

**METAIR 2019 KING IV REGISTER**

Metair Investments Limited (Metair, the company or the group) is committed to the highest standards of governance, ethics and integrity. We remain committed to the application of and adherence to the 16 King IV™ principles and their associated outcomes. Metair has reviewed its current practices to ensure alignment with the King IV™ recommended practices associated with each principle. This King IV™ register is based on content disclosed in Metair’s 2019 integrated annual report which is available at [www.metair.co.za](http://www.metair.co.za).

King IV™ Principles		Status	Application of Principle	Integrated Annual Report Page references
<b>Leadership, Ethics and Corporate Citizenship</b>				
<b>Principle 1</b>	The governing body should lead ethically and effectively.	☑	The board of directors (board) oversees an ethical culture which all Metair board members, employees, contractors and suppliers embrace and abide by. The board delegates the management and monitoring of sustainability in the company to the social and ethics committee, but retains ultimate responsibility for the group’s ethic culture. Metair conducts annual Board performance assessments (Board evaluations) to assess the performance of the board as a whole and its committees to ensure that the group is being led ethically and effectively in line with the board charter.	<ul style="list-style-type: none"> <li>• Ethics -71</li> <li>• Sustainability - 54</li> <li>• Board performance - 77</li> </ul>
<b>Principle 2</b>	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	☑	<p>The board sets the group’s ethical tone and upholds high standards of integrity. Metair’s governance philosophy guides the board to continuously direct, grow and control the business towards the achievement of sustainable value creation for all stakeholders.</p> <p>Metair is committed to conducting business honestly, fairly, legally and transparently. Metair has a formal code of conduct (the code) which aims to cultivate intolerance towards unethical conduct, fraud and corruption. The code encourages all employees to be exemplary custodians in their areas of responsibility, wherever they go. The group has values which guide the business’s decisions and all employees at all subsidiaries are encouraged to report any unethical transgressions or conduct without fear of being victimised though the independent anonymous whistleblowing hotline. Metair also has formal policies to guide donations and gifts, human rights, conflicts of interests, fair and responsible remuneration as well as dealings in securities and insider trading.</p>	<ul style="list-style-type: none"> <li>• Ethics - 71</li> <li>• Metair governance philosophy - 69</li> </ul>
<b>Principle 3</b>	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	☑	Metair recognises that the group is not only an economic entity but also a corporate citizen and, as such, it has social and moral responsibilities to society. Metair’s corporate social responsibility is based on the concept of custodianship. This philosophy is reinforced by the code, which entrenches the group’s corporate citizenship and ethical leadership policies. The social and ethics committee oversees and monitors the group’s ethics, quality, human capital, procurement, CSI initiatives and stakeholder relationships.	<ul style="list-style-type: none"> <li>• Corporate citizenship</li> <li>• Sustainability - 54</li> <li>• Social and Ethics Committee report - 93</li> </ul>
<b>Principle 4</b>	The governing body should appreciate 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.	☑	<p>The Board oversees, is ultimately accountable for, and approves the strategy. They are guided by Metair’s governance philosophy to continuously direct, grow and control the business towards the achievement of sustainable value creation for all stakeholders. The board reviews the group’s strategy against the risks and opportunities facing the company and the extent to which it supports long-term sustainability. The group executive committee and business units’ management develop and execute the group’s strategy.</p> <p>The audit and risk committee is responsible for the governance of risk, and assists the board by establishing, reviewing and monitoring the enterprise risk management process and the significant risks facing the group. The audit and risk committee assists with the governance of risks and monitors the effects of the identified risks and the mitigating controls.</p>	<ul style="list-style-type: none"> <li>• Governance - 69</li> <li>• Strategic review - 24</li> </ul>
<b>Principle 5</b>	The governing body should ensure that the reports issued by the organisation enable stakeholders to make informed	☑	<p>The board is accountable for the ensuring that Metair’s reporting is in line with the following codes and frameworks:</p> <ul style="list-style-type: none"> <li>• International Integrated Reporting Council’s (IIRC) Integrated Reporting &lt;IR&gt; Framework</li> <li>• King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)</li> </ul>	<ul style="list-style-type: none"> <li>• About this report – 3</li> </ul>

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	assessments of the organisation's performance and its short, medium and long-term prospects.		<ul style="list-style-type: none"> <li>International Financial Reporting Standards (IFRS)</li> <li>The JSE Listing Requirements</li> <li>The Companies Act, No. 71 of 2008 (as amended)</li> </ul> <p>The sustainability information presented by Metair aligns with the GRI Sustainability Reporting Standards reporting guidelines although the group does not report in accordance with the Standards. Metair has also reported climate change disclosure in line with the Task Force on Climate-related Financial Disclosures (TCFD), which is available on our website at <a href="http://www.metair.co.za">www.metair.co.za</a>.</p>	
<b>Principle 6</b>	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	☑	Metair's board is the focal point and primary custodian of good corporate governance in the group. The board steers the company, oversees the company's strategic direction, approves policies and planning that give effect to the direction provided, oversees and monitors the implementation and execution by management, and ensures accountability for the company's performance by means of reporting and disclosure.	<ul style="list-style-type: none"> <li>Governance – 69</li> </ul>
<b>Principle 7</b>	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	☑	<p>The board comprises the appropriate number of executive and non-executive directors. The majority of Metair's board members are independent and the composition of the board and its committees is in line with all the respective mandates and terms of references.</p> <p>The nominations committee oversees the appointment of board members and seeks to ensure that all the board comprises the requisite diversity by ensuring appropriