

### Application of King IV at Attacq Limited (Attacq or the company): 2018

As a responsible corporate citizen, Attacq is committed to high standards of governance, ethics and integrity. Attacq has fully adopted the principles and recommended practices of King IV™ Report on Corporate Governance (King IV). By shifting the focus to an outcomes-based approach, King IV is driving transparency, enhanced accountability, strong risk management and effective leadership – all standards we embrace and support. Over the past year, we aligned our business processes and standards with the principles of King IV.



## Application of King IV Principles: 2018

Principle	Application	Reference to disclosure
<p><b>Principle 1:</b></p> <p>The governing body should lead ethically and effectively</p>	<p>Our board of directors (the board) is the governing body of the company and is committed to good corporate governance principles set out in King IV. It is committed to the principles of transparency, accountability, integrity and fairness and how these permeate the organisation.</p> <p>The board continually provides leadership and strategic guidance to increase value creation for all our stakeholders. It also assumes responsibility for all subsidiaries on audit, risk, social and ethics, and governance issues.</p>	<p>Refer to director's code of conduct and ethics  <a href="http://www.attacq.co.za/governance/">http://www.attacq.co.za/governance/</a></p> <p>Refer to the governance report in the 2018 integrated annual report (IR)</p> <p>Refer to the lead independent non-executive director charter</p>
<p><b>Principle 2:</b></p> <p>The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture</p>	<p>Our board subscribes to the highest standards of ethical behaviour, best practices and controlling the affairs of the company, setting a clear example for management and staff, and upholding Attacq's integrity and reputation.</p> <p>Our board has adopted key policies on ethical behaviour, including the code of conduct, conflicts of interest and share dealings. Our board has delegated oversight of our performance as a responsible corporate citizen to the transformation, social and ethics committee.</p> <p>As part of the induction process, every employee receives awareness training of the various policies that overarch the ethical culture in our company. This includes but are not limited to our whistle-blowers hotline which reports through our transformation, social and ethics committee (TSE). Our gift policy provides the guidance for staff on the reporting levels required pertaining to gifts received from clients and the employee code of ethics is a comprehensive policy covering all of the aspects that we believe is integral to nurture the ethical culture that management would want to establish within Attacq. This code of ethics will also be extended to our service providers as we strongly believe that our service providers should be</p>	<p>Refer to the governance section on our website to access our Whistle-blower policy, Gift Policy, Anti-corruption Policy, Directors Code of Conduct and Ethics.  <a href="http://www.attacq.co.za/governance/">http://www.attacq.co.za/governance/</a></p> <p>Refer to the Transformation, Social and Ethics Charter on our website as well as page 103 of the IR</p>

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	<p>aware of our standards and the standards by which we expect them to operate.</p>	
<p><b>Principle 3:</b></p> <p>The governing body should ensure the organisation is and is seen to be a responsible citizen</p>	<p>Our board approves the strategy and priorities as part of its oversight role of Attacq's conduct as a good corporate citizen. It supports the CEO and management who oversee and monitor all operations and activities of the company. These are measured against agreed performance targets that support Attacq's strategic objectives.</p> <p>The company's performance targets include financial and non-financial measures, and supports its values in being a responsible corporate citizen.</p>	<p>Refer to Chairperson, CEO and CFO reports on strategy and performance in the IR.</p> <p>Refer to natural resources report on page 76 of the IR</p>
<p><b>Principle 4:</b></p> <p>The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value- creation process</p>	<p>Our ability to create value sustainably is well illustrated by our strategic pillars. Our strategy is implemented through four key value drivers, and considers risks and opportunities as well as stakeholder concerns.</p> <p>Our board approved the strategy of focusing on our four key value drivers. It oversees implementation and measures management against operational plans and targets in achieving the agreed performance criteria.</p> <p>We have a fully integrated risk management process based on the ISO 31000:2018 risk management principles and guidelines. We enforce a continuous risk identification and assessment process to remain ahead of emerging risks. Our enterprise risk management (ERM) process is applied equally across health, safety and environmental, fraud and regulatory compliance risks.</p>	<p>Refer to audit and risk committee (ARC) Report in the annual financial statements (AFS)</p> <p>Refer to Risk Management Policy and Framework on our website</p> <p>Refer to the Risk and opportunities on page 30 of the IR</p> <p>Refer to our value-creation process on page 24 of the IR</p> <p>Refer to going concern status contained in the ARC report in the AFS page 10.</p>

