

## VUNANI CAPITAL PARTNERS KING IV IN APPLICATION

### Application of the King IV report on corporate governance for South Africa, 2016™ (King IV™)

Vunani Capital Partners Limited (“VCP”) is trading on Equity Express Securities Exchange (ESEE). VCP certifies that it complies with the requirements concerning corporate governance detailed in paragraph 7.1 of the ESEE Listing Requirements.

King IV™ advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of four governance outcomes. The desired governance outcomes are listed below, together with the practices implemented and progress made towards achieving the 17 principles in meeting those outcomes. It is done on an “apply and explain” basis, as recommended by King IV™.

Principle	Principle description	Extent of compliance
<b>Governance outcome one: Ethical culture</b>		
1. The board leads ethically and effectively	In terms of the board charter, the board demonstrates ethical and effective leadership, integrity and judgement, based on fairness, accountability, responsibility and transparency. The board ensures that procedures are in place to monitor and evaluate the implementation of its strategies, policies, business plans, senior management performance criteria and corporate governance processes.	The board is of the opinion that the principle was applied satisfactorily.
2. The board governs the ethics of Vunani Capital Partners in a way that supports the establishment of an ethical culture	In terms of the board charter, the board ensures that the company complies with all relevant laws, regulations and codes of best business practice, and that it communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly, with substance prevailing over form. The social and ethics committee assists the board in this regard, and	The board is of the opinion that the principle was applied satisfactorily.

	<p>in particular, the following is considered:</p> <ul style="list-style-type: none"><li>• Company's ethics are managed effectively;</li><li>• Leadership demonstrates support for ethics throughout the company;</li><li>• A strategy for managing ethics that is informed by the negative and positive risks the company faces is in place;</li><li>• Ethical standards are articulated in a code of ethics and supporting ethics policies;</li><li>• Structures, systems, and processes are in place to ensure that the various boards, employee, and supply chains are familiar with and adhere to the company's ethical standards;</li><li>• Ethics performance is included in the scope of internal audit and reported on in the company's annual report;</li><li>• Ethical climate surveys are conducted to measure adherence to ethical standards. These include corporate behaviour and practices towards customers, employees (where applicable), suppliers and legal requirements; and</li></ul>	
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	<ul style="list-style-type: none"> <li>Ethics are imbedded in the corporate culture of the company.</li> </ul>	
3. The board ensures that Vunani Capital Partners is and is seen to be a responsible corporate citizen	<p>The board is the custodian of the values and ethics of the group and ensures that it is seen as a responsible corporate citizen.</p> <p>The board approves the strategy and priorities of the business, including the material matters as set out in its annual report. Through stakeholder engagement and collaboration, Vunani Capital Partners is committed to understanding and being responsive to the interests and expectations of stakeholders and to collaborating with them in finding lasting solutions to sustainability challenges.</p> <p>The board, with the support of the investment committee, the social ethics and transformation committee (SETC), the audit and risk committee and the executive team, oversees and monitors how the operations and activities of the company affect its status as a responsible corporate citizen and reports annually on the group’s sustainability activities.</p>	The board is of the opinion that the principle was applied satisfactorily.
<b>Governance outcome two: Performance and value operations</b>		
4. The board appreciates that Vunani Capital Partners’ core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	In accordance with the board charter, the board is responsible for approving the company’s strategy and aligning strategic objectives, purpose, vision and values with risk and performance. The audit and risk committee report to the board, which retains ultimate responsibility for the control and management of risk. The strategy is kept under review and is reviewed regularly.	The board is of the opinion that the principle was applied satisfactorily.

<p>5. The board ensures that reports issued by Vunani Capital Partners enable stakeholders to make informed assessments of Vunani Capital Partners' performance and its short, medium and long-term goals</p>	<p>The group understands that transparent and constructive engagement with all stakeholders is critical to the sustainability of the business. The audit and risk committee is responsible for recommending controls to enable it to verify and safeguard the integrity of the company's annual report and financial statements.</p>	<p>The board is of the opinion that the principle was applied satisfactorily.</p>
<p><b>Governance outcome three: Adequate and effective control</b></p>		
<p>6. The board serves as the focal point and custodian of corporate governance in Vunani Capital Partners</p>	<p>The board has an approved charter, which it reviews annually. The charter sets out its governance responsibilities, including its role, responsibilities, membership requirements and procedural conduct.</p> <p>Vunani Capital Partners has a social, ethics and transformation committee which ensures, with the assistance of the relevant board committees, that the required attention is given by management to successfully accomplish compliance with King IV™, ensure continued compliance with required legislation and the EESE Listing Requirements; and ensure that the SETC committee reports on compliance to the board at least biannually.</p>	<p>The board is of the opinion that the principle was applied satisfactorily.</p>
<p>7. The board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>The composition of the board complies with the recommendations of Companies Act requirements, King IV™ and the EESE Listing Requirements. The directors represent diversity, in race and gender as well as expertise, skills and experience to effectively contribute to the requirements of the board and its committees.</p>	<p>The board is of the opinion that the principle was applied satisfactorily.</p>

