

KING III CORPORATE GOVERNANCE CHECKLIST

Governance Element	Principle	Recommended Practice	Applied		Comment
			Yes	No*	
1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP					
Responsible Leadership	1.1 The Board should provide effective leadership based on an ethical foundation	1.1.1 Ethical leaders should direct the strategy and operations to build a sustainable business.	✓		Strategy is determined by Board
		1.1.2 Consider the short- and long-term impacts of the strategy on the economy society and the environment;	✓		Strategy takes into account economy, society and environment
		1.1.3 Do business ethically;	✓		Strive to do business ethically, quality processes and practices
		1.1.4 Do not compromise the natural environment; and	✓		Green City – Comply
		1.1.5 Take account of the Company's impact on internal and external stakeholders	✓		External stakeholders- public, Suppliers and SHU.
Board responsibilities		1.1.6 The Board should be responsible for the strategic direction of the Company and for the control of the Company;	✓		Strategy determined by Board and overseen (MD's report against strategy to be standing agenda item)
		1.1.7 Set the values to which the Company will adhere formulated in its code of conduct;	✓		Code of Ethical Conduct completed
		1.1.8 Ensure that its conduct and that of management aligns to the values and is adhered to in all aspects of its business; and promote the stakeholders inclusive approach of governance;	✓		Implementation Plan. Values published and ongoing awareness campaign
		1.1.9 Ensure that all deliberations, decisions and actions are based on the	✓		Adhere to principles of Fairness, Accountability, Responsibility and

		four values underpinning good governance; and			Transparent
	1.2 The Board should ensure that the Company is and is seen to be a responsible corporate citizen	1.1.10 Ensure that each director adheres to the duties of a director.	✓		Detailed in toolkit and ongoing monitoring
		1.2.1 Consider not only on financial performance but also the impact of the Company's operations on society and the environment;	✓		Impact on society and environment to be incorporated on Companies KPI's. Formal reporting to be implemented to allow oversight
		1.2.2 Protect, enhance and invest in the wellbeing of the economy, society and the environment;	✓		Aligned with City's Programs
		1.2.3 Ensure that the Company's performance and interactions with stakeholders is guided by the Constitution and the Bill of Rights;	✓		Compliant
		1.2.4 Ensure that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship;	✓		Engagement through City structures and directly with communities. Applies MFMA
		1.2.5 Ensure that measurable corporate citizenship programs are implemented; and	✓		Through City programs
		1.2.6 Ensure that management develops corporate citizenship policies.		X	No Policy. To be finalized in 2016/17.
Roles and function of the Board	2.1 The Board should act as the focal point for and custodian of corporate governance	2.1.1 Have a charter setting out its responsibilities;	✓		Charter has been approved and is reviewed annually
		2.1.2 Meet at least four times per year;	✓		Compliance
		2.1.3 Monitor the relationship between management and the stakeholders of the Company; and	✓		MFMA and Group governance framework - compliance
		2.1.4 Ensure that the strategy is aligned with the purpose of the Company survives and thrives.	✓		Operates within the City's mandate
	2.2 The Board should appreciate that strategy, risk, performance and sustainability are	2.2.1 Inform and approve the strategy;	✓		Risk informs Strategy which is Board approved
		2.2.2 Ensure that strategy is aligned with the purpose of the Company, the value drivers of its business and the legitimate interests and	✓		Strategy aligned with mandate and City's priorities

	inseparable	expectations of its stakeholders;			
		2.2.3 Satisfy itself that the strategy and business plans are not encumbered by risks that have not been thoroughly examined by management, and	✓		Implemented and effective Risk management process
		2.2.4 Ensure that the strategy will result in sustainable outcomes taking account of people, plant and profit;	✓		Strategy aligned to City's priorities
	2.14 The Board and its directors should act in the best interest of the Company	2.14.1 The Board must act in the best interest of the Company.	✓		Compliant
		2.14.2 Directors must adhere to the legal standards of conduct.	✓		Toolkit and ongoing monitoring
		2.14.3 Director of the Board should be permitted to take independent advice in connection with their duties following an agreed procedure.	✓		Compliant
		2.14.4 Real or perceived conflicts should be disclosed to the Board and managed.	✓		Declarations of interest to be completed in line with Municipal Systems Act. Declarations at commencement of meetings in line with Co Act.
		2.14.5 Listed Company's should have a policy regarding dealing in securities by directors, officers and selected employees.			N/A
	2.15 The Board should consider business rescue proceedings or other turnaround mechanism as soon as the Company is financially distressed as defined in the Act.	2.15.1 The Boards should ensure that the solvency and liquidity of the Company is continuously monitored;	✓		Ongoing
		2.15.2 Its consideration if fair to save a financially distressed Company either by way of workouts, sale, merger, amalgamation, compromise with creditors or business rescue;	✓		Subject to MFMA
		2.15.3 A suitable practitioner is appointed if business rescue is adopted; and	✓		Subject to MFMA
		2.15.4 The practitioner furnishes security for the value of the assets of the Company.	✓		Subject to MFMA
	2.16 The Board should elect a Chairman of the Board who is an independent non-executive director.	2.16.1 The members of the Board should elect a Chairman on an annual basis.	✓		Chairman appointed annually by Shareholder Unit. MFMA overrules Co Act.

