

KING IV APPLICATION REGISTER 2020

PRINCIPLE	APPLICATION	EXPECTED GOVERNANCE OUTCOME
<p>Principle 1: Ethical leadership The governing body should lead ethically and effectively.</p>	<p>The directors hold each other accountable for decision-making based on integrity, competence, responsibility, fairness and transparency through their commitment to lead the company consistent with the company's values.</p> <p>The Board's annual assessment of its performance and sub- Committees includes a review of management's procedures for enforcing Wesizwe's Code of Ethics and Business Conduct.</p> <p>The Board Charter also outlines the policies and practices of the Board on matters such as directors' dealings in the securities of the company and declarations of conflicts of interest.</p> <p>The Chair of the Board oversees this process on an ongoing basis.</p>	<p>Ethical culture and Legitimacy</p>
<p>Principle 2: Organisation values, ethics and culture The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The Board, assisted by the Social and Ethics Committee, oversees the governance of ethics in the company, which is detailed in the Code Ethics and Business Conduct.</p> <p>The Code ethics and business conduct guides the interaction between employees, clients, stakeholders, suppliers and the community within which the company operates. Management is responsible for the implementation of the code and investigation of suspected breaches. Material breaches are reported to the Social and Ethics Committee and the Audit and Risk Committee.</p> <p>The company has a fraud/ethics hot line that enables employees to report ethical breaches.</p>	<p>Effective Control, Good performance, Legitimacy and Ethical culture.</p>

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<p>Principle 3: Responsible corporate citizenship</p> <p>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The Board delegates accountability for monitoring overall corporate citizenship performance to the Social and Ethics Committee. The Committee's mandate includes oversight of human rights, safety, developing and retaining a skilled and diverse workforce, and responding to the changing regulatory context.</p>	<p>Good performance, ethical outcomes and legitimacy</p>
<p>Principle 4: Strategy, implementation and performance</p> <p>The governing body should appreciate that the organization'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 approves the strategy and goals for each financial year and measures performance against the targets established for the comparative year. Management is responsible for implementing this strategy to achieve the desired goals and to assess and respond to any issues that may impact the group's activities and outputs.</p> <p>The risk assessment and ranking methodology led by the executive team ensures that the Board is apprised of the risks and opportunities facing the group and it takes an integrated approach to assessing risks and material matters. The Social and Ethics Committee assists with assessing and monitoring environmental, health and safety issues, internal and external, to the business. The audit Committee and Board consistently monitor the going-concern status of the group.</p>	<p>Good performance and effective control</p>
<p>Principle 5: Reports and disclosure</p> <p>The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.</p>	<p>The regular tabling of reports at the various Committee meetings ensures the Board is aware of all developments across the group and can track progress against established targets short, medium and long term. Each Committee chair provides feedback to the Board. The chair of the Social and Ethics Committee reports back to shareholders at each annual general meeting of the company.</p> <p>The integrated annual report provides details on the operations and performance of the company over the past year and allows stakeholders to assess and gauge how value is created. This report sets out the group's highlights, challenges and future focus areas to provide stakeholders with a realistic view of the company.</p>	<p>Effective control and Legitimacy</p>

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<p>Principle 6: Role of the governing body</p> <p>The governing body should serve as the focal point and custodian of the corporate governance in the organisation.</p>	<p>The Board serves as the focal point and custodian of corporate governance. Its role and responsibilities and the way it executes its duties and decision-making are set out in the Board charter and the terms of reference of all Board sub - Committees.</p> <p>Relevant policies and oversight procedures are in place to ensure adherence to the governance standards and best practices.</p>	<p>Effective control , Good performance and Legitimacy</p>
<p>Principle 7: Composition of the governing body</p> <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><u>Board composition</u> The composition of the Board is appropriate for the nature, complexity and strategic demands of the Group, and provides the requisite mix of knowledge, skills, experience, independence and diversity.</p> <p><u>Declaration of interest</u> Declarations of interests are tabled at every Board meeting. Annual self-assessments of Board effectiveness evaluate the knowledge and skills of members, which are then developed or new appointments made to address any gaps. Subject matter experts are available for matters requiring specialised guidance.</p> <p><u>Board appointment process</u> The process is guided by the Board Diversity and Appointment to the Board policies.</p> <p><u>Chair of the Board</u> The Chair is an independent non-executive director and is a member of the Audit and Risk Committee contrary to King IV Code. The Board has decided not to apply this recommendation. The Chair is also a member of the Social and Ethics Committee including the Remuneration Committee.</p> <p><u>Sub - Committees</u> Two Committees are chaired by independent non-executive directors and the other two are chaired by non-executive directors.</p>	<p>Effective control, good performance and legitimacy</p>
<p>Principle 8: Committees of the governing body</p> <p>The governing body should ensure that its</p>	<p>The Board determines the delegation of authority to individual members, groups of members, standing or ad-hoc Committees according to a defined framework. Specific aspects of</p>	

