

## KING IV

To obtain a full understanding as to Indequity's application of the principles of King IV, Indequity's Corporate Governance Register may be viewed on our website, [www.indequity.com](http://www.indequity.com)

Indequity's interpretation and application of King IV is analysed below:

### Background:

Corporate governance is the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

### Governing body:

The governing body is the structure that has primary accountability for the governance and performance of the organisation. Depending on context, it includes, amongst others, the board of directors of a company. "Members of the governing body" (also referred to those charged with governance duties) are those who are duly appointed to serve on the governing body and/ or its committees.

### Principles and practices:

| <b>Principle 1</b>                     | <b>The governing body leads ethically and effectively.</b>                                                                                                                                                                                                                                                                                     |
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| <b>Lead with Integrity:</b>            | The governing body continuously strives to act in good faith and in the best interest of the organisation.<br>The governing body avoids conflict of interest. Members of the governing body are required to sign a conflict of interest disclosure on an annual basis.                                                                         |
| <b>Board and committee Competence:</b> | Indequity Group Limited continuously encourages members of the governing body to attend industry updates, training and seminars.<br>The Chairman of the board performs an evaluation of the board on an annual basis. The board and the relevant committees consist of individuals with the necessary skills and experience to lead the group. |
| <b>Accountability:</b>                 | Members of the governing body are held accountable to answer for the execution of their responsibilities, even when they are delegated.                                                                                                                                                                                                        |
| <b>Fairness:</b>                       | Members of the governing body have adopted a stakeholder- inclusive approach in execution of their governance role and responsibilities.                                                                                                                                                                                                       |
| <b>Transparency:</b>                   | Members of the governing body are transparent in the manner in which they exercise their governance roles and responsibilities.                                                                                                                                                                                                                |
| <b>Responsibility:</b>                 | Members of the governing body attends all committee and board meetings as required.<br>Members of the governing body exercises courage in taking risks and capturing opportunities, but do so in a responsible manner and in the best interest of the organisation.                                                                            |

**Meetings held during the period under review:**

| <b>Board</b> | <b>Audit Committee</b> | <b>Social &amp; Ethics</b> | <b>Risk</b> | <b>Remuneration</b> |
|--------------|------------------------|----------------------------|-------------|---------------------|
| 2016/11/04   | 2016/11/04             | 2016/11/04                 |             | 2016/11/04          |
| 2017/04/12   |                        |                            |             |                     |
| 2017/06/29   | 2017/06/29             |                            | 2017/06/29  |                     |
| 2017/09/28   |                        | 2017/09/28                 | 2017/09/28  |                     |

**Director meeting attendance:**

| <b>Director</b>       | <b>Board</b> | <b>Remuneration Committee</b> | <b>Social &amp; Ethics Committee</b> | <b>Audit Committee</b> | <b>Risk Committee</b> |
|-----------------------|--------------|-------------------------------|--------------------------------------|------------------------|-----------------------|
| L Jansen van Rensburg | 4/4          |                               | 2/2                                  |                        | 2/2                   |
| TE Vorster            | 4/4          |                               |                                      |                        |                       |
| JF Zwarts             | 4/4          | 1/1                           | 2/2                                  | 2/2                    | 2/2                   |
| G Williamson          | 4/4          | 1/1                           | 2/2                                  | 2/2                    | 2/2                   |
| AV van Jaarsveldt     | 4/4          | 1/1                           | 2/2                                  | 2/2                    | 2/2                   |

Indequity Group Limited's governing body is willing and open to provide clear information to shareholders and other stakeholders. The governing body prides itself in the fact that information provided to shareholders and other stakeholders is accurate and truthful. The governing body have embodied the above ethical characteristics in day-to-day business so as to promote effective leadership and which will aid in achieving strategic objectives and positive outcomes over time.

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| <b>Principle 2</b> | <b>The governing body governs the ethics of the organisation in a way that supports the establishment of an ethical culture.</b> |
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The governing body approves a code of conduct and ethics policy which articulates and gives effect to its direction on organisational ethics on an annual basis. The governing body of Indequity Group Limited assumes responsibility for the governance of ethics by setting the direction for how ethics should be approached and addressed by the organisation. The responsibility for implementation and execution of the codes of conduct and ethics policies have been delegated to management by the governing body.

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| <b>Principle 3</b> | <b>The governing body ensures that the organisation is and is seen to be a responsible corporate citizen.</b> |
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The governing body of Indequity Group Limited ensures that it adheres to all compliance and regulatory requirements as set out by various regulatory institutions. The governing body reviews and approves all required regulatory and compliance requirements on a regular basis.