	The CEO of the Company should not also fulfill the role of the Chairman of the Board.	2.16.2 The Chairman should be independent and free of conflict upon appointment.	✓		Assessment to be completed annually
		2.16.3 A lead independent director should be appointed in the case where an executive Chairman is appointed or where the Chairman is not independent or conflicted.			N/A
		2.16.4 The appointment of the Chairman who is not independent should be justified in the integrated report.			N/A
		2.16.5 The role of the Chairman should be formalized.	✓		Board Charter and Legislation
		2.16.6 The Chairman's ability to add value, and his performance against what is expected of his role and function, should be assessed every year.	✓		Board assessment to be completed annually. Assessment of the Chairman to be undertaken by Group Governance.
		2.16.7 The CEO should not become the Chairman until three years have lapsed.	✓		Compliant
		2.16.8 The Chairman together with the Board should consider the number of outside Chairmanship held.	✓		To be included in the Declaration of Interest
		2.16.9 The Board should ensure succession plan for the role of the Chairman.	✓		Addressed by Shareholder Unit in terms of Legislation
		2.17 The Board should appoint the Chief Executive Officer and establish a frame work for the delegation of authority	2.17.1 Appoint the CEO	✓	
2.17.2 Provide input regarding senior management appointments.	✓			Compliant – Governance Framework with City and delegations of authority	
2.17.3 Define its own level of materiality and approve a delegation of authority framework;	✓			Completed	
2.17.4 Ensure that the role and function of the CEO is formalized and the performance is evaluated against the criteria specified; and	✓			Compliant – Governance Framework with City and contract with MD	
2.17.5 Ensure succession planning for the CEO and other senior executives and officers is in place.			X	Succession planning to be addressed as part of HR's strategy but ito legislation no succession can take place without open competition for all positions – no promotion.	

Composition of the Board	2.18 The Board should compromise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	2.18.1 The majority of Board members should be non-executive directors.	✓	Compliant
		2.18.2 The majority of the non-executive directors should be independent.	✓	Compliant
		2.18.3 When determining the number of directors serving on the Board, the knowledge, skills and resources required for conducting the business of the Board should be considered.	✓	Compliant – Board Charter and Governance Framework
		2.18.4 Every Board should consider whether its size, diversity and demographics make it effective.	✓	Assessment
		2.18.5 Every Board should have a minimum of two executive directors of which one should be the CEO and the other the director responsible for finance.	✓	CEO and CFO are non-executive directors
		2.18.6 At least one third of the non-executive directors should rotate every year.	✓	All retire annually
		2.18.7 The Board through its nomination Committee should recommend the eligibility of prospective directors.	✓	Noncompliance but explained – process run by City.
		2.18.8 Any independent non-executive directors serving more than 9 years should be subjected to a rigorous review of his independence and performed by the Board.	✓	To be addressed annually as part of assessment process
		2.18.9 The Board should include a statement in the integrated report regarding the assessment of the independence of the independent non-executive directors.	✓	This has been addressed in the 2014 AR
		2.18.10 The Board should be permitted to remove any director without shareholder approval.	✓	Non-comply and explained – seen as a conflict with MFMA which takes precedence.
Board appointment process	2.19 Directors should be appointed through a formal process	2.19.1 A nominations Committee should assist with the process of identifying suitable members of the Board.	✓	Non-compliant but explained - transparent process run by City
		2.19.2 Background and reference checks should be performed before the nominations and appointment of directors.	✓	Non-compliant but explained - transparent process run by City
		2.19.3 The appointment of non-executives directors should be formalised	✓	Group Governance has confirmed that they will provide appointment letters

		through a letter of appointment.			
		2.19.4 The Board should make full disclosure regarding individual directors to enable shareholders to make their own assessment of directors.	✓		Non- compliant but explained - SHU identifies and appoints all directors
Director development	2.20 The induction of an ongoing training and development and training of directors should be conducted through formal processes.	2.20.1 The Board should ensure that a formal induction program is established for new directors.	✓		March 2014
		2.20.2 Inexperienced directors are developed through mentorship programs;	✓		Ongoing Capacitation Program
		2.20.3 Continuing professional development programs are implemented, and	✓		Ongoing
		2.20.4 Directors received regular briefings on changes in risks, laws and the environment.	✓		Compliant
Company Secretary	2.21 The Board should be assisted by a competent, suitably qualified and experienced Company secretary	2.21.1 The Board should appoint and remove the Company secretary.	✓		Compliant
		2.21.2 The Board should empower the individual to enable him/her to properly fulfill his/her duties.	✓		Compliant
		The Company Secretary should:			Compliant
		2.21.3 Have an arms-length relationship with the Board;	✓		Compliant
		2.21.4 Not to be a director of the Company;	✓		Compliant
		2.21.5 Assist the Nomination Committee with the appointment of directors;	✓		Non- compliant but explained - Nomination process run by City
		2.21.6 Assist with the director induction and training programs.	✓		Compliant
		2.21.7 Provide guidance to the Board on the duties of the directors and good governance.	✓		Compliant
		2.21.8 Ensure Board and Committee charters are kept up to date;	✓		Compliant- Reviewed in 2014
		2.21.9 Prepare and circulate Board papers;	✓		Compliant
		2.21.10 Elicit responses, input, feedback for Board and Board Committee	✓		Compliant

