does not have its own IT infrastructure but rather utilises the services of its subsidiary in this regard. Queenspark owns and manages various IT facilities and resources utilised to provide IT services to the company, and is responsible for the implementation and maintenance of IT governance. The company (and the board) has access to relevant information regarding matters of IT governance within Queenspark, including its policies and procedures relating thereto.</p> <p>The role that electronic communication and information technology play in the group is of central importance. In recognition thereof the group has previously adopted, and continues to entrench, applicable strategies, policies and processes. All directors are regularly informed of key information technology matters and the executive directors oversee the IT department. Responsibility for the implementation of IT governance within the group is assigned to the information technology management employed in the group. The Queenspark risk committee within the group assists the group in the management of IT risks. Furthermore, the assistance of external experts is obtained to assist the group in the governance of IT.</p> <p>There were no significant changes in policy, IT-related acquisitions or IT-related incidents during the 2018 financial year. Key areas of focus during the reporting period and planned areas of focus from an IT perspective are detailed in the corporate governance report in the company's 2018 integrated annual report.</p>

COMPLIANCE GOVERNANCE

Principle	Explanation
<p>The governing body should govern compliance with applicable laws and, adopted, non-binding rules, codes and standards, in a way that supports the organisation being ethical and a good corporate citizen</p>	<p>The board requires all business units, departments and subsidiaries within the group to have an understanding of and comply with those laws, regulations and standards applicable to the environment within which they operate. A standing agenda item in respect of all board meetings deals with material changes in laws and the board is also kept informed of relevant laws, rules, codes and standards, including changes thereto, on an informal basis.</p> <p>The risk committee assists the company in complying with the regulatory requirements and promoting processes and procedures that are risk appropriate, so that the company achieves its goals without fear of penalties or reputational harm. The group utilises the resources of experts, when necessary, to assist in the management of compliance. The group has appropriately qualified employees in executive positions (including an in-house legal adviser) to assist with matters of compliance and has appointed a company secretary (who also performs the role of the group's in-house legal adviser) to provide a central source of guidance and advice to the board, and within the company, on matters of good governance and of changes in legislation.</p> <p>To the best of the company's knowledge and belief, it has complied with all applicable JSE Listings Requirements and every disclosure requirement for continued listing on the JSE Limited ("JSE") imposed by the JSE for the financial year under review. No material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations were imposed on the group or on members of the board during the period under review. Furthermore, no monitoring and compliance inspections were undertaken by environmental regulators, and there were no findings of non-compliance with environmental laws, or criminal sanctions and prosecutions.</p> <p>Key areas of focus during the reporting period and planned areas of focus from a compliance perspective are detailed in the corporate governance report in the company's 2018 integrated annual report.</p>

REMUNERATION GOVERNANCE

Principle	Explanation
<p>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</p>	<p>The board recognises its responsibility to ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p> <p>The remuneration policy and remuneration implementation report, which are voted on by shareholders annually through separate non-binding votes, are contained in the human capital and remuneration report in the company's 2018 integrated annual report.</p>

ASSURANCE

Principle	Explanation
<p>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>	<p>The board has assumed responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions.</p> <p>The board has delegated to the audit committee the responsibility for providing independent oversight of, amongst other things, the effectiveness of the company's assurance functions and services, with particular focus on combined assurance arrangements, including external audit, internal audit, the finance function and the integrity of</p>

	<p>the annual financial statements.</p> <p>The board is responsible for the company's internal control systems and for reviewing their effectiveness. Appropriate systems of internal control are maintained. The group's internal audit function is considered essential to maintaining the integrity, adequacy, efficiency and effectiveness of the company's financial and non-financial controls. The year under review has seen the continued entrenchment of the risk assessment process, which is reviewed by internal audit and forms part of the combined assurance framework.</p> <p>The internal audit function examines and evaluates the company's activities and resultant business risks, and develops an annual internal audit plan that is approved by the audit committee. The audit committee (with the assistance of the external auditors, where required) reviews and approves internal audit plans, and evaluates the independence, effectiveness and performance of the internal audit function.</p> <p>No material loss or misstatement arising from a material breakdown in the functioning of the system of internal controls has been identified by the internal auditor in respect of the financial year under review. The internal audit department continues to progress towards providing written assessments relating to the effectiveness of the internal control and risk management processes.</p> <p>Further details and disclosures regarding the company's application of combined assurance, internal audit arrangements and the internal control environment are contained in the audit committee report in the company's 2018 integrated annual report and in the 2018 annual financial statements.</p>
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

STAKEHOLDERS

Principle	Explanation
<p>In the execution of its governance role 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</p>	<p>The board has identified important stakeholder groupings as noted in the integrated annual report, continues to manage such relationships in order to, amongst other things, protect and enhance the company's reputation and strives to achieve an appropriate balance between the interests of various stakeholders. In doing so the board takes into account, as far as possible, the legitimate interests and expectations of its stakeholders. Methods of engagement by the company with its various stakeholders are detailed in the integrated annual report.</p> <p>The company treats the holders of all classes of its shares, including minorities, equitably – having regard to the rights, preferences and limitations attaching to the classes of such shares and interests of all such shareholders. The board endeavours to ensure that disputes (if any) are resolved in an appropriate and timely manner – including having regard to the interests of the company.</p> <p>The subsidiaries of the company are not listed entities, but nonetheless endeavour (where practical and appropriate) to comply with the corporate governance requirements of King IV. The board and the boards of the various entities within the group work closely together within an agreed upon framework.</p>