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| <b>Principle 4</b> | <b>The governing body appreciates 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> |
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The governing body ensures that it approves the policies and operational plans developed by management to give effect to approved strategies. These include key performance measures and targets for assessing achievement of strategic objectives as well as positive outcomes over the short, medium and long term. The governing body forms an integral part of all policies and strategies of the company.

All policies and strategies are reviewed and approved on an annual basis. The governing body exercises ongoing oversight of the implementation of set strategies and operational plans against agreed upon performance measures and targets. Management accounts are used as an analysing and measurement tool whereby results are compared on a month-to-month as well as cumulative basis.

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| <b>Principle 5</b> | <b>The governing body ensures 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> |
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The governing body oversees that the following reports are issued as is necessary to comply with legal requirements and to meet the information needs of stakeholders:

- Annual Financial Statements
- Interim Financial Statements
- Own Risk and Solvency Assessment – FSB
- SAM CPR Quarterly Solo Quantitative Report – FSB
- Short Term Insurance Quarterly Return – FSB
- Short Term Insurance Annual Return – FSB
- Quarterly balance sheet statistics of subsidiary companies of insurers – SARB
- Quarterly return by insurers transacting business in South Africa -SARB

All of the above documents are presented to, reviewed and signed-off by the governing body as and when they become due.

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| <b>Principle 6</b> | <b>The governing body serves as the focal point and custodian of corporate governance in the organisation.</b> |
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The governing body ensures they exercise a leadership role by:

- Steering the organisation and setting strategic direction.
- Policy approval that gives effect to the direction provided.
- Overseeing and monitoring of the implementation and execution by management of policies and strategic plans set by the governing body.
- Ensuring accountability for the organisational performance by means of, among other, reporting and disclosure.

A corporate governance report is prepared on an annual basis. This Report is reviewed and approved by the governing body on an annual basis.

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| <b>Principle 7</b> | <b>The governing body comprises of the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</b> |
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**Composition:**

The governing body has assumed responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. The following has been considered for determining the requisite number of members of the governing body:

- The appropriate mix of knowledge, skills and experience, including the business, commercial and industry experience, needed to govern the organisation.
- The appropriate mix of executive, non-executive and independent non-executive members.
- The need for a sufficient number of members that qualify to serve on the committees of the governing body.
- Regulatory requirements.

**The governing body consist of five directors and the composition is as follows:**

| <b>Director</b> | <b>Name</b>           | <b>Position</b>                     |
|-----------------|-----------------------|-------------------------------------|
| Director 1:     | L Jansen van Rensburg | Executive: CEO                      |
| Director 2:     | TE Vorster            | Executive: FD                       |
| Director 3:     | JF Zwarts             | Independent Non-Executive: Chairman |
| Director 4:     | A van Jaarsveldt      | Independent Non-Executive           |
| Director 5:     | G Williamson          | Independent Non-Executive           |

**Policy for nomination, election and appointment of members of the governing body:**

The nomination for re-election of an incumbent of the governing body is considered on the basis of that member's performance, including attendance at meetings of the governing body and its committees. The process for nomination, election and ultimately the appointment of members of the governing body is formal, transparent and takes place on an annual basis. Terms and conditions for serving as a member of the governing body is formalised in a letter of appointment. In order to address gender and racial diversity at board level, the Group intends to appoint such suitable candidates in future and when new directors are appointed.

**Independence and conflicts:**

The non-executive members of the governing body of Inequity Group Limited signs a declaration of independence on an annual basis. The governing body of Inequity Group Limited declares, on an annual basis, any possible conflict of interest in or towards the company. At the beginning of each meeting of the governing body or its committees, all members are required to declare whether they have any conflicting interests with regards to any matter set on the meeting agenda. Non-executive members hold no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interest of the organisation. The governing body is satisfied that its composition reflects the appropriate mix of knowledge, skill, experience, diversity and independence.

**Qualification and experience of members:**

**Adriaan van Jaarsveldt - CA(SA)**

Adriaan is a Senior Vice President of Brookfield, a global alternative asset manager. Based in Sydney, he helps to oversee a portfolio of infrastructure assets across Australia, New Zealand and India. Previously Adriaan was an independent consultant and held senior positions at Ernst & Young and KPMG in Australia and the UK. In these roles he provided strategic, regulatory, and financial advice in the energy, water, transport and financial sectors. He has worked on projects in Australia, the UK, USA and South Africa. Adriaan holds a Bachelor of Commerce from the University of Johannesburg with honours gained at the University of South Africa. He is a member of the Australian Institute of Chartered Accountants and Australian Institute of Company Directors.