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<p><b>Principle 5:</b></p> <p>The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long term prospects</p>	<p>In developing our integrated report, we are guided by the framework of the International Integrated Reporting Council (IIRC), and we aim to report on the various components that enable Attacq to create value. Our integrated report details our business model and strategy, how we respond to our external environment, risks and opportunities encountered, how we respond to the needs and interests of our key stakeholders, our activities and performance, and our outlook in the medium to long term.</p> <p>The integrated report is prepared in close consultation of the ARC who reviews and recommend to the board the approval of the IR, AFS, King IV disclosures and other assurance reports.</p>	<p>Refer to the ARC Report in the AFS page 10</p> <p>Refer to AFS approval by Board.</p>
<p><b>Principle 6:</b></p> <p>The governing body should serve as a focal point and custodian of corporate governance in the organisation</p>	<p>To ensure effective leadership, our board's role and responsibilities are documented in its charter. The board is the focal point for, and custodian of, the company's governance framework through its committee structures, and its relationship with management, shareholders and other stakeholders. The board believes corporate governance is fundamental to the sustainability of our business. Our approach is based on the standards, policies and practices supported by each of the King IV principles.</p>	<p>Refer to the Corporate Governance Report, Board Governance Structure Meetings and Attendance.</p> <p>FTSE Russel Index report on our website</p>
<p><b>Principle 7:</b></p> <p>The governing body should comprise knowledge, skill, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>Every two years the remuneration and nominations committee (Remco) assists the board reviews and considers the board's composition for a balance of skills, experience, diversity, independence and knowledge, and whether the board is able to effectively discharge its role and responsibilities.</p> <p>The board is satisfied that the necessary balance is in place, although a few additional required skills were identified in the prior year's evaluation. These have been incorporated into the required skill set and we will focus on</p>	<p>Refer to the Corporate Governance Report on page 100 of the IR.</p>

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	<p>obtaining the additional skills to continuously enhance the effectiveness of the board. The next internal valuation will take place in November 2018.</p>	
<p><b>Principle 8:</b></p> <p>The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties</p>	<p>We have the required board committees and relevant membership as recommended in King IV. Due to constraints imposed by the limited number of directors on the board, the membership of the audit and risk committee was reviewed and Keneilwe Moloko will be joining the transformation social and ethics committee subsequent to the approval of the annual financial statements.</p> <p>The composition of board committees and delegation of authority between the chairperson and other directors is balanced, and board dynamics are considered participative. Members can comfortably challenge each other when there are divergent views. The board emphasizes a strong results-orientated and decisive view, with a vigilant approach to governance and risk awareness.</p> <p>The ARC is satisfied with the independence of the audit firm. Limited non-audit services are performed after being approved by the committee. Deloitte and Touche as auditor and Partick Kleb as the auditing partner will be up for re-appointment at the upcoming AGM scheduled for 15 November 2018. The CFO is responsible for the finance function, with direct reports from the group financial accountant and three senior financial managers. Internal audit is fully outsourced and the CFO is responsible for overseeing and coordinating the effective functioning of this arrangement. The effectiveness of the CFO function is annually assessed by the ARC.</p>	<p>Refer to the Corporate Governance Report: Key roles and functions page 98 of the IR</p>

