

KING CODE APPLICATION – GAP ANALYSIS

	Principle	Status	Narrative	Action plan
1.1	The Board should provide effective leadership based on an ethical foundation	Applied	The Board is committed to promoting the highest standard of ethical behaviour in the Group. The Social and Ethics Committee is charged with the responsibility of monitoring and assessing compliance and reporting to shareholders in the Integrated Report regarding this.	
1.2	The Board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	The Social and Ethics Committee strives to ensure the company is seen to be a responsible corporate citizen and that the Board will discharge its duties in this regard. Non-financial performance, risks and the impact of its operations will be considered by and effected through the Board.	
1.3	The Board should ensure that the company's ethics are managed effectively	Applied	The Board shall oversee the adoption and implementation of the Code of Conduct for the Group and compliance shall be monitored by the Social and Ethics Committee to assist the Board to discharge its responsibilities.	Feb 2016: The Code of Ethics was approved by the Board and has been implemented. A Whistle-blowing policy has also been approved by the Board and implemented.
2.1	The Board should act as the focal point for and custodian of corporate governance	Applied	The terms of reference of the Board specifically emphasises this responsibility to ensure that their leadership is based on the principles of good corporate governance. Board meetings are conducted on a regular basis, at least 4 times per year. The Board is supported by the established sub-committees with delegated responsibilities and providing necessary feedback to the Board, in order for it to manage its responsibilities in this regard.	

2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	<p>The Board is ultimately accountable for the performance and affairs of the company, noting that strategy, risk, performance and sustainability are inseparable. It provides strategic direction by proposing, discussing and questioning, whilst evaluating and approving, plans and strategies based on the values and objectives of the company and stakeholder interests and expectations.</p> <p>The terms of reference of the Board specifically emphasises this responsibility which will be practically assessed and monitored by the Audit and Risk Committee.</p>	
2.3	The Board should provide effective leadership based on an ethical foundation	Applied	Refer to principle 1.1	
2.4	The Board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	Refer to principle 1.2	
2.5	The Board should ensure that the company's ethics are managed effectively	Applied	The Board shall oversee the adoption and implementation of the Code of Conduct for the Group and compliance shall be monitored by the Social and Ethics Committee to assist the Board to discharge its responsibilities.	See 1.3 above
2.6	The Board should ensure that the company has an effective and independent audit committee	Applied	<p>The company has appointed an Audit and Risk Committee comprising three independent non-executive directors.</p> <p>Refer to principle 3.1 - 3.10</p>	
2.7	The Board should be responsible for the governance of risk	Applied	<p>Through the appointed Audit and Risk Committee the Board has ensured the governance of risk is addressed.</p> <p>The terms of reference charges the committee with the responsibility of overseeing the preparation and integrity of the Integrated Report for approval by the Board.</p>	

			Refer to principle 4.1 - 4.10	
2.8	The Board should be responsible for information technology (IT) governance	Applied	Refer to principle 5.1 - 5.7	
2.9	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	Refer to principle 6.1 - 6.4	
2.10	The Board should ensure that there is an effective risk-based internal audit	Applied	Refer to principle 7.1 - 7.5	
2.11	The Board should appreciate that stakeholders' perceptions affect the company's reputation	Applied	Refer to principle 8.1 - 8.6	
2.12	The Board should ensure the integrity of the company's integrated report	Applied	Refer to principle 9.1 - 9.3	
2.13	The Board should report on the effectiveness of the company's system of internal controls	Applied	<p>The terms of reference of the Board specifically emphasises this responsibility which has been delegated to the Audit and Risk Committee. The effectiveness of internal controls will be reviewed with reference to the findings of the external auditors and monitored as a standing item on the agenda.</p> <p>Refer to principle 7.1 -7.5 and 9.1 - 9.3</p>	
2.14	The Board and its Directors should act in the best interests of the company	Applied	<p>In accordance with the Companies Act, No. 71 of 2008 ("Companies Act"), the Directors owe fiduciary and statutory duties to the company. All Directors understand and accept these duties and are committed to discharge their responsibilities in this regard to the best of their ability.</p> <p>Conflicts of interest are disclosed and appropriately managed. Furthermore, there is a company policy on Directors' dealings and this is communicated to</p>	