**Lourens Jansen van Rensburg - CA(SA)**

Lourens Jansen van Rensburg obtained a Bachelor of Commerce degree (cum laude) and an honours degree from the University of Johannesburg and passed the South African Institute of Chartered Accountants' board examination in 1988. Upon completion of his articles at Deloitte and Touché, he joined Rand Merchant Bank as a manager in the credit and risk management department. In 1992, Lourens was approached by Sehold Limited to establish and manage a structured finance division. He joined the Sehold Group as a director of a number of subsidiaries and together with his team structured investment products for institutions and corporates. Following the acquisition of Sehold by Investec Bank Limited, his division continued to contribute positively to Group results. Lourens resigned from Investec in May 1995 to establish Inequity Group Limited. As the Chief Executive Officer of Inequity, Lourens is responsible for the overall management, capital allocation decisions and the strategic direction of the group.

**George Williamson**

George qualified as Chartered Accountant in 1991. Upon completion of his articles he joined UAL Merchant Bank where he spent time in the Treasury and Structured Finance Departments. In 1997 George left UAL Merchant Bank to join Capital Alliance, which eventually merged with Brait. George was head of the Structured Finance Division of Brait when he left in 2002. In 2003 he started his own company in the telecommunications industry with which he is currently still involved, which provided him with a wealth of entrepreneurial & management experience.

**Johan F Zwarts - CA(SA)**

Johannes Frederick Zwarts passed the Institute of Chartered Accountant's board examination in 1988. Upon completion of his articles at Deloitte and Touche, he started his own audit and consulting practice, JZA Audit Incorporated, in 1992. He is currently still in practice with offices on the East Rand and Pretoria employing 34 members of staff. During June 1997 he completed his Advanced Taxation Certificate through UNISA. He holds various directorships, is a trustee on numerous Trusts and is also the Chairman of various audit committees.

**Theo E Vorster - CA(SA)**

Theo obtained the B Com (Acc) degree (Cum Laude) in 2000 and B Com (Hons) degree in 2001 from the Rand Afrikaans University, before qualifying as a Chartered Accountant. Prior to his involvement with Indequity, he held management positions with KPMG, RMB Asset Management, Absa Insurance Company and 37 West Capital. During his tenure at KPMG, Theo was seconded to the KPMG New York office where he was involved in audit and Sarbanes Oxley consultation services. He has extensive experience in the financial services industry, as he provided consulting and audit services to various large market players in the insurance and asset management industry. Theo has significant experience in insurance product design, reinsurance structuring, insurance accounting, process design and system implementation. Theo has been the financial director of Indequity since June 2012.

**Period of service on the governing body:**

| Director    | Name                  | Position                            | Date                                 |
|-------------|-----------------------|-------------------------------------|--------------------------------------|
| Director 1: | L Jansen van Rensburg | Executive: CEO                      | August 1998 to present: ±19 years    |
| Director 2: | TE Vorster            | Executive: FD                       | June 2012 to present: ± 5 years      |
| Director 3: | JF Zwarts             | Independent Non-Executive: Chairman | December 2001 to present: ± 16 years |
| Director 4: | A van Jaarsveldt      | Independent Non-Executive           | August 1998 to present: ± 19 years   |
| Director 5: | G Williamson          | Independent Non-Executive           | December 2008 to present: ± 9 years  |

**Professional positions held by each member:**

| Director    | Name                  | Position                            | Positions held                                                                                               |
|-------------|-----------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Director 1: | L Jansen van Rensburg | Executive: CEO                      | Serves on the board, social and ethics.                                                                      |
| Director 2: | TE Vorster            | Executive: FD                       | Serves on the board.                                                                                         |
| Director 3: | J Zwarts              | Independent Non-Executive: Chairman | Serves on the board, audit committee, risk committee, social and ethics committee and remuneration committee |
| Director 4: | A van Jaarsveldt      | Independent Non-Executive           | Serves on the board, audit committee, risk committee, social and ethics committee and remuneration committee |
| Director 5: | G Williamson          | Independent Non-Executive           | Serves on the board, audit committee, risk committee, social and ethics committee and remuneration committee |

**Chair of the governing body:**

The Chairman of the governing body is a member of the audit committee. This appointment has been approved by the shareholders of the company. The company considers the Chairman of the governing body to be independent. Independence of independent non-executive directors is formally declared and documented on an annual basis.