	<p>The board currently has three executive directors namely the chief executive officer Mark Anderson, the chief financial officer Pride Gwaze and the executive deputy chairman Ethan Dube.</p> <p>For details of directors' full names, their dates of appointment and other listed directorships as well as a brief career and sphere of influence synopsis, refer to the annual report.</p> <p>A brief curriculum vitae for each director standing for election or re-election accompanies the notice of the annual general meeting where their election will be proposed.</p> <p>The succession plan of directors is reviewed on an ongoing basis.</p>	
<p>8. The board ensures 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><b>Board committees</b></p> <p>Committees have been established to assist the board in discharging its responsibilities. The committees of the board comprise of the following:</p> <ul style="list-style-type: none"> <li>• Audit and risk committee</li> <li>• Investment committee</li> <li>• Social, ethics and transformation committee</li> <li>• Remuneration committee</li> <li>• Nomination committee</li> </ul> <p>A delegation by the board of its responsibilities to a committee does not constitute a discharge of the board's responsibilities or accountability. The board applies its collective mind to consider the information, opinions, recommendations, reports and statements presented by the committees.</p>	<p>The board is of the opinion that the principle was applied satisfactorily.</p>

	Each of these committees has a formal charter approved by the board and reviewed annually.	
9. The board ensures that the evaluation of its own performance and that of its committees, its chairman and its individual members, support continued improvement in its performance and effectiveness	<p>The effectiveness of the performance of the board, its committees, individual directors and the chairman is assessed periodically.</p> <p>Priority recommendations for the year ahead are reported in the annual report. Vunani Capital Partners is satisfied that the evaluation process improves the board's performance and effectiveness.</p> <p>The board is satisfied that evaluation processes improve its performance and effectiveness.</p> <p>The role and responsibilities of the board, its committees, the chairman and the directors are outlined in the board charter, as documented in the annual report which is available on the Vunani Capital Partners website.</p>	The board is of the opinion that the principle was applied satisfactorily.
10. The board ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	In terms of the board charter, the board's responsibilities include the appointment of the chief executive officer and the approval of corporate strategy, risk management and corporate governance.	The board is of the opinion that the principle was applied satisfactorily.
11. The board governs risk in a way that supports Vunani Capital Partners in setting and achieving its strategic objectives	The audit and risk committee is responsible for overseeing the group's risk management policy and programme. The committee reports to the board, which retains ultimate responsibility for the control and management of risk. The committee ensures that the	The board is of the opinion that the principle was applied satisfactorily.

	<p>risk management disclosure is comprehensive, timely and relevant and that an effective policy and plan is in place to achieve strategic objectives. The risk matrix is included in the Company's of the annual report is monitored by the board.</p>	
<p>12. The board governs technology and information in a way that supports Vunani Capital Partners in setting and achieving its strategic objectives</p>	<p>The board assumes responsibility for the governance of technology and information, and it is supported in this role by the audit and risk committee. It sets the direction of how technology and information should be approached. The board recognises the importance as it is interrelated to the strategy, performance and sustainability of the group. The Executive committee oversees the implementation of the information governance framework and manages related risks which it reports to the board through the audit and risk committee.</p>	<p>The board is of the opinion that the principle was applied satisfactorily.</p>
<p>13. The board governs compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports Vunani Capital Partners being ethical and a good corporate citizen</p>	<p>The board charter demands that the board complies with applicable laws and considers adherence to non-binding rules and standards, with the assistance of the audit and risk committee together with the company secretary and issuer representative. The board monitors the company's compliance with applicable laws, rules, codes and standards.</p>	<p>The board is of the opinion that the principle was applied satisfactorily.</p>
<p>14. The board ensures that Vunani Capital Partners remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term</p>	<p>The board charter places the responsibility for ensuring an appropriate remuneration strategy with the remuneration committee. The group's remuneration committee make recommendations to the board for final approval, ensuring that the group remunerates non-executive directors fairly and responsibly.</p>	<p>The board is of the opinion that the principle was applied satisfactorily.</p>

	The committee ensures that the disclosure of directors' remuneration is accurate, complete and transparent. Fees for non-executive directors are approved annually, in advance, at the annual general meeting.	
15. The board 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 Vunani Capital Partners' external reports	An effective and independent audit and risk committee is in place and meets as often as is necessary to fulfil its functions (but no less than twice a year). The audit and risk committee ensures that combined assurance is achieved without management and meets with external auditors at least once a year.	The board is of the opinion that the principle was applied satisfactorily.
16. In the execution of its governance role and responsibilities, the board adopts a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of Vunani Capital Partners over time	The group understands that fully functional interaction with all relevant/ legitimate stakeholders is critical to the sustainability of the business. Regular engagements are held with all stakeholders.	The board is of the opinion that the principle was applied satisfactorily.
17. The board ensures that responsible investment is practised by Vunani Capital Partners to promote good governance and the creation of value by the companies in which it invests	Vunani Capital Partners ensures, through active participation and representation, that it exercises its rights and obligations with regard to its investee companies.	The board is of the opinion that the principle was applied satisfactorily.