		meetings;			
		2.21.11 Assist in drafting yearly plans;	✓		Compliant
		2.21.12 Ensure preparation and circulation of minutes of Board and Committee meetings; and	✓		Compliant- incorporated in Performance Agreement
		2.21.13 Assist with the evaluation of the Board Committees and individual directors.	✓		Compliant, save for chairman
Performance assessment	2.22 The evaluation of the Board, its Committees and the individual directors should be performed every year.	2.22.1 The Board should determine its own rule, functions, duties and performance criteria as well as that for director on the Board and Board Committees to serve as a bench mark for the performance appraisal.	✓		Non- compliant but explained - Determined by City in line with Governance Framework
		2.22.2 Yearly evaluations should be performed by the Chairman or an independent provider.	✓		Compliant
		2.22.3 The results of the performance evaluations should identify training needs for directors.	✓		Compliant
		2.22.4 An overview of the appraisal process, results in action plans should be disclosed in the integrated reports.	✓		Will be incorporated
		2.22.5 The nomination for the re-appointment of a director should only occur after the evaluation of the performance and attendance of the director.	✓		Non-compliant but explained - Managed by City
		2.26 Companies should disclose the remuneration of each individual director and certain senior executives	The remuneration report, included in the integrated report, should include:	✓	
	2.26.1 All benefits paid to director;				
	2.26.2 The salaries of the three most highly paid employees who are not directors;	✓		To be addressed in 2014 report	
	2.26.3 The policy on base pay;	✓		To be addressed in 2014 report	
	2.26.4 Participation in share incentive schemes;			N/A	
	2.26.5 The use of bench marks;	✓		To be addressed in 2014 report	

		2.26.6 Incentive schemes to encourage retention;	✓		To be addressed in 2014 report
		2.26.7 Justification of salaries above the median;	✓		To be addressed in 2014 report
		2.26.8 Material payments that are ex-gratia in nature;	✓		To be addressed in 2014 report
		2.26.9 Policies regarding executive employment; and	✓		To be addressed in 2014 report
		2.26.10 The maximum expected potential dilution as a result of incentive awards;			N/A
	2.27 Shareholders should approve the Company's remuneration policy	2.27.1 Shareholders should pass a non-binding advisory vote on the Company's yearly remuneration policy.	✓		To be addressed in 2014 AGM
		2.27.2 The Board should determine the remuneration of the directors in accordance with the remuneration policy put to shareholder's vote.	✓		Section 66.9 Companies Act special resolution
	3.1 The Board should ensure that the Company has an effective and independent Audit Committee.	3.1.1 Listed and state-owned companies must establish an Audit Committee.	✓		Compliant
		3.1.2 All other companies should establish an Audit Committee and define its composition, purpose and duties in the memorandum of incorporation.			N/A
		3.1.3 The Board should approve the terms of reference of the Audit Committee.	✓		Compliant – review in 2014
		3.1.4 The Audit Committee should meet as often is necessary to fulfill its function but at least twice a year.	✓		Compliant
		3.1.5 The Audit Committee should meet with internal and external Auditors at least once a year without management being present.	✓		To be implemented
Membership and resources of the Audit Committee	3.2 Audit Committee members should be	3.2.1 All members of the Audit Committee should be independent non-executive directors.	✓		Non-compliant – awaiting updated directive from Treasury - 3 of 6 members are not Board members- non compliance

	suitably skilled and experienced independent non-executive directors	3.2.2 The Audit Committee should consist of at least three members.	✓		3 members are not Board members.
		3.2.3 The Chairman of the Board should not be the Chairman or member of the Audit Committee.	✓		compliant
		3.2.4 The Committee collectively should have sufficient qualifications and experience to fulfill its duties.	✓		Part of Assessment process
		3.2.5 The Audit Committee members should keep up to date with the developments affecting the required skill-set.	✓		Ongoing
		3.2.6 The Committee should be permitted to consult with specialist or consultants subject to a Board-approved process.	✓		compliant
		3.2.7 The Board must fill any vacancies on the Audit Committee.	✓		Non-compliant but explained - S 166 (5) MFMA- City to appoint Audit Committee members and fill vacancies.
		3.3 The Audit Committee should be chaired by an independent non-executive director	3.3.1 The Board should elect the Chairman of the Audit Committee.	✓	
3.3.2 The Chairman of the Audit Committee should participate in setting and agreeing the agenda of the Committee.	✓			Compliant	
3.3.3 The Chairman of the Audit Committee should be present at the AGM.	✓			Compliant	
The responsibilities of the Audit Committee	3.4 The Audit Committee should oversee integrated reporting	3.4.1 The Audit Committee should have regard to all factors and risks that may impact on the integrity of the integrated report.	✓		Risk is reported on at Committee level
		3.4.2 The Audit Committee should review and comment on the financial statements included in the integrated report.	✓		Part Compliance - Annual Report not integrated
		3.4.3 The Audit Committee should review the disclosure of sustainability issue in the integrated report to ensure that it is reliable and does not conflict with the financial information.	✓		Compliant – 2014 AR
		3.4.4 The Audit Committee should recommend to the Board to engage an external assurance provider of material sustainability issues.		X	Direction from City and subject to budget
		3.4.5 The Audit Committee should consider the need to issue interim	✓		Mid-term report submitted to Shareholder in line with PFMA