The governing body elected an independent lead non-executive member. The following functions will be performed by the lead independent member:

- To lead in the absence of the chair
- To serve a sounding board for the chair.
- To act as an intermediary between the chair and the other members of the governing body if necessary
- To chair discussion and decision- making by governing body on matters where the chair has a conflict of interest.

Indequity Group Limited's governing body has appointed Mr. G Williamson as lead independent. The lead independent non-executive is elected on an annual basis. The CEO is not the chair of the governing body.

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| <b>Principle 8</b> | <b>The governing body ensures that its arrangements for delegation within its own structures promote independent judgement, and assists with balance of power and the effective discharge of its duties.</b> |
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The governing body ensures that each committee, as a whole, has the necessary knowledge skill, experience and capacity to execute its duties effectively. Executive members and senior management are invited to attend committee meetings either by standing invitation or on an ad-hoc basis to provide pertinent information and insights in their area of responsibilities. Every member of the governing body is entitled to attend any committee meeting as an observer, however, unless that member is also a member of the committee, the member is not entitled to participate without the consent of the chair; does not have a vote; and is not entitled to fee payment for such attendance (unless payment of a fee is agreed to by the governing body or shareholders).

The governing body has assumed responsibility to disclose the following in relation to each committee:

- Its overall role and associated responsibilities and functions.
- Key areas of focus during a reporting period.
- The number of meetings held during the reporting period and attendance of those meetings.

Indequity Group Limited duly discloses the number of meetings held and keeps an attendance register on record for each such meeting.

**Audit Committee:**

**The audit committee consists of three directors. Composition is as follows:**

| <b>Director</b> | <b>Name</b>      | <b>Position</b>                     |
|-----------------|------------------|-------------------------------------|
| Director 1:     | JF Zwarts        | Independent Non-Executive           |
| Director 2:     | A van Jaarsveldt | Independent Non-Executive           |
| Director 3:     | G Williamson     | Independent Non-Executive: Chairman |

The establishment of an audit committee is a statutory requirement for Indequity Group Limited. As a matter of leading practice, the governing body of Indequity Group Limited issues audited financial statements; it is therefore required to establish an audit committee, the role of which is to provide independent oversight of, amongst other:

- the effectiveness of the origination's assurance functions and services with particular focus on combined assurance arrangements, including an external assurance service provider, the internal audit function as well as the finance function;
- the integrity of the annual financial statements and to the extent delegated by the governing body, other external reports issued by the organisation.

**The governing body has appointed an independent, non-executive member to chair the audit committee:**

- Mr. G Williamson was appointed by the governing body of Indequity Group Limited as the chair of the audit committee.

Members of the audit committee, as a whole, have the necessary financial literacy, skill and experience to execute their duties effectively. The audit committee meets at least annually with internal and external auditors without management being present, to facilitate on exchange of views and concerns that may not be appropriate for discussions in an open forum. The Chairman of the board is a member of the audit committee. This has been approved by the shareholders of Indequity Group Limited.

### **Committee responsible for risk governance:**

The governing body of Indequity Group Limited has allocated the oversight of risk governance to a dedicated committee. Risk committee meetings are held twice within a reporting period. The risk committee consist of three directors. Composition is as follows:

| <b>Director</b> | <b>Name</b>      | <b>Position</b>                     |
|-----------------|------------------|-------------------------------------|
| Director 1:     | J Zwarts         | Independent Non-Executive           |
| Director 2:     | A van Jaarsveldt | Independent Non-Executive           |
| Director 3:     | G Williamson     | Independent Non-Executive: Chairman |

### **Committee responsible for remuneration:**

The governing body of Indequity Group Limited has allocated the oversight of remuneration to a dedicated committee. The remuneration committee meets at least once per reporting period. The remuneration committee consist of three directors. Composition is as follows:

| <b>Director</b> | <b>Name</b>      | <b>Position</b>                     |
|-----------------|------------------|-------------------------------------|
| Director 1:     | J Zwarts         | Independent Non-Executive           |
| Director 2:     | A van Jaarsveldt | Independent Non-Executive           |
| Director 3:     | G Williamson     | Independent Non-Executive: Chairman |

