

Trellidor Holdings Limited (“the Company”)

King III compliance review – final 2017

The board of directors endorses the Code of Corporate Practices and Conduct as contained and recommended in the King Report on Corporate Governance (King III) and the JSE Listings Requirements.

The board strives to ensure that the interests of all the Company’s stakeholders are properly protected and the adherence to the principles of good corporate governance espoused by King III remains a commitment of the Trellidor Group. It is the intention of all directors that the principles of integrity and the highest ethical standards are upheld by all who serve the Company and its stakeholders.

Management are satisfied that the proper governance structures exist and are operational within the Company, they have implemented, on a prioritised basis, the procedural recommendations that have emanated from the King III Report as well as legislative changes. A gap analysis addressing the requirements of King IV is in the process of being finalised. In due course the requirements of King IV will be incorporated.

Management have completed the King III Compliance Checklist included as Annexure A to this report, which checklist has been reviewed and approved by both the Audit, Risk & Compliance Committee (“the AR&CC” or “the Committee”) and the Board.

For the 2017 financial year, with the exception of those items outlined below, Management hereby confirms that the Company has complied with King III.

Note 1 A governance framework between the companies within the Trellidor Group is in place and is in the process of being formalised. This taking into the new businesses acquired during the 2017 financial year.

Note 2 The internal audit function is currently limited but adequate for the company’s needs. It’s adequacy and appropriateness is reviewed on an ongoing basis and amended where necessary as the company’s needs change/grow.

In addition to the King III checklist the Committee and the Board have also noted the JSE Guidance Note on Corporate Governance (issued 31 January 2013) together with the Institute of Directors SA Practice Note on King III reporting in terms of the JSE Listings Requirements and are satisfied that the Company is compliant with all of the principles.

ANNEXURE A

King III checklist

Key: ✓ Compliant # Partially compliant △ Under review X Non-compliant

	Note	
Ethical leadership and corporate citizenship		
Effective leadership based on an ethical foundation		✓
Company is seen as a responsible corporate citizen		✓
Effective management of company's ethics		✓
Assurance statement on ethics in integrated annual report.		✓
Board and directors		
Board is the focal point for and the custodian of corporate governance		✓
Board appreciates that strategy, risk, performance and sustainability are inseparable		✓
Directors act in the best interest of the company		✓
Chairman of the board is an independent non-executive director.		✓
CEO has been appointed		✓
Framework for the delegation of authority has been established		✓
Board comprises a balance of power, with a majority of non-executive independent directors.		✓
Directors are appointed through a formal process		✓
Formal induction and ongoing training of directors is conducted		✓
Board is assisted by a competent, suitably qualified and experienced Company Secretary		✓
Regular performance evaluation of the board, its committees and the individual directors.		✓
A governance framework has been agreed between the Group and the subsidiary boards	1	✓
Appointment of well-structured committees and an oversight of key functions.		✓
Directors and executives are remunerated fairly and responsibly.		✓
Remuneration of directors and certain senior executives is disclosed		✓
The company's remuneration policy is approved by its shareholders		✓
Audit Committee [Audit Risk & Compliance Committee("AR&CC")]		
Effective and independent		✓
Members are to be suitably skilled and experienced independent, non-executive directors		✓
Chaired by an independent non-executive director		✓
Oversees integrated reporting		✓
Ensure a combined assurance model is applied to optimise assurance activities.		✓
Satisfies itself of the expertise, resources and experience of the company's finance function		✓
Oversees internal audit.		✓
Recommends the appointment of the external auditors		✓
Integral to the risk management process		✓
Oversees the external audit process		✓
Reports to the board and shareholders on how it has discharged its duties		✓

The governance of risk		
Board is responsible for the governance of risk and setting levels of risk tolerance		√
AR&CC assists the board in carrying out its risk responsibilities.		√
Board delegates the risk management plan to management (including design, implementation & monitoring)		√
Board ensures that risk assessments and monitoring is performed on a continual basis		√
Frameworks & methodologies are implemented to increase the probability of anticipating unpredictable risks		√
Ensures Management considers & implements appropriate risk responses		√
Ensures continual risk monitoring by Management		√
Board receives assurance on the effectiveness of the risk management process		√
Ensures sufficient, timeously risk disclosure to stakeholders		√
The governance of information technology (“IT”)		
Board is responsible for IT governance		√
IT is aligned with the performance and sustainability objectives of the company		√
Management is responsible for the implementation of an IT governance framework.		√
Board monitors and evaluates significant IT investments and expenditure		√
IT is an integral part of the company’s risk management		√
IT assets are managed effectively		√
AR&CC assist the board in carrying out its IT responsibilities		√
Compliance with laws, codes, rules and standards		
Board ensures that the company complies with applicable laws		√
Board and directors have a working understanding of the relevance and implications of non- compliance		√
Compliance risk forms an integral part of the company’s risk management process		√
Board has delegated to management the implementation of an effective compliance framework & processes		√
Internal audit		
Ensures effective risk based internal audit		√
The internal audit function is independent of Management		√
Internal Audit provide a written assessment of the effectiveness of the company’s system of internal controls and risk		√
AR&C Committee oversees Internal Audit	2	√
Internal audit is strategically positioned to achieve its objectives		√
Remuneration and nominations committee		
The Chairman of the committee is an independent non-executive director.		√
Governing stakeholder relationships		
Appreciates that stakeholders’ perceptions affect a company’s reputation		√
Delegate Management to proactively deal with stakeholder relationships		√
Strive for an appropriate balance between the various stakeholder groupings		√
Ensures equitable treatment of shareholders		√
Transparent and effective communication with stakeholders is essential		√
Ensures disputes are resolved effectively and timeously		√
Integrated reporting and disclosure		
Board ensures the integrity of the company’s integrated annual report		√
Sustainability reporting and disclosure is integrated with the company’s financial reporting		√
Sustainability reporting and disclosure is independently assured.		√