

KING IV REGISTER OF APPLICATION

| LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP | |
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| Leadership | |
| Principle | Application of the Principle |
| <p>1. The governing body should lead ethically and effectively</p> | <p>The Code of Conduct and the Board Charter are the cornerstone for ethical leadership and serves as a reference point to guide the standards of integrity, accountability and fairness in the group. The Code of Conduct is designed to ensure the effective management of ethics and is applicable to directors, employees, contractors, suppliers and joint venture partners. The board of directors acts in the best interest of the company and avoid conflicts of interest. A declaration of financial or personal interest is a standard agenda item at each board meeting. Where there is conflict a process will be followed to manage the conflict of interest subject to legal provisions and the Companies Act.</p> <p>The board sets the ethical tone in the group consistent with the company values, the requirements of the company's memorandum of incorporation, Board charter, the Companies Act 71 of 2008 and the JSE listings requirements.</p> <p>Insimbi is committed to the highest standard of corporate governance.</p> |
| Organisational Ethics | |
| <p>2. 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 Charter and the Code of Ethics confirm the principles by which the board defines and leads the ethical culture in the group. Where required the company continues to further entrench and strengthen recommended practices through the Group's governance structures, systems, processes and procedures.</p> <p>Management has been delegated the responsibility for the implementation of the Code of Conduct. The board, with the assistance of the Social and Ethics and Transformation committee and the Audit and Risk committee, exercises ongoing oversight of the management of ethics, monitoring the company's activities with regards to ethics and ensuring that our conduct supports our values. Ethics monitoring surveys were conducted in 2014, 2015 and 2018 the response rate for 2018 was 71.2% with an ethics rating of 4.77 and improved employees' commitment to values and the extent that the leaders live the company's value remarkably improving thus confirming that leadership led by example and upholds ethical conduct and instill ethical culture within the organisation.</p> <p>An overview of the governance and management of ethics is also disclosed in the Corporate Governance Report.</p> |
| Responsible corporate citizenship | |
| <p>3. Ensure that the organisation is and is seen to be a responsible citizen.</p> | <p>The company's commitment to responsible corporate citizenship is reflected through various projects and initiatives monitored and supported by the board through the Social and Ethics and Transformation committee.</p> <p>The committee oversees and monitors how the operations and activities of the company affect our status as a responsible corporate citizen. The committee oversees the company's performance through the adoption of good corporate citizenship as the mechanism to create value for all stakeholders, while generating value for business.</p> <p>The company's commitment to responsible corporate citizen is also entrenched in the group strategy.</p> |
| STRATEGY, PERFORMANCE AND REPORTING | |
| Strategy and performance | |
| <p>4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and</p> | <p>The Board, as a whole and through its committees, approves and monitors the implementation of the strategy and business plan of the company. The board is</p> |

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| <p>sustainable development are all inseparable elements of the value creation process.</p> | <p>responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations, in line with the legitimate expectations of its stakeholders.</p> <p>The board approved a group strategy, with associated risks identified. The strategy seeks to achieve the company's true potential with a resounding operating model. The company/ strategic imperatives are the drivers for sustainable and profitable growth. The Company acknowledges that competitive performance depends not only on optimizing operational metrics, but also on ensuring that environmental and social issues are addressed appropriately.</p> <p>The board has approved key performance measures and targets for management. The CEO presented a three-year strategy which was approved by the board and with the support of its committees, the board monitors the implementation and execution of the strategy by management.</p> |
| <p>Reporting</p> | |
| <p>5. 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 integrated Annual report provides a comprehensive view of the sustainability of the Company, including financial, social and environmental performance, prospects and strategy on matters material to the company's strategy and the stakeholders in relation to our operating environment to enable stakeholders to make an informed assessment of the group's value creation in the short, medium and long-term.</p> <p>Reporting is prepared in line with recognised guidelines that ensure compliance with legal requirements and relevance to stakeholders including International Financial Reporting Standards (IFRS) and King IV.</p> <p>The company's communication approach is to ensure that timely, relevant and accurate information is provided to stakeholders. The company ensures that the annual reports, including the Annual Financial Statements, the Integrated Annual Report and other information to relevant stakeholders are published on the Company's website, and other media as is appropriate.</p> |
| <p>Primary roles and responsibilities of the governing body</p> | |
| <p>6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation</p> | <p>The board ensures that the company applies the governance principles contained in King IV and where required continues to further entrench and strengthen recommended practices through the Group's governance structures, systems, processes and procedures. The board has an approved Charter, which it reviews annually. The Board Charter sets out its governance responsibilities.</p> <p>An appropriate governance framework and the necessary policies and processes are in place to ensure entities in the Group adhere to Group requirements and minimum governance standards.</p> <p>The board of directors had four meetings during the past financial year ensuring that adequate attention was given to the implementation and monitoring of corporate governance within the Group.</p> |
| <p>Composition of the governing body</p> | |
| <p>7. 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>The nominations committee is responsible for the succession plan of the board, it assesses the board' range of skills, knowledge, experience, diversity and independence to enable it to discharge its governance role and responsibilities.</p> <p>As at 28 February 2018, the board comprised seven (7) directors. Two of whom are independent non-executive directors, two are non-executive directors and three are executive directors.</p> <p>Annually, a rigorous review of the independence and performance of Independent non-executive Directors is undertaken by the Board, upon the recommendation of the Nomination Committee. To ensure a formal and transparent appointment process, any</p> |

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| | <p>new appointment of a Director is considered by the Board as a whole, on the recommendation of the Nomination Committee.</p> <p>The board has adopted a policy on the promotion of gender and race diversity and inclusion at the Board level, the board has set gender and race diversity targets for the 2019/2020 that it will seek to achieve as vacancies occur on the board. The board is currently considering adding a further independent non-executive director.</p> <p>A formal induction programme is available for new Directors including background material on the Company's business and Board matters, guidance on Directors' duties and responsibilities, and meetings with senior executives.</p> <p>The board is satisfied that there is a balance of skills, experience, independence, diversity and knowledge required to discharge its role and responsibilities. The board members have adequate qualifications and experience.</p> |
| Committees of the governing body | |
| <p>8. 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 composition of the board and its committees is in accordance with King IV. There is a clear balance of power to ensure that no individual has undue decision-making powers.</p> <p>The committees of the board comprise of the Audit and Risk committee, Nominations and Remuneration committee, Social and Ethics and Transformation committee and Investment committee. These committees operate in accordance with written Terms of Reference approved by the board, which are reviewed annually.</p> <p>The committees are appropriately constituted and members are appointed by the board, with the exception of the Audit and Risk committee whose members are nominated by the board and elected by shareholders of the company.</p> <p>The board considers the allocation of roles and associated responsibilities and the composition of membership across committees holistically with members appointed to the committee according to their skills and expertise.</p> <p>The board has delegated certain responsibilities to its committees to assist the board in discharging its oversight responsibilities. Each committee operates under the board approved terms of reference which set out the committee's role, responsibilities, authority and composition.</p> <p>External advisors, Executive Directors and members of executive and senior management attend committee meetings by invitation. Any non-executive Director may also attend meetings by invitation.</p> |
| Evaluation of the performance of the governing body | |
| <p>9. The governing body should ensure that the evaluation of its own performance and that of its committee, its chair and its individual members, support continued improvement in its performance and effectiveness</p> | <p>The board's performance and effectiveness assessment is conducted regularly, either internally in the form of self-assessment or externally by an external service provider.</p> <p>In 2017 the board commissioned an internal and inward looking process and far-reaching review of the performance of the board. The Chairman of the board assisted by the Company Secretary led the evaluation process. The informal performance assessment covered the board, its chairman and committees, as well as that of individual directors.</p> <p>The primary outcome from the process was that the effectiveness and performance of the board as a whole and the individual board committees needed to be evaluated annually to strengthen board performance and every three years an extensive board evaluation will be performed by an independent consultant.</p> <p>The board is satisfied that the evaluation process is improving the board's performance and effectiveness and confirms that the informal process will be performed annually.</p> |

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| Appointment and delegation to management | |
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| <p>10. 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 board has delegated authority to the Chief Executive Officer, other executive directors and senior executives to run the day-to-day affairs of the company, subject to a delegation of authority framework which contributes to the effective exercise of responsibilities. The Chief Executive Officer is supported by a competent team which helps him execute his responsibilities.</p> <p>The board evaluates the performance of the CEO and the CFO annually against agreed performance measures and targets.</p> <p>The board has approved a delegation of authority matrix, which details the powers and matters reserved for itself and in terms of which matters are delegated to the Chief Executive Officer. The board is satisfied that the delegation of authority matrix contributes to role clarity and the effective exercise of authority and responsibilities.</p> <p>The Company Secretary is appointed by the board in accordance with the Companies Act and the JSE Listings Requirements and his/her performance is evaluated annually during the independent assessment of board effectiveness.</p> <p>The board is satisfied that the Company Secretary is properly qualified and experienced to competently carry out the duties and responsibilities of Company Secretary.</p> |
| GOVERNANCE FUNCTION AREAS | |
| <p>11. 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 the ultimate custodian of risk governance.</p> <p>The Audit and Risk committee assists the Board with the governance of risk and monitors risk management in terms of the Enterprise Risk Management Plan and the Enterprise Risk Management Policy approved by the Board.</p> <p>In terms of the Board Charter and the Audit and Risk committee Terms of Reference, the Audit and Risk Committee assists the Board with technology and information governance. The governance framework, including processes, procedures and structures to achieve the company's strategic objectives, was adopted by the Board which delegates implementation to management.</p> <p>Management continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are put in place to address these risks.</p> <p>The board is advised of the group's top risks. The Audit and Risk committee is responsible for ensuring a comprehensive risk register is tabled at board meetings and lessons learnt are taken into consideration when formulating appropriate measures for mitigating potential positive and negative impact of the top risks on the achievement of the group's strategic objectives.</p> |
| Technology and information governance | |
| <p>12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p> | <p>In terms of the Board Charter and the Audit and Risk committee Terms of Reference, the Audit and Risk committee assists the board with technology and information governance. The IT governance framework, including processes, procedures and structures to achieve the company's strategic objectives, was adopted by the Board which delegates implementation to management.</p> <p>The Audit and Risk committee reviews IT risks as they relate to financial reporting and the going concern assessment.</p> <p>The Chief Financial Officer is responsible to implement and execute effective technology and information management systems.</p> |

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| Compliance governance | |
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| <p>13. 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 Code of Conduct, approved by the board, sets out the requirement for statutory compliance and provides for the Company to develop and implement a policy. The company has a statutory Compliance framework and, with the assistance of the internal auditor, has identified the legal universe applicable to Insimbi. The implementation of the framework is monitored by the Audit and Risk committee.</p> <p>The Internal Auditor to identify the compliance matters attends Audit and Risk Committee. The company has identified all of the laws, regulations, codes and standards that impact its operations.</p> <p>Statutory compliance systems and processes are continuously being put in place, to mitigate the risk of non-compliance with the laws. A compendium of policies provides the necessary guidance to employees on the acceptable levels of conduct.</p> <p>The policy schedule is updated on a continuous basis with policies being amended to reflect the changes in the external environment, e.g. legislative updates.</p> <p>The board has delegated the responsibility for implementing compliance to management. The company rigorously monitor compliance and there were no material or regulatory penalties, sanctions or fines or findings of non-compliance with statutory authorities or the environmental laws imposed.</p> <p>The Internal Audit and the Company Secretary review the adequacy of controls to ensure full compliance coverage of legal and regulatory responsibilities, with input from the management.</p> |
| Remuneration and governance | |
| <p>14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives in short, medium and long term.</p> | <p>The Company applies a remuneration strategy that ensures a balance in attracting, motivating and retaining human capital through competitive remuneration practices, while creating shareholder value. We have done so by formulating a remuneration Policy designed to give effect to the remuneration strategy, support the business objectives within the larger operating environment and offer a balanced remuneration mix in line with our values and goals.</p> <p><i>(The Remuneration Policy and the Implementation Report are included in the summarized Remuneration Report included in the Integrated Annual Report and in the Remuneration Report included in the Corporate Governance Report.)</i></p> |
| Combined assurance | |
| <p>15. 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 delegated to the audit committee the responsibility for overseeing that structures are in place for achieving an effective internal control environment. To ensure this the Audit and Risk committee delegates this responsibility to the internal audit function to maintain robust controls enabling effective internal control environment.</p> <p><i>Combined assurance</i> The Board has delegated to the Audit and Risk committee oversight of, among others, the effectiveness of the company's assurance services, with particular focus on combined assurance, including external audit, internal audit and the finance function as well as the integrity of the Integrated Annual Report and the Annual Financial Statements and, to the extent delegated by the board, other external reports issued by the company.</p> <p><i>Assurance of external reports</i> With the assistance of independent assurers, such as the external auditor, the Audit and Risk committee review and evaluate the Integrated Annual Report and the Annual Financial Statements, prior to recommendation to the board for approval.</p> <p>The Integrated Annual Report and complementary reports provide a consolidated review of the sustainability of the company including the Group's financial, economic, social and</p> |

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| | <p>environmental performance on matters material to the company's strategy and the key stakeholders. The board is satisfied on the integrity of the report and the assurance applied.</p> <p><i>Internal audit</i> The Audit and Risk committee has been delegated the responsibility for overseeing that assurance services are performed in terms of the Internal Audit Charter. The internal audit is responsible for identifying and evaluating controls to determine the reliability and integrity of the information used for decision making by management, the board and its committees.</p> <p>The internal auditor submits formal reports to the Audit and Risk committee quarterly.</p> |
| STAKEHOLDER RELATIONSHIPS | |
| Stakeholders | |
| <p>16. 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>Insimbi recognises that robust stakeholder relationships and engagement, both within and outside of the company as key to creating and unlocking real stakeholder value. The Code of Ethics guides on how these stakeholder relationships may be established and managed.</p> <p>The company engages its stakeholders on multiple levels and this allows the Company to manage material matters effectively and timeously and reduces the likelihood of reputational risks.</p> <p>The company identifies stakeholders through a variety of formal and informal channels at the corporate, divisional and operational levels as appropriate to the stakeholder, and uses many forums to facilitate effective stakeholder engagement and to ensure that material matters have been identified and appropriately addressed.</p> <p>The company's stakeholder communication approach is to ensure that timely, relevant and accurate information is provided to stakeholders. A detailed stakeholder management Policy will be established.</p> <p>The company acts in accordance with the requirements of the Companies Act and the JSE Listings Requirements regarding the equitable treatment of shareholders of the company.</p> <p>Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation.</p> <p>Records of directors' financial, economic and other interests are kept and updated on an on-going basis. The board as a whole act as a steward of the company and each director acts with independence of mind in the best interests of the company and its stakeholders.</p> |
| <p>17. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the Company to promote the good governance and the creation of value by the companies which it serves.</p> | <p><i>The responsible investment code is not applicable. Insimbi is not an institutional investor entity.</i></p> |