### **Social and ethics committee:**

The governing body of the organisation have considered allocating oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to a dedicated committee. The governing body has established a social and ethics committee and this committee meets at least twice per reporting period. The social and ethics committee consist of four directors. Composition is as follows:

| <b>Director</b> | <b>Name</b>           | <b>Position</b>                     |
|-----------------|-----------------------|-------------------------------------|
| Director 1:     | L Jansen van Rensburg | Executive: CEO                      |
| Director 2:     | J Zwarts              | Independent Non-Executive           |
| Director 3:     | A van Jaarsveldt      | Independent Non-Executive           |
| Director 5:     | G Williamson          | Independent Non-Executive: Chairman |

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| <b>Principle 9</b> | <b>The governing body ensures that the evaluation of its own performance and that of its committees support continued improvement in its performance and effectiveness.</b> |
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The governing body assumes responsibility for evaluation of its own performance and that of its committees, its chair and its individual members by determining how it must be approached and conducted. The governing body continually strives to improve the performance and effectiveness of the company.

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| <b>Principle 10</b> | <b>The governing body ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</b> |
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**CEO Appointment and role:**

The governing body has appointed Mr. L Jansen van Rensburg as CEO. The CEO is responsible for leading the implementation and execution of approved strategy, policy and operation planning, and serves as the chief link between management and governing body. The CEO is held accountable, and reports to, the governing body and is not a member of the remuneration or audit committee, but attends by invitation any meeting, or part thereof, if needed to contribute pertinent insight and information. The governing body is satisfied that there is succession planning for the CEO position in place to provide continuity of executive leadership. Succession planning is reviewed periodically, and provides for both succession in emergency situations and succession over the long term. The board reviews and approves the succession policy on an annual basis. The governing body formally evaluates, the performance of the CEO against agreed performance measures and targets at least annually.

The governing body assumes responsibility to disclose the following in relation to the CEO:

- The notice period stipulated in the CEO's employment contract and the contractual conditions related to termination.
- Whether succession planning is in place for the CEO position.

**Delegation:**

The governing body oversees that key management functions are:

- headed by an individual with the necessary competence and authority; and
- the group is adequately resourced.

The governing body is satisfied that there is a succession plan in place for both executive management and other key staff positions. Succession planning is reviewed periodically, and provides for both succession in emergency situations and succession over the longer term.

**Professional corporate governance services to the governing body:**

The governing body ensures that it has access to professional and independent guidance on corporate governance and its legal duties, and also that it has support to coordinate the functioning of the governing body and its committees. The appointment of a company secretary is a statutory requirement for Indequity Group Limited. The company secretary provides professional corporate governance services to the company. The governing body appointed Mr. WS de Vries as company secretary on 01 March 2016.

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| <b>Principle 11</b> | <b>The governing body governs risk in a way that supports the organisation in setting and achieving its strategic objectives.</b> |
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The governing body assumes responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation. Risk governance encompasses both:

- Opportunities and associated risks to be considered when developing strategy; and
- The potential positive and negative effects of the same risks on the achievement of organisational objectives.

The governing body approves policies that articulates and gives effect to its set direction on risk. The governing body reviews and approves all risk policies and reports on an annual basis.

The governing body evaluates and agrees the nature and extent of the risk that the organisation is willing to take in pursuit of its strategic objectives. The governing body approves in particular:

- The organisation's risk appetite, namely its propensity to take appropriate levels of risks.
- The limit of the potential loss that the organisation has the capacity to tolerate.

The governing body reviews and approves the risk appetite on an annual basis. The governing body thoroughly discuss the potential losses that the company may incur as well as the organisational capacity to tolerate such losses. The governing body delegates to management the responsibility to implement and execute effective risk management. Management prepares an ORSA (Own Risk and Solvency Assessment) report on an annual basis. This report is then reviewed and approved by the governing body for each reporting period.

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| <b>Principle 12</b> | <b>The governing body governs technology and information in a way that supports the organisation setting and achieving its strategic objectives.</b> |
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The governing body approves policies that articulate and give effect to its set direction on the employment of technology and information on an annual basis and delegates to management the responsibility to implement and execute effective technology and information management.

The governing body exercises oversight of technology and information management and, in particular, oversees that it results in the following:

- Integration of people, technology, information and processes across the organisation;
- Integration of technology- and information risks into the organisation-wide management of risk;
- The ethical and responsible use of technology and information;
- The responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security;
- Compliance with relevant laws;
- Technology architecture that enables the achievement of strategic and operational objectives;
- Management of the risk pertaining to the sourcing of technology;
- Information architecture that supports confidentiality, integrity and availability of information;
- The protection of privacy and personal information;
- The continual monitoring of information security.