			directors, officers and selected employees before closed and sensitive periods.	
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed	Applied	The Board will consider the going concern status of the Group regularly. The Board will regularly monitor whether or not the company is financially distressed (as defined in the Companies Act) and will consider business rescue proceedings or other turnaround mechanisms in the event the company should become financially distressed.	Feb 2016: This is a standard item on the agenda of the Audit Committee
2.16	The Board should elect a chairman of the Board who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of the chairman	Applied	The chairman of the Board is an independent non-executive director, DJ Brown. The roles of Chairman of the Board and Chief Executive Officer ("CEO) are split.	
2.17	The Board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied	The Board is responsible for the appointment and annual evaluation of the CEO. The collective responsibilities of management vest in the CEO and, as such, the CEO bears ultimate responsibility for all management functions. The CEO of the company is IJ Calisto. The Board shall (through the Audit and Risk Committee) formulate, adopt and monitor a framework of delegation of authority for the CEO.	Feb 2016: the Audit & Risk Committee has considered formal Levels of Authority documents for Board approval to ensure appropriate delegation of authority for the CEO.
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive Directors should be independent	Applied	The Board has 5 members of which 3 are independent non-executive directors. Additionally, the board charter provides that it is intended that the Board will comprise a majority of non-executive directors of whom the majority are independent.	
2.19	Directors should be appointed through a formal process	Applied	Directors are appointed by Shareholders in accordance with the Companies Act and the company's Memorandum of Incorporation ("MOI"). Nominations and interviews are managed by the Remuneration and Nominations Committee.	

2.20	The induction of, and ongoing training and development of Directors should be conducted through formal processes	Applied	<p>The Board ensures that the collective skills and experience of Directors are suitable to carry out its responsibilities, to achieve the company's objectives and create shareholder value over the long term.</p> <p>The Directors receive appropriate induction and training to inform them of their duties, responsibilities, powers and potential liabilities. Individual training and development needs are discussed with each Board member on an ongoing basis. The Company Secretary takes responsibility for managing and coordinating this process.</p>	
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary	Applied	<p>The Company Secretary is a qualified and admitted attorney with a B.Proc and a LLB degree as well as a Postgraduate Diploma in Corporate Law. She has 13 years of company secretarial and corporate governance experience and has previously served as Company Secretary for 2 JSE listed companies.</p> <p>The board selects and appoints the Company Secretary and recognises the important role to be played by the Company Secretary.</p>	
2.22	The evaluation of the Board, it's committees and the individual directors should be performed every year	Applied	<p>The Board will ensure that the various Board committees and individual Directors as well as the Company Secretary are evaluated every year. This responsibility has been delegated to the Remuneration and Nominations Committee with a report back function to the Board.</p>	Feb 2016: A formal process has been documented and approved by the Board – reporting will be in the Annual Report
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied	<p>The Board is assisted in fulfilling its duties by well-structured Board committees which function according to the board approved terms of reference in executing their mandates for which the Board remains ultimately responsible.</p> <p>The Board has established an Audit and Risk Committee, Remuneration and Nominations Committee and a Social and Ethics Committee in this regard.</p>	

			<p>The majority of the directors on the committees are non-executive and independent.</p> <p>The Board has established the following committees:</p> <ul style="list-style-type: none"> • the Audit and Risk Committee; • the Remuneration and Nomination Committee; and • the Social and Ethics Committee. 	
2.24	A governance framework should be agreed between the group and its subsidiary boards	In process	<p>The Board will establish and oversee the implementation of such a framework. All the Board committee terms of reference include this responsibility.</p> <p>Good governance is advocated within the group and by all subsidiaries. The formalised Board Charter has been implemented in order to ensure that good corporate governance is maintained throughout the Group in line with the requirements of the King Code and the principles of good corporate practice.</p>	Feb 2016: The Company Secretary has compiled statutory files for all subsidiaries and performs the company secretarial and governance duties for the South African subsidiaries. Statutory files have been compiled for the offshore subsidiaries. The Code of Ethics and Whistle-blowing policy has been implemented throughout the Group.
2.25	The company should remunerate Directors and executives fairly and responsibly	Applied	The Remuneration and Nominations Committee is charged with this responsibility and will review the company's remuneration policy, payment of performance bonuses, director remuneration, incentive schemes and retention schemes.	
2.26	The company should disclose the remuneration of each individual Director	Applied	The remuneration of each individual director will be disclosed in the Annual Report in sufficient detail for shareholders to be able to vote on this remuneration at the Annual General Meeting ("AGM").	
2.27	Shareholders should approve the company's remuneration policy	Applied	The company intends to table a remuneration policy for this purpose at the next AGM in 2015 and thereafter every 2 years, unless material changes are made which would require shareholder approval at the AGM following such changes.	Feb 2016: The Remuneration Policy was reviewed and approved by shareholders at the AGM held on 25 August 2015.