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<p><b>Principle 9:</b></p> <p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness</p>	<p>Formal performance evaluations of the board and its committees, the chairperson and individual members will be conducted in November but not externally facilitated. This is in line with the procedure approved by the board that independent external valuations will only be performed every second year.</p> <p>The company secretary's performance is also evaluated to ensure an arm's-length relationship with the board and that objectivity and independence are not unduly influenced. The board is satisfied with the competence, qualifications and experience of the company secretary.</p>	<p>Refer to Governance report and evaluation of the Board on page 101 of the IR.</p>
<p><b>Principle 10:</b></p> <p>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>A detailed mandate outlines delegation of authority. This indicates matters reserved for the board, its committees and management. The board is satisfied that delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. The mandate is reviewed annually and the board has the discretion to withdraw any authority as it deems fit.</p>	<p>Refer to the Corporate Governance Report on page 98 of the IR</p>
<p><b>Principle 11:</b></p> <p>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<p>Effective risk management is an integral part of ensuring that the group's strategic intent and growth targets are met. The board has overall responsibility for the group's risk management framework and system of internal control and ongoing review of their effectiveness; it also determines the group's risk appetite and regularly reviews risks and uncertainties. The board has delegated oversight of risk governance to the ARC.</p>	<p>Refer to Risk and opportunities on page 30 of the IR</p> <p>Refer to the roles and responsibilities of the ARC on page 102 of the IR</p> <p>Refer to the ARC report in the AFS on page 10</p>

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<p><b>Principle 12:</b></p> <p>The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</p>	<p>The board is responsible for technology and information governance, with ultimate responsibility for ensuring that information and communication technology (ICT) strategies are aligned with the strategies of the business. It oversees the effective use of ICT infrastructure through our combined assurance forum and audit and risk committee. The business has taken the view that technology and data analysis, correctly implemented, can generate time and cost savings through insights. As such, a more operational focus has been placed on ICT and is represented by the COO at board level.</p>	<p>Refer to governance of information and communication technology statement on page 106 in the governance report.</p>
<p><b>Principle 13:</b></p> <p>The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen</p>	<p>The legal and regulatory compliance process is defined in the risk management and combined assurance policy and framework. We have assessed Attacq's compliance through a formal process and applied the compliance risk management and combined assurance process as prescribed in the risk management and combined assurance policy and framework.</p>	<p>Refer to Risk and Opportunities on page 30 of the IR.</p> <p>Refer to TSE roles and responsibilities in governance report page 103</p> <p>Refer to ARC report in AFS</p>
<p><b>Principle 14:</b></p> <p>The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive</p>	<p>Attacq believes in remunerating its employees fairly. The remuneration report details our remuneration policy and the remuneration implementation, and these are annually presented to shareholders for separate non-binding advisory votes.</p> <p>In line with the requirements in King IV, the remuneration policy and remuneration implementation report will be presented to shareholders for two separate non-binding advisory votes at each AGM. In the event that</p>	<p>Refer to our remuneration policy and remuneration implementation report from page 108 in the IR.</p>

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outcomes in short, medium and term	<p>more than 25% of the voting rights vote against either of these resolutions, the Remco will engage with dissenting shareholders to understand their concerns with the company's remuneration policy and remuneration implementation plan.</p> <p>The Remco may engage with shareholders using various methods of communication and will provide more detail, explain certain elements contained in the remuneration policy and/or remuneration implementation report to clarify any concerns that could have resulted in voting against these resolutions.</p> <p>The Remco has the discretion to take the necessary steps to address valid and reasonable concerns raised by the shareholders</p>	
<p><b>Principle 15:</b></p> <p>The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports</p>	<p>The board, assisted by the ARC has determined the areas of strategic and business focus, which in turn regulate the level of assurance considered appropriate for identified business risks and exposures.</p> <p>We have designed and implemented a combined assurance framework that incorporates several requirements to adequately cover Attacq's significant risks and material matters in an effective control environment. Our risks are linked to our key value drivers and determined through the integrated risk management process, controls and mitigating strategies.</p>	<p>Refer to Risk and opportunities on page 30 of the IR.</p> <p>Refer to Risk management Policy and Framework on our website.</p>
<p><b>Principle 16:</b></p> <p>In the execution of its good governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of</p>	<p>We have identified our stakeholder groups and are actively balancing their needs, interests and expectations.</p>	<p>Refer to page 26 on our key relationships in the IR.</p>

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material stakeholders in the best interest of the organisation over time		