		results.			
		3.4.6 The Audit Committee should review the content of the summarised information.			N/A
		3.4.7 The Audit Committee should engage the external Auditors to provide assurance on the summarised financial information.	✓		Compliant
	3.5 The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	3.5.1 The Audit Committee should ensure that the combined assurance received is appropriate to address all the significant risks facing the Company.	✓		Compliant
		3.5.2 The relationship between the external assurance providers and the Company should be monitored by the Audit Committee.	✓		Compliant
Internal assurance providers	3.6 The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function	3.6.1 Every year a review of the finance function should be performed by the Audit Committee.	✓		-Is undertaken annually
		3.6.2 The results of the review should be disclosed in the integrated report.	✓		Compliant
	3.7 The Audit Committee should be responsible for overseeing of internal Audit.	3.7.1 The Audit Committee should be responsible for the appointment, performance assessment and/or dismissal of the CAE.	✓		Needs to be implemented as has been addressed in delegations
		3.7.2 The Audit Committee should approve the internal Audit plan.	✓		Compliant
		3.7.3 The Audit Committee should ensure that the Internal Audit function is subject to an independent quality review as and when the Committee determines it appropriate.	✓		Undertaken in 2016
	3.8 The Audit Committee should be an integral component of the risk management process	3.8.1 The charter of the Audit Committee should set out its responsibilities regarding risk management.	✓		Terms of Reference has been reviewed
		3.8.2 The Audit Committee should specifically have oversight of:			
		3.8.2.1 Financial reporting risks;	✓		Quarterly report to Audit Committee
		3.8.2.2	✓		Quarterly report to Audit Committee

		Internal financial controls;			
		3.8.2.3 Fraud risks as it relates to financial reporting; and	✓		Quarterly report to Audit Committee
		3.8.2.4 IT risks as it relates to financial reporting	✓		Quarterly report to Audit Committee
External assurance providers	3.9 The Audit Committee is responsible for recommending the appointment of the external Auditor and overseeing the external Audit process	3.9.1 Must nominate the external Auditor for appointment;			N/A – MFMA – AG appointed
		3.9.2 Must approve the terms of engagement and remuneration for the external Audit engagement;	✓		Compliant
		3.9.3 Must monitor and report on the independence of the external Auditor;			N/A
		3.9.4 Must define a policy for non-Audit services provided by the external Auditor and must approve the contracts for non-Audit services;			N/A
		3.9.5 Should be informed of any reportable irregularities identified and reported by the external Auditor; and	✓		Compliant
		3.9.6 Should review the quality and effectiveness of the external Audit process.	✓		Compliant
Reporting	3.10 The Audit Committee should report to the Board and shareholders on how it has discharged its duties	3.10.1 The Audit Committee should report internally to the Board on its statutory duties and duties assigned to it by the Board.	✓		Quarterly reporting to Board
		3.10.2 The Audit Committee must report to the shareholders on its statutory duties:			
		3.10.2.1 How its duties were carried out;	✓		Compliant Part of annual report
		3.10.2.2 If the Committee is satisfied with the independence of the external Auditor;			N/A
		3.10.2.3 The Committee’s view on the financial statements and the accounting practices; and	✓		Compliant
		3.10.2.4 Whether the internal financial control are effective.	✓		Compliant

		3.10.3 The Audit Committee should provide a summary of its role and details of its composition, number of meetings and activities, in the integrated report.	✓		Compliant
		3.10.4 The Audit Committee should recommend the integrated report for approval by the Board.	✓		Compliant iro annual report
The Board's responsibility for risk governance	4.1 The Board should be responsible for the governance of risk	4.1.1 A policy and plan for a system and process of risk management should be developed.	✓		Compliant - Risk Management Policy and Plan- in place
		4.1.2 The Board should comment on the integrated report on the effectiveness of the system and process of risk management.	✓		Compliant
		4.1.3 The Board's responsibility for risk governance should be expressed in the Board charter.	✓		Charter reviewed- to be submitted to Board in April 2014
		4.1.4 The induction and ongoing training programs of the Board should incorporate risk governance.	✓		Compliant
		4.1.5 The Board's responsibility for risk governance should manifest in a documented risk management policy and plan.	✓		The Responsibility of the Board is documented in the Risk Framework
		4.1.6 The Board should approve the risk management policy and plan.	✓		Approved Policies and Plan (Risk Register)
		4.1.7 The risk management policy should be widely distributed throughout the Company.	✓		Compliant – The framework is distributed to all the HoD's, Risk Management forum members, risk champion.
		4.1.8 The Board should review the implementation of the risk tolerance once a year.	✓		Compliant
		4.1.9 The Board should ensure that the implementation of the risk management plan is monitored continually.	✓		Compliant,- Risk Registers are monitored by submission to Board on a Quarterly basis
	4.2 The Board should determine the level of risk tolerance	4.2.1 The Board should set the levels of risks tolerance once a year.	✓		Compliant
4.2.2 The Board may set limits for the risk appetite.		✓		Risk appetite Statement, Policy and Plan	