3.1	The Board should ensure that the company has an effective and independent Audit and Risk Committee	Applied	<p>The Board has established an Audit Committee comprising of 3 independent non-executive directors, all of which are suitably and adequately qualified and one of which is the Chairman of the Board.</p> <p>The reason for the Chairman being a member is that there is no alternative suitable candidate due to the Board comprising of only 3 independent non-executive directors. The Chairman is very well qualified to fulfil the position and will not be the chairman of the Audit and Risk Committee.</p> <p>The Chairman of the Audit and Risk Committee is Kim White.</p>	
3.2	Audit and Risk Committee members should be suitably skilled and experienced independent non-executive Directors	Applied	All the members are independent non-executive directors who qualify in terms of Regulation 42 of the Companies Regulations. These committee members are also appropriately qualified and experienced with regards to Regulation 42.	
3.3	The Audit and Risk Committee is to be chaired by an independent non-executive Director	Applied	The Audit and Risk Committee is chaired by Kim White, an independent non-executive Director	
3.4	The Audit and Risk Committee should oversee integrated reporting	Applied	The terms of reference charges the committee with the responsibility of overseeing the preparation and integrity of the Integrated Report for approval by the Board.	
3.5	The Audit and Risk Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	In process	The Board will oversee the adoption and implementation of a suitable assurance framework and has delegated this function to the Audit and Risk Committee.	Feb 2016: An experienced internal auditor was appointed to head up an Internal Audit function. He is tasked with the establishment of a suitable assurance and control framework for the Group under guidance of the Board.
3.6	The Audit and Risk Committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied	The Board has delegated this authority to the Audit and Risk Committee. The responsibility includes ensuring this committee is satisfied with the expertise and experience of the Financial Director in terms of the JSE Listings Requirements.	

3.7	The Audit and Risk Committee should be responsible for overseeing Internal Audit	Applied	The company has established an Internal Audit function.	See 3.5 above
3.8	The Audit and Risk Committee should be an integral part of the risk management process	Applied	The Audit and Risk Committee reviews the effectiveness of internal control systems and ensuring that all key areas of risks have been properly identified and mitigated.	
3.9	The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied	The Audit and Risk Committee nominates and appoints the company's auditors and their terms of engagement in compliance with the requirements of the Companies Act.	
3.10	The Audit and Risk Committee should report to the Board and Shareholders on how it has discharged its duties	Applied	A comprehensive report is provided in the Integrated Report; reporting to the Board is regularly done by providing minutes of all meetings of the Audit and Risk Committee to the Board.	
4.1	The Board should be responsible for the governance of risk	Applied	The Audit and Risk Committee has been established in this regard and has the responsibility to review the effectiveness of internal control systems and ensuring that all key areas of risks have been properly identified and mitigated.	
4.2	The Board should determine the levels of risk tolerance	Applied	The Board has approved the Risk Management Framework established by the Audit and Risk Committee.	
4.3	The Audit and Risk committee should assist the Board in carrying out its risk responsibility	Applied	The Audit and Risk Committee reviews the effectiveness of internal control systems and ensuring that all key areas of risks have been properly identified and mitigated	
4.4	The Board should delegate to management the responsibilities to design, implement and monitor the risk management plan	Applied	The Board has approved the Risk Management Framework established by the Audit and Risk Committee	

4.5	The Board should ensure that risk assessments are performed on a continual basis	Applied	Risk assessments form part of the company's risk management policy, delegated to the Audit and Risk Committee	Feb 2016: A Risk Management policy and Framework were approved by the Board and implemented by management. An internal Risk Committee has been tasked with ongoing management and compliance.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied	This forms part of the company's risk management policy based on the Risk Management Framework, delegated to the Audit and Risk Committee	See 4.5 above
4.7	The Board should ensure that management considers and implements appropriate risk responses	Applied	This forms part of the company's risk management policy, delegated to the Audit and Risk Committee based on the Risk Management Framework	See above
4.8	The Board should ensure continual risk monitoring by management	Applied	This forms part of the company's risk management policy, delegated to the Audit and Risk Committee based on the Risk Management Framework	
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	Applied	The Board ensures that management continually monitors risk and considers and implements appropriate risk responses through the Audit and Risk Committee (who receives the feedback from management).	
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied	Comprehensive reporting is contained in the Integrated Report; the Audit and Risk Committee reports to the Board at each subsequent Board meeting.	
5.1	The Board should be responsible for information technology (IT) governance	Partly applied	A formal IT governance framework will be adopted and implemented and will be monitored by the Audit and Risk Committee.	Feb 2016: This matter is being attended to and will be implemented by June/July of this year
5.2	IT should be aligned with the performance and sustainability objectives of the company	Applied	Assisted by management, the company ensures that the IT processes currently in place are aligned to the performance and sustainability objectives of the Board.	
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	Partly applied	The IT governance policy will form part of the IT governance framework, to be adopted; this	See above