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<p>arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties</p>	<p>governance are addressed in greater depth through Board Committees.</p> <p>Each Committee has formal terms of reference, approved by the Board, which specify its responsibilities. The composition of the Committees and the distribution of authority between the Chair and other directors is balanced and eliminates instances where individual(s) dominate decision-making or undue dependency is created.</p>	
<p>Principle 9: Performance evaluation</p> <p>The governing body should ensure that the evaluation of its own performance and that of its Committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>Assessments of the performance of the Board, its sub-Committees and the Company Secretary are conducted annually. The assessment of the Board's performance covers the governance of financial, strategy, quality, understanding of business and risks, process and procedure.</p>	<p>Effective control and good performance.</p>
<p>Principle 10: Delegation of management</p> <p>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.</p>	<p>The delegation of authority framework details the powers and matters reserved for the Board, and the responsibilities delegated to management via the Chief Executive Officer. The Board ensures that key management functions are led by competent and appropriately authorised individuals, supported by functions that are adequately resourced.</p>	<p>Effective control and good performance.</p>
<p>Principle 11: Risk and opportunity governance</p> <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 has direct responsibility for the governance of risk and approves the risk policy that gives effect to its direction on an appetite for risk. The policy affirms that the overarching aim of effective risk management is to protect and grow sustainable value for all stakeholders by embedding risk management into strategic decision-making. The Audit and Risk Committees assist the Board with the governance of risk. The Committees oversee the implementation of</p>	<p>Effective control and good performance.</p>

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	<p>clearly defined processes to identify and manage risks to the sustainability of the business. This entails delegating responsibility to management to continuously identify, assess, mitigate and manage risks in the pursuit of strategic opportunities, within clearly defined parameters.</p>	
<p>Principle 12: Technology and information governance The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>The Board, together with the Audit and Risk Committees, oversee the governance of IT. An IT Steering Committee was resuscitated and reports to the Audit and Risk Committee on its activities.</p> <p>Not much activities took place during this reporting period due to lack of appropriate and suitable skills to render the IT functions, the latter were outsourced to an external party.</p> <p>The Board and Audit and Risk Committee will focus on Technology and information governance in 2021.</p>	<p>Effective control and good performance.</p>
<p>Principle 13: Compliance governance The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.</p>	<p>The Board, with the assistance of the Audit and Risk Committees, ensures that the Group complies with applicable laws, regulations, codes and standards including voluntary codes.</p> <p>The company has identified all laws, regulatory requirements, codes and standards that impact its operations.</p> <p>The Board has delegated the responsibility for implementing compliance to management</p>	<p>Ethical culture, effective control, good performance and Legitimacy</p>
<p>Principle 14: Remuneration governance The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive</p>	<p>The Board, assisted by the Remuneration Committee, ensures that prescribed officers and employees are remunerated fairly, responsibly, transparently and in line with industry standards, to attract and retain the talent required to achieve the Group's strategy and to create sustainable value. The Remuneration Committee engages proactively with shareholders on changes to the remuneration policy and its implementation.</p> <p>To ensure fair and responsible executive remuneration in the context of overall remuneration levels, the Remuneration</p>	<p>Ethical culture, effective control, good performance and Legitimacy</p>

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<p>outcomes in the short, medium and long term.</p>	<p>Committee consistently awards employees at the lower end of the pay scale with higher percentage increases than executive directors.</p>	
<p>Principle 15: Assurance 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 Audit and Risk Committee has adopted a combined assurance model. The Audit and Risk Committee is satisfied that the external auditor for 2020 is independent and non-audit services that may impair their independence were not performed.</p> <p>The Audit and Risk Committee receive regular reports from the external and internal audit engagement partners.</p>	<p>Ethical culture, effective control, good performance and Legitimacy</p>
<p>Principle 16: Stakeholders In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>The Group has clearly identified its key stakeholder groups and a formal stakeholder communication strategy ensures a comprehensive stakeholder inclusive approach. The Board, through the Social and Ethics Committee, monitors stakeholder management, which is implemented through a decentralised stakeholder engagement model. This delegates responsibility for proactive and constructive stakeholder engagement to management, which entails consistent and relevant interaction.</p>	<p>Good performance and Legitimacy</p>
<p>Principle 17: Responsibility to shareholders The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>	<p>Not applicable</p>	

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