Indequity Group Limited disposes of all obsolete technology in an environmentally friendly way, this is done by means of recycling. All sensitive information that is required to be disposed of, is done so in a highly secure manner.

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| <b>Principle 13</b> | <b>The governing body governs compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation in being an ethical and good corporate citizen.</b> |
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The governing body assumes responsibility for the governance of compliance with applicable laws and adopts, non-binding rules, codes and standards by setting the direction for how compliance should be approached and addressed in the organisation. The governing body approves policies that articulates and gives effect to its set direction on compliance and identifies which non-binding rules, codes and standards the organisation has adopted. The governing body reviews and approves all compliance policies on an annual basis and delegates to management the responsibility for implementation and execution of effective compliance management.

The governing body exercises oversight of compliance, in particular, oversees that it results in the following:

- Compliance being understood, not only for the obligation it creates, but also for the rights and protection it offers;
- Compliance management taking a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another;
- Continual monitoring of the regulatory environment and appropriate responses to change and developments.

The governing body considers the need to receive periodic independent assurance on the effectiveness of compliance management. The governing body reviews internally formulated compliance reporting on a quarterly basis. Material or repeated regulatory penalties, sanction of fines for contraventions of, or non-compliance with, statutory obligations, whether imposed on the organisation or on members of the governing body shall be disclosed.

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| <b>Principle 14</b> | <b>The governing body ensures that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</b> |
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The governing body assumes responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed in an organisation-wide basis. The governing body approves policies that articulates and gives effect to its set direction on fair, responsible and transparent remuneration. The governing body reviews and approves the "Remuneration Policy" on an annual basis. A remuneration committee has been established to ensure that the remuneration of staff is in line with the remuneration policy.

**Overview of remuneration policy:**

The overview of the main provision of the remuneration policy addresses the objective of the policy and manner in which the policy seeks to accomplish these. The remuneration elements and design principles inform the remuneration arrangements for executive management and at a high level, for all other employees. Indequity Group Limited staff remuneration is market related. Executive remuneration packages are reviewed and approved by the board of directors. Any change to the bonus formula of the CEO must be approved by the shareholders at an AGM.

**Voting on remuneration:**

In terms of the Companies Act, fees for non-executive directors for services rendered as directors are to be submitted for approval at the AGM by means of special resolution.

**Disclosure of remuneration:**

Director salaries and other forms of remuneration are disclosed in the annual report.

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| <b>Principle 15</b> | <b>The governing body ensures 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> |
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**Combined assurance:**

The governing body assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and function. The governing body delegates to the audit committee the responsibility for overseeing that arrangements are effective in achieving the following:

- Enabling an effective internal control environment.
- Supporting the integrity of information used for internal decision making by management, the governing body and its committees.
- Supporting the integrity of external reports.

**Assurance of external reports:**

The governing body assumes responsibility for the integrity of external reports issued by the organisation by setting the direction for how assurance of these should be approached and addressed.

**Internal Audit:**

The governing body assumes responsibility for internal audit by setting arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. The governing body delegates oversight of internal audit to the audit committee. The governing body approves an internal audit charter that defines the role within combined assurance and the internal audit standard to be adopted. The governing body ensures that internal audit provides an overall statement (on an annual basis) as to the effectiveness of the organisation's governance, risk management and control processes. The governing body ensures that the arrangements regarding internal audit provide for the necessary skill and resources to address the complexity and volume of risks faced by the organisation and that the internal audit is supplemented, as required, by specialist services such as those provided by auditors and statutory actuaries.

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| <b>Principle 16</b> | <b>In the execution of its governance role and responsibilities, the governing body has adopted a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</b> |
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**Stakeholder relationships:**

The governing body assumes responsibility for the governance of stakeholder relationship by setting the direction for how stakeholder relationships should be approached and dealt with in the organisation. The governing body have delegated to management the responsibility for implementation and execution of effective stakeholder relationship management.

The governing body exercises ongoing stakeholder relationship management oversight, in particular, overseeing that it results in the following:

- Methodologies for identifying stakeholders and stakeholder groupings;
- Determination of material stakeholders based on the extent to which they affect, or are affected by, the activities, output and outcomes of the organisation.

**Shareholders relationship:**

The board oversees that the company encourages proactive engagement with shareholders, including engagement at the annual general meeting (AGM) of the company. All directors are available at the AGM to respond to shareholder queries on how the board executed its governance duties. The board ensures that shareholders are equitably treated, and that the interest of minority shareholders are adequately protected.