			responsibility has been delegated to the Audit and Risk Committee with a report back function to the Board.	
5.4	The Board should monitor and evaluate significant IT investments and expenditure	Applied	The Board oversees all significant investments and expenditure in accordance with its terms of reference and levels of authority.	
5.5	IT should form an integral part of the company's risk management	Applied	The Board has delegated this responsibility to the Audit and Risk Committee with a report back function to the Board.	
5.6	The Board should ensure that information assets are managed effectively	Applied	The Board has delegated this responsibility to the Audit and Risk Committee with a report back function to the Board.	
5.7	The Audit and Risk Committee should assist the Board in carrying out its IT responsibilities	Applied	The Board has delegated this responsibility to the Audit and Risk Committee with a report back function to the Board.	
6.1	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	The terms of reference of the Board requires consideration of these matters, which responsibility has been assigned to the Company Secretary.(This will be a standing item on the agenda)	Feb 2016: A formal Legal Compliance Framework has been submitted to the Board and is a standard item on the Board agenda.
6.2	The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Applied	The Board understands the context of the law and how laws interact with each other, and has a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business. The Directors sufficiently familiarise themselves with the general content of applicable laws, rules, codes and standards, in order to discharge their legal duties with the assistance of the Company Secretary and the JSE Sponsor.	
6.3	Compliance risk should form an integral part of the company's risk management process	Applied	The Audit and Risk Committee has been charged with this responsibility on behalf of the Board with the assistance of the Social and Ethics Committee and the Company Secretary.	

6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	Partially applied	The Board will oversee the adoption and implementation of a formal Compliance Framework and process in this regard.	Feb 2016: The Code of Ethics and Whistle-blowing policy have been approved and implemented and a Legal Compliance Framework has been established.
7.1	The Board should ensure that there is an effective risk based internal audit	In progress	The company has established an Internal Audit function. The Audit and Risk Committee assumes responsibility for the monitoring of combined assurance.	See 3.5 above
7.2	Internal audit should follow a risk based approach to its plan	In progress	Refer to principle 7.1	
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	In progress	Refer to principle 7.1	
7.4	The Audit and Risk Committee should be responsible for overseeing internal audit	Applied	Refer to principle 7.1	
7.5	Internal audit should be strategically positioned to achieve its objective	In progress	Refer to principle 7.1	
8.1	The Board should appreciate that stakeholders' perceptions affect a company's reputation	Applied	The Board provides effective leadership based on an ethical foundation by taking account of the company's impact on internal and external stakeholders. The Board facilitates the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company that is transparent and interactive. Also, the Integrated Report will reflect the interests of all stakeholders positioning key actions to maintain positive perceptions about the company and its activities.	
8.2	The Board should delegate to management to proactively deal with stakeholder relationships	Applied	The Board has delegated to management in various levels in the Group by utilising different platforms for interaction.	

8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied	<p>The Board appreciates the diverse range of stakeholders and management has been appropriately assigned to manage these relationships.</p> <p>The Board strives to achieve the appropriate balance between its various stakeholder groupings, in the best interest of the company.</p>
8.4	Companies should ensure the equitable treatment of Shareholders	Applied	The Board is aware of its responsibilities in this regard in terms of the Companies Act and the JSE Listings Requirements.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	<p>The Board subscribes to transparent and interactive engagement with stakeholders.</p> <p>Complete, timely, relevant, accurate, honest and accessible information is provided by the company to stakeholders, having regard to legal and strategic considerations.</p>
8.6	The Board should ensure that disputes are resolved as effectively efficiently and expeditiously as possible	Applied	<p>Disputes are escalated to senior management and resolved as a matter of urgency. Material disputes are reported to the Board.</p> <p>Board shall also ensure that appropriate individuals are selected to represent the company in legal proceedings.</p>
9.1	The Board should ensure the integrity of the company's integrated report	Applied	As per the terms of reference of the Board and the Audit and Risk Committee the Board is committed to ensuring the integrity of this report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Applied	As with the company's first report in 2015, this principle will be applied in the preparation of the company's Integrated Annual Report for the period ending 29 February 2016.
9.3	Sustainability reporting and disclosure should be independently assured.	Applied	Sustainability reporting and disclosure will only be independently assured if deemed necessary. The Audit

			and Risk Committee oversees the provision of assurance over sustainability issues.	
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