



**supergroup** 

**KING IV APPLICATION REGISTER** for the year ended 30 June **2018**



# King IV Application Register

Principle	Application
<b>1. The governing body should lead ethically and effectively.</b>	The directors hold one another accountable for decision-making based on integrity, competence, responsibility, fairness and transparency through their commitment to lead the Group consistent with the Group's values. The Chairman oversees this process on an ongoing basis.
<b>2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</b>	<p>The Board, assisted by the Social and Ethics Committee, oversees the governance of ethics in the Group, which is detailed in the Code of Ethics and Business Conduct that was approved by the Board.</p> <p>The Code of Ethics and Business Conduct guides the interaction between employees, clients, stakeholders, suppliers and the communities within which it operates.</p> <p>The Group's management is responsible for the implementation of the Code of Ethics and Business Conduct and will report any material breaches to the Social and Ethics Committee. Employees are required to confirm their knowledge and understanding of the Code on an annual basis.</p>
<b>3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</b>	<p>The Board, assisted by the Social and Ethics Committee, oversees the governance and activities relating to demonstrating that the Group is a good corporate citizen, including compliance with the Constitution, laws, standards and own policies and procedures, as well as consistency with the Group's purpose, strategy, and Code of Conduct and Ethics.</p> <p>The Social and Ethics Committee approves the agreed strategy and monitors the implementation plan to demonstrate the Group's commitment to being a good corporate citizen. The strategy and plan include the Group's impact on the environment and its ongoing corporate social investment.</p>
<b>4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</b>	<ul style="list-style-type: none"> <li>• The Group has a clearly set out strategy with the associated risks. The Board regularly has a meeting with key management to review the strategy and any proposed changes.</li> <li>• The Board has delegated to management the detailed formulation and implementation of the approved strategy and the realisation of the expected returns.</li> <li>• The Board has approved key performance measures and targets for management.</li> <li>• The Board oversees the implementation of the strategy and plans carried out by management against the agreed performance measures and targets. The Deal Committee will approve any acquisitions, investments or disposals that are material in terms of the delegation of authorities to management.</li> <li>• The Audit and Risk Committees assist with the governance of risks. They monitor the effects of the identified risks and the mitigating controls.</li> <li>• The responsibility for risk management is detailed in the Audit and Risk Committees' charters.</li> <li>• The Group is aware of the general viability, reliance and effect of its activities on its six capitals, solvency and liquidity and its going concern status.</li> </ul>
<b>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.</b>	<ul style="list-style-type: none"> <li>• The Board, assisted by its committees, will oversee that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders.</li> <li>• The Board, assisted by the Audit Committee, will ensure that an Integrated Report issued is in line with the Companies Act and the JSE Listings Requirements.</li> <li>• The Audit Committee will approve the basis for determining materiality for the purposes of inclusion in reports.</li> <li>• The Board, assisted by the Audit Risk Committee, will ensure the integrity of external reports.</li> <li>• The Board will delegate to management the uploading of the King IV disclosure requirements, Integrated Reports, Financial Statements and other external reports, on its website.</li> </ul>
<b>6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation.</b>	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 charters of the Audit, Risk, Deal, Remuneration and Social and Ethics Committees.

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Principle	Application
<p><b>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.</b></p>	<p><b>Composition of the governing body</b></p> <ul style="list-style-type: none"> <li>The Board is satisfied that the current composition of the Board has been made taking into account the size of the Group, the optimal mix of knowledge, skills, experience, independence, the requirement in numbers for its committees, quorum requirements and regulatory requirements.</li> <li>The CEO and CFO are members of the Board.</li> <li>The Board has set diversity targets that it will seek to achieve as vacancies occur on the Board.</li> <li>A majority of Board members are non-executive directors.</li> </ul> <p><b>Nomination, election and appointment of members to the governing body</b></p> <ul style="list-style-type: none"> <li>The Board sits as a Nomination Committee when the need to fill vacancies on the Board arises.</li> <li>The Board charter includes a formal and transparent process for the nomination, election and appointment of directors to the Board.</li> </ul> <p><b>Independence and conflicts</b></p> <ul style="list-style-type: none"> <li>Declarations of interests are tabled at every Board and committee meeting.</li> <li>The Board members formally update the register of directors' interests twice a year or when a change is required.</li> </ul> <p><b>Chair of the governing body</b></p> <ul style="list-style-type: none"> <li>The Chair of the Board is an independent non-executive director.</li> <li>The role and responsibilities of the Chair is documented in the Duties of the Chairman.</li> <li>The Chair of the Board is not a member of the Audit Committee.</li> <li>The Chair of the Board is a member of but not the Chair of the Remuneration Committee.</li> </ul>