		4.2.3 The Board should monitor that risks taken are within the tolerance levels.	✓		Compliant
	4.3 The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities	4.3.1 The Board should appoint a Committee responsible for risk.	✓		Compliant
		4.3.2 The risk Committee should:			
		4.3.2.1 Consider the risk management policy and plan and monitor the risk management process;	✓		Compliant – through RMC and RMF
		4.3.2.2 Have as its members executive and non-executive director members of senior management and independent risk management and experts to be invited, if necessary;	✓		This is done annually during the development of the strategic risk register.
		4.3.2.3 Have a minimum of three members, and	✓		Compliance
		4.3.2.4 Convene at least twice per year.	✓		Compliant
		4.3.3 The performance of the Committee should be evaluated once a year by the Board.	✓		Completed
Management's responsibility for risk management		4.4 The Board should delegate to management the responsibility to design; implemented and monitor the risk management plan	4.4.1 The Board's risk strategy should be executed by management by means of risk management systems and processes.	✓	
	4.4.2 Management is accountable for integrating risk in the day-to-day activities of the Company.		✓		Compliant
	4.4.3 The CRO should be suitably experienced person who should have access and interact regularly on strategic matters with the Board and or appropriate Board Committee and executive management.		✓		The CRO is from the City and is roped in to provide guidance and coaching as and when necessary.
Risk assessment	4.5 The Board should ensure that risk assessment are performed on a continual basis	4.5.1 The Board should ensure effective and ongoing risk assessments are performed.	✓		Quarterly risk management report is submitted to the Board highlighting progress on the implementation of action plans to reduce the residual risk
		4.5.2 A systematic, documented, formal risk assessment should be conducted at least once a year.	✓		Currently using the Risk Framework to conduct risk assessment. CoJ is currently planning to conduct risk assessment at ME's.

		4.5.3 Risks should be prioritised and ranked to focus responses and interventions.	✓		Compliant per risk registers and Risk Framework
		4.5.4 The risk assessment process should involve the risk affecting various income streams of the Company, the critical dependencies of the business the sustainability and the legitimate interest and expectations of stakeholders.	✓		Compliant – included in departmental risk registers
		4.5.5 Risk assessment should adopt a top-down approach.	✓		Compliant – strategic risk register
		4.5.6 The Board should regularly receive and review a register of the Company's key risks.	✓		Compliant – Strategic risk register
		4.5.7 The Board should ensure that key risks are quantified where practicable.	✓		Where possible risks will be quantified
	4.6 The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	4.6.1 The Board should ensure that a framework and processes are in place to anticipate unpredictable risks.	✓		Compliant
Risk monitoring	4.7 The Board should ensure continual risk monitoring by management.	4.7.1 The Board should ensure that effective and continual monitoring of risk management takes place.	✓		Compliant – through ARFC meetings
		4.7.2 The responsibility for monitoring should be defined in the risk management plan.	✓		Compliant -Framework
Risk assurance	4.8 The Board should receive assurance regarding the effectiveness of the risk management process	4.8.1 Management should provide assurance to the Board that the risk management plan is integrated in the daily activities of the Company.	✓		Complaint - Framework
		4.8.2 Internal Audit should provide a written assessment of the effectiveness of the system of internal controls and risk management to the Board.		X	Risk management not audited
Risk disclosure	4.9 The Board should ensure	4.9.1 Undue, unexpected or unusual risks should be disclosed in the		X	This was not specifically addressed in 2015/16 risk report in the AR

	that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	integrated report. 4.9.2 The Board should disclose its view on the effectiveness of the risk management process in the integrated report.	✓		integrated report
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THE GOVERNANCE OF INFORMATION TECHNOLOGY

	5.1 The Board should be responsible for information technology (IT) governance.	5.1.1 The Board should assume the responsibility for the governance of IT and place it on the Board agenda.	✓		IT incorporated to Audit Committee
		5.1.2 The Board should ensure that IT charter and policies are established and implemented.	✓		Compliant
		5.1.3 The Board should ensure promotion of an ethical IT governance culture and awareness and of a common IT language.	✓		Incorporated in IT and Risk Committee, AG and Internal Audit
		5.1.4 The Board should ensure that an IT internal control framework is adopted and implemented.	✓		Part of CORBIT and Governance Framework
		5.1.5 The Board should receive independent assurance on the effectiveness of the IT internal controls.	✓		Done by Auditor General (AG)
	5.2 IT should be aligned with the performance and sustainability objectives of the Company.	5.2.1 The Board should ensure that the IT strategy is integrated with the Company's strategic and business processes.	✓		Compliant
		5.2.2 The Board should ensure that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of the Company through the use of IT.	✓		Ongoing
	5.3 The Board should delegate to management the responsibility for the implementation of an IT governance framework.	5.3.1 Management should be responsible for the implementation of the structure, processes and mechanism for the IT governance framework.	✓		Compliant
		5.3.2 The Board may appoint an IT steering Committee of similar function to assist with its governance of IT.	✓		Part of Audit Committee
		5.3.3 The CEO should appoint a Chief Information Officer responsible for the management of IT.	✓		Manager IT- reports directly to the MD.

		5.3.4 The CIO should be a suitably qualified and experienced person who should have access and interact regularly on strategic IT matters with the Board and/or appropriate Board Committee and executive management.	✓		Compliant
5.4 The Board should monitor and evaluate significant IT Investments and expenditure	5.4.1	The Board should oversee the value delivery of IT and monitor the return on Investment from significant IT projects.	✓		ARFC oversees the delivery
	5.4.2	The Board should ensure that intellectual properties contained in information systems are protected.	✓		To be registered as and when necessary
	5.4.3	The Board should obtain independent assurance on the IT governance and controls outsourced IT services.	✓		Auditor General (AG)
5.5 IT should form an integral part of the Company's risk management	5.5.1	Management should regularly demonstrate to the Board that the Company has adequate business resilience arrangements in place for disaster recovery.	✓		Compliant- Disaster Recovery Plan
	5.5.2	The Board should ensure that the Company complies with IT laws and that IT related rules, codes and standards are considered.	✓		Policies aligned to Security: ISO 2700 Governance : ISO 3600 Controlled by COBART.
5.6 The Board should ensure that information assets are managed effectively.	5.6.1	The Board should ensure that there are systems in place for the management of information which should include information security and privacy.	✓		Compliant- Security Policy and physical Security
	5.6.2	The Board should ensure that all personal information is treated by the Company as an important business asset and is identified.	✓		Part of Security Policy
	5.6.3	The Board should ensure that an information Security Management System is developed and implemented.	✓		Part of Security Policy
	5.6.4	The Board should approve the information security strategy and delegate and empower management to implement the strategy.	✓		Part of Security Policy
5.7 A risk Committee and Audit Committee should	5.7.1	The risk Committee should ensure that IT risks are adequately addressed.	✓		Part of IT Risk Register

	assist the Board in carrying IT responsibility	5.7.2 The risk Committee should obtain appropriate assurance that controls are in place and effective in addressing IT risks.	✓	Progress report and Risk Register submitted to Risk Committee
		5.7.3 The Audit Committee should consider IT as it relates to financial reporting and the ongoing concern of the Company.	✓	Financial Reporting Software in line with MFMA and accepted accounting principles
		5.7.4 The Audit Committee should consider the use of technology to improve Audit coverage and efficiency.	✓	ACL and Teammate
	6.1 The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	6.1.1 Companies must comply with all applicable laws.	✓	Compliant – Checklist developed
		6.1.2 Exceptions permitted in laws, shortcomings and proposed changes expected should be handled ethically.	✓	Compliant
		6.1.3 Compliance should be an ethical imperative.	✓	Compliance Checklist to be submitted to Board every Quarter
		6.1.4 Compliance with applicable laws should be understood not only in terms of the obligation that they create, but also for the rights and protection that they afford.	✓	Compliance Checklist to be submitted to Board every Quarter
		6.1.5 The Board should understand the context of the law, and how other applicable laws interact with it.	✓	Compliance Checklist to be submitted to Board every Quarter
		6.1.6 The Board should monitor the Company's compliance with applicable laws, rules, codes and standards.	✓	Compliance Checklist to be submitted to Board every Quarter
		6.1.7 Compliance should be a regular item on the agenda of the Board.	✓	Compliance Checklist to be submitted to Board every Quarter
		6.1.8 The Board should disclose details in the integrated report on how it discharged its responsibility to establish an effective compliance framework and processes.	✓	Completed
	6.2 The Board and each individual director should have a working understanding of the	6.2.1 The induction and ongoing training programmes of director should incorporate an overview of and any changes to applicable laws, rules, codes and standards.	✓	Completed and ongoing
	6.2.2	✓	Toolkit and Induction process	

