

GOVERNANCE AND ACCOUNTABILITY

KING III CHECKLIST

ETHICAL LEADERSHIP & CORPORATE CITIZENSHIP

- ✓ Effective leadership based on an ethical foundation
- ✓ Responsible corporate citizen
- ✓ Effective management of company's ethics

Board and directors

- ✓ The Board is the custodian of corporate governance
- ✓ Strategy, risk, performance and sustainability are inseparable
- ✓ The Board should consider business rescue proceedings when appropriate
- ✓ Directors act in the best interests of the company
- ✓ The Chairman of the Board is an independent non-executive director
- ✓ Framework for the delegator of authority has been established
- ✓ The Board comprises a balance of power, with a majority of non-executive directors who are independent
- ✓ Directors are appointed through a formal process
- ✓ Formal induction and ongoing training of directors is conducted
- ✓ The Board is assisted by a competent, suitably qualified and experienced Company Secretary
- ✓ Regular performance evaluations of the Board, its committees and the individual directors
- ✓ Appointment of well-structured committees and oversight of key functions
- ✓ A governance framework is agreed between the Corporation and its subsidiaries*

- ✓ Directors are fairly and responsibly remunerated
- ✓ Remuneration of directors is disclosed in the annual report
- ✓ The Corporation's remuneration policy is approved by its shareholders

Internal Audit

- ◇ Effective risk based Internal Audit
- ◇ Written assessment of the effectiveness of the company's system on internal controls and risk management
- ◇ Internal Audit is strategically positioned to achieve its objectives

Audit Committee

- ✓ Effective and independent
- ✓ Suitably skilled and experienced independent non-executive directors
- ✓ Chaired by an independent non-executive director
- ✓ Oversees integrated reporting
- ◇ A combined assurance model is applied to improve efficiency in assurance activities
- ✓ Satisfies itself of the expertise, resources and experience of the company's finance function
- ✓ Oversees the external audit process
- ✓ Reports to the Board and shareholders on how it has discharged its duties

Compliance with laws, codes, rules and standards

- ✓ The Board ensures the company complies with the relevant laws

- ✓ The Boards and its directors have a working understanding of the relevance and implications of non-compliance
- ✓ Compliance risk forms an integral part of the company's risk management process
- ✓ The Boards has delegated to management the implementation of an effective compliance framework and process

Governing stakeholder relationships

- ✓ Appreciations that stakeholders' perceptions affect a company's reputation
- ✓ Management actively deals with stakeholder relationships
- ✓ There is an appropriate balance between its various stakeholder groupings
- ✓ Equitable treatment of shareholders
- ✓ Disputes are resolved effectively and timeously

The governance of information technology

- ✓ The Board is responsible for information technology (IT) governance
- ✓ IT is aligned with the performance and sustainability objectives of the Corporation
- ✓ Management is responsible for the implementation of an IT governance framework
- ✓ The Board monitors and evaluates significant IT investments and expenditure
- ✓ IT is an integral parts of the Corporation's risk management
- ✓ Information assets are managed effectively
- ✓ The Risk Committee assists the Board in carrying out IT responsibilities

The governance of risk

- ✓ The Board is responsible for the governance of risk and setting levels of risk tolerance
- ✓ The Board determines the levels of risk tolerance
- ✓ The Audit and Risk Committees assist the Board in carrying out its risk responsibilities
- ✓ The Board delegates the risk management plan to management
- ✓ The Board ensures that risk assessments and monitoring are performed on a continual basis
- ✓ Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks
- ✓ Management implements appropriate risk responses
- ✓ Sufficient risk disclosure to stakeholders

Integrated reporting and disclosure

- ◇ Ensures the integrity of the Corporation's integrated report
- ◇ Sustainability reporting and disclosure is integrated with the Corporation's financial reporting
- ◇ Sustainability reporting and disclosure is independently assured

- ✓ Applied
- ✗ In progress
- ☆ Partially applied
- Not applicable
- ◇ Not applied

Notes: Given that Renergen is a relatively new Company, the Board realises that implementing an Internal Audit and combined assurance function is not feasible. The Board will ensure that an effective risk-based internal audit is overseen by the Audit and Risk Committee.