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<p><b>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.</b></p>	<ul style="list-style-type: none"> <li>• The Board determines delegation to individual members, groups of members, standing or ad hoc committees.</li> <li>• The composition of the Board and its committees are in line with King IV. There is a clear balance of power to ensure that no individual has undue decision-making powers.</li> <li>• Each committee has a formal charter, approved by the Board, recording the responsibilities delegated to it.</li> <li>• Each committee has a minimum of three members and sufficient capability and capacity to function effectively.</li> <li>• Any member of the Board is entitled to attend any committee meeting as an observer, and may allow management to attend by standing or ad hoc invitation.</li> </ul> <p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>• The Audit Committee will provide independent oversight of the assurance functions and on the integrity of the AFS and other external reports.</li> <li>• The Audit Committee oversees risks that may affect the integrity of external reports.</li> <li>• The Audit Committee is satisfied that it has the necessary financial literacy, skills and experience, and that all members are independent non-executive members.</li> <li>• The Chairman is an independent non-executive director and is Chairman of the Risk Committee.</li> </ul> <p><b>Risk Committee</b></p> <ul style="list-style-type: none"> <li>• The Risk Committee provides independent review and oversight of the risks of all business units.</li> <li>• The Risk Committee provides independent review and oversight of the IT function and the IT risks.</li> <li>• The Risk Committee monitors all potential and legal actions that the Group is involved in.</li> <li>• The Risk committee is satisfied that it has the necessary skills and experience. Two members are independent non-executive members and two members are executive members.</li> </ul> <p><b>Remuneration Committee</b></p> <ul style="list-style-type: none"> <li>• The Remuneration Committee has oversight of remuneration governance and implementation.</li> </ul> <p><b>Social and Ethics Committee</b></p> <ul style="list-style-type: none"> <li>• The Social and Ethics Committee has been established to carry out its statutory duties.</li> <li>• The Chair of the Social and Ethics Committee is a non-executive director of the Board. The other members of the committee comprise the two executive directors of the Board.</li> <li>• The Board has considered the recommendation of the King Code that the majority of Directors on the Social and Ethics Committee should be non-executive. The Board has decided not to follow this recommendation as the functions of the Social and Ethics Committee overlap with the Risk and Remuneration Committees, as well those of the Board itself. In addition, the non-executive Chairman of the Social and Ethics Committee reports back to the Board in respect of the activities of the committee.</li> </ul> <p><b>Deal committee</b></p> <ul style="list-style-type: none"> <li>• The Deal Committee considers acquisitions and disposals of businesses and material asset purchases and disposals that are not approved within the annual budget.</li> <li>• The Chair of the Deal Committee is a non-executive director of the Board. The other members of the committee comprise one non-executive director and two executive directors of the Board.</li> </ul>

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Principle	Application
<p><b>9. 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.</b></p>	<p>The Board will conduct a formal evaluation process of the Board, the Chairman, its committees and individual directors at least every two years. The Chairman, assisted by the Group Company Secretary, will conduct the evaluation process of the Board, its committees and the individual directors in the intervening years.</p>
<p><b>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.</b></p>	<ul style="list-style-type: none"> <li>• The Board has appointed a CEO, who is responsible for leading strategy implementation and will regularly report to the Board on the progress thereof.</li> <li>• The Board has approved and implemented a Delegation of Authority matrix, which details the powers and matters reserved for itself and those to be delegated to management via the CEO.</li> <li>• The Board ensures that key management functions are led by a competent and appropriately authorised individual and are adequately resourced.</li> </ul>
<p><b>11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</b></p>	<ul style="list-style-type: none"> <li>• The Board, with the assistance of the Audit and Risk Committees, is cognisant of the importance of risk management as it is linked to the strategy, performance and sustainability of the Group. The Audit and Risk Committees have delegated to management the implementation of processes to ensure that the risks to the sustainability of the business are identified and managed within acceptable parameters.</li> <li>• The Audit and Risk Committees delegate to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address these risks, which are monitored on a continuous basis.</li> <li>• Two non-executive director members of the Audit and Risk Committees sit on both committees, ensuring that there is coordination in respect of the evaluation and reporting of risks.</li> </ul>
<p><b>12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</b></p>	<p>The Board, together with the Audit and Risk Committees, oversees the governance of IT. The Board is aware of the importance of technology and information in relation to the achievement of the Group's strategy.</p>
<p><b>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.</b></p>	<ul style="list-style-type: none"> <li>• The Board, with the assistance of the Audit and Risk Committees, ensures that the Group complies with applicable laws, adopted non-binding rules, codes and standards.</li> <li>• The Group has identified all of the laws, codes and standards that impact its operations.</li> <li>• The Board has delegated the responsibility for implementing compliance to management.</li> </ul>

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<p><b>14. 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 short-, medium- and long-term.</b></p>	<ul style="list-style-type: none"> <li>• The Board, assisted by the Remuneration Committee, ensures that executives and general staff are remunerated fairly and responsibly with a view to promoting the creation of value in a sustainable manner.</li> <li>• The Group's remuneration policy is reviewed by the Remuneration Committee and approved by the Board. The policy is designed to attract and retain human capital, promote the achievement of strategic objectives, positive outcomes, an ethical culture and responsible corporate citizenship.</li> <li>• The Remuneration Committee oversees the implementation of the policy to ensure achievement of the policy objectives.</li> </ul>
<p><b>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.</b></p>	<p>The Board, assisted by the Audit and Risk Committees, ensures that there is internal or external assurance to review and report on:</p> <ul style="list-style-type: none"> <li>• the internal control environment;</li> <li>• integrity of information for management decision making; and</li> <li>• external reporting.</li> </ul> <p>The committees and the Board receive regular reports from the external audit engagement partner, the Head of Internal Audit, the Group Legal Manager and the Group Company Secretary in respect of the issues as set out above.</p>
<p><b>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.</b></p>	<ul style="list-style-type: none"> <li>• The Board, together with management, has identified all of the key stakeholders.</li> <li>• The CEO has been delegated to achieve effective stakeholder relationships with material stakeholders and to balance their legitimate and reasonable needs, interests and expectations with that of the Group.</li> <li>• Management proactively encourages engagement with shareholders.</li> <li>• The Group ensures equal treatment of all shareholders and that minority interests are protected.</li> </ul>
<p><b>17. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</b></p>	<p>Not applicable, the Group is not an institutional investor.</p>

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