	effect of the applicable laws, rules, codes and standards on the Company and its business	Directors should sufficiently familiarize themselves with the general content of applicable laws, rules, codes and standards to discharge their legal duties.			
	6.3 Applied risk should form an integral part of the Company's risk management process.	6.3.1 The risk of non-compliance should be identified, assessed and responded to through the risk management processes.	✓		Compliance checklist will be sent to Risk Manager monthly
		6.3.2 Companies should consider establishing a compliance function.	✓		Compliant – see policy
	6.4 The Board should delegate to management the implementation of an effective compliance framework and processes	6.4.1 The Board should ensure that a legal compliance policy, approved by the Board, has been implemented by management.	✓		Compliance Policy approved and reviewed
		6.4.2 The Board should receive assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards.	✓		Part of Compliance Policy
		6.4.3 Compliance with laws, rules, codes and standards should be incorporated in the code of the conduct of the Company.	✓		Completed
		6.4.4 Management should establish the appropriate structures, educate and train, and communicate and measure key performance indicators relevant to compliance.	✓		Compliance Checklist
		6.4.5 The integrated report should include details of material or often repeated instances of non-compliance by either the Company or its directors in their capacity as such.	✓		Completed
		6.4.6 An independent, suitably skilled compliance officer may be appointed.	✓		Compliant
		6.4.7 The compliance officer should be suitably skilled and experienced person who should access and interact regularly on strategic compliance matters with the Board and/or appropriate Board Committee and executive management.	✓		Compliant
		6.4.8 The structuring of the compliance function, its role and its position in terms of reporting lines should be a reflection of the Company's decision on how applied is to be integrated with its ethics and risk	✓		Completed – Management Ethics Forum established

		management.			
		6.4.9 The compliance function should have adequate resources to fulfill its function.	✓		Compliant
The need for and role of internal Audit	7.1 The Board should ensure that there is an effective risk based internal Audit.	7.1.1 Companies should establish an internal Audit function.	✓		Compliant
		7.1.2 Internal Audit should perform the following functions.			
		7.1.2.1 An internal Audit charter should be defined and approved by the Board.	✓		Completed
		7.1.4 The internal Audit function should adhere to the IIA standards and code of ethics.	✓		The IA staff are members of the Institute of internal Auditors and adhere to the IIA standard and code of ethics principles in performing their duties.
Internal Audit's approach and plan	7.2 Internal Audit should follow a risk based approach to its plan.	7.2.1 The internal Audit plan and approach should be informed by the strategy and risks of the Company.	✓		The internal Audit plan is based on the company's strategic and operational Risk registers
		7.2.2 Internal Audit should be an objective provider of assurance that considers:			
		7.2.1.1 The risks that may prevent or slow down the realisation of strategic goals;	✓		Emerging risks are taken into account in execution of the audit and are highlighted to management in the audit reports
		7.2.1.2 Whether controls are in place and functioning effectively to mitigate this and	✓		Internal audit reports serves as reference
		7.2.1.3 The opportunities that will promote the realisation of strategic goals that are identified assessed and effectively managed by the Company's management team.	✓		Audit recommendations are made for management's consideration where possible
	7.3 Internal Audit should provide a written assessment of the effectiveness of the Company's system of	7.3.1 Internal Audit should form an integral part of the combined assurance model as internal assurance provider.	✓		Internal Audit coordinate efforts with the Risk Management unit and management
		7.3.2 Internal controls should be established not only over financial matters, but also operational, applied and sustainability issues.	✓		Internal Audit review controls across the whole organization in line with the company risks assessment processes.

internal controls and risk management	7.3.3	Companies should maintain an effective governance, risk management and internal control framework.	✓	There is a Risk Management Framework within the organization however there is no standard internal control framework in place or adopted
	7.3.4	Management should specify the elements of the control framework.	✓	Refer 7.3.3.
	7.3.5	Internal Audit should provide a written assessment of the system of internal controls and risk management to the Board.	✓	The Chairman of the Audit Risk and Finance Committee present the summary of the ARFC meeting on the internal audit reports presented and provide the board with the status of internal controls, governance and risk within the organization. Quarterly risk reports are also presented to the ARFC and the board.
	7.3.6	Internal Audit should provide a written assessment of the system of internal controls and risk management to the Audit Committee.	✓	Quarterly Internal Audit provides report on the status of the internal control assessed on audits conducted as per the approved Risk based audit plan.
7.4 The Audit Committee should be responsible for overseeing internal Audit.	7.4.1	The internal Audit plan should be agreed and approved by the Audit Committee.	✓	Compliant- to attach proof of Internal Audit Plan
	7.4.2	The Audit Committee should evaluate the performance of the internal Audit function.	✓	Completed
	7.4.3	The Audit Committee should ensure that the internal Audit function is subjected to an independent quality review.	✓	Internal Audit was subject to external quality assurance review in 2016
	7.4.4	The CAE should report functionality to the Audit Committee Chairman.	✓	Compliant
	7.4.5	The Audit Committee should be responsible for the appointment, performance assessment and dismissal of the CAE.	✓	Addressed in delegation of Authority
	7.4.6	The Audit Committee should ensure that the internal Audit function is appropriately resourced and has appropriate budget allocated to the function.	✓	Part of the Assessment
	7.4.7	Internal Audit should report at all Audit Committee meetings.	✓	Done
Internal Audit's	7.5	7.5.1	✓	Internal Audit report administratively to the

status in the Company	Internal Audit should be strategically positioned to achieve its objectives	The internal Audit function should be independent and objective.			MD and functionally to the Audit Risk and Finance Committee and it's guided by the professional code of ethics of internal Auditors. Annually certificate of independence is completed
		7.5.2 The internal Audit function should report functionally to the Audit Committee.	✓		Compliant
		7.5.3 The CAE should have a standing invitation to attend executive Committee meetings.	✓		Compliant
		7.5.4 The internal Audit function should be skilled and resourced as is appropriate for the complexity and volume of risk and assurance needs.	✓		Compliant
		7.5.5 The CAE should develop and maintain a quality assurance and improvement programme.	✓		There is a quality assurance improvement programme in place.

8. GOVERNANCE STAKEHOLDERS RELATIONSHIP

	8.1 The Board should appreciate that stakeholders' perceptions affect a Company's reputation.	8.1.1 The gap between stakeholder's perceptions and the performance of the Company should be managed and measured to enhance or protect the Company's reputation.	✓		Implemented through Communications Dept.
		8.1.2 The Company's reputation and its linkage with stakeholders' relationship should be a regular Board agenda.	✓		As from April 2014
		8.1.3 The Board should identify important stakeholders' grouping.	✓		Completed with the approval of the Stakeholder Framework
	8.2 The Board should delegate to management to proactively deal with stakeholders relationships.	8.2.1 Management should develop a strategy and formulate policies for the management of relationships with each stakeholder grouping.	✓		Completed with the approval of the Stakeholder Framework
		8.2.2 The Board should consider whether it is appropriate to publish its stakeholder policies.		X	Stakeholder policies still being developed whereafter they will be considered for publication
		8.2.3 The Board should oversee the establishment of mechanism and processes that support stakeholders in constructive engagement with the Company.	✓		Compliant - Stakeholder Framework

		8.2.4 The Board should encourage shareholders to attend AGM's.			N/A
		8.2.5 The Board should consider not only formal but also informal processes for interaction with the Company's stakeholders.		X	To be formalized
		8.2.6 The Board should disclose in its integrated report the nature of the Company's dealings with stakeholders and the outcomes of these dealings.	✓		Partially done
	8.3 The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company.	8.3.1 The Board should take account of the legitimate interest and expectations of its stakeholders in its decision-making in the best interests of the Company.	✓		Addressed through City structures and meeting with MMC
	8.4 Companies should ensure the equitable treatment of shareholders.	8.4.1 There must be equitable treatment of all holders of the same class of shares issued.			N/A
		8.4.2 The Board should ensure that minority shareholders are protected.			N/A
	8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	8.5.1 Complete, timely, relevant, accurate, honest and accessible information should be provided by the Company to its stakeholders whilst having regard to legal and strategic consideration.	✓		Addressed through Communications department
		8.5.2 Communication with stakeholders should be in clear and understandable language.	✓		Compliant
		8.5.3 The Board should adopt communication guidelines that support a responsible communication programme.	✓		Compliant
		8.5.4 The Board should consider disclosing in the integrated report the number and reasons for refusal of requests of information that were lodged with the Company in terms of the Promotion of Access to Information Act, 2000.	✓		To be added on 2014 Annual Report
Dispute resolution	8.6 The Board should ensure	8.6.1 The Board should adopt formal dispute resolution processes for		X	To be considered

	that disputes are resolved as effectively, efficiently and expeditiously as possible.	internal and external disputes. 8.6.2 The Board should select the appropriate individuals to represent the Company in ADR.		X	see 8.6.1 above
Transparency and accountability	9.1 The Board should ensure the integrity of the Company's integrated report	9.1.1 A Company should have controls to enable it to verify and safeguard the integrity of its integrated report.		X	Partially done
		9.1.2 The Board should delegate to the Audit Committee to evaluate sustainability disclosures.	✓		Implemented with delegation to social and ethics committee.
		The integrated report should: 9.1.3 Be prepared every year;	✓		Still room for improvement
		9.1.4 Convey adequate information regarding the Company's financial and sustainability performance; and	✓		Compliant
		9.1.5 Focus on substance over form.		X	Required to comply with CoJ and Treasury template
	9.2 Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	9.2.1 The Board should include commentary on the Company's financial results.	✓		Compliant
		9.2.2 The Board must disclose if the Company is a going concern.	✓		Compliant
		9.2.3 The integrated report should describe how the Company has made its money.	✓		Compliant
		9.2.4 The Board should ensure that the positive and negative impacts of the Company's operations and plans to improve the positives and eradicate or ameliorate the negatives in the financial year ahead are conveyed in the integrated report.	✓		Compliant
	9.3 Sustainability reporting and disclosure should be independently assured.	9.3.1 General oversight and reporting of sustainability should be delegated by the Board to the Audit Committee.	✓		Compliant but delegated to S&E
		9.3.2 The Audit Committee assists the Board by reviewing the integrated	✓		Compliant

		report to ensure that the information contained in it is reliable and that it does not contradict the financial aspects of the report.			
		9.3.3 The Audit Committee should oversee the provision of assurance over sustainability issues.	✓		Compliant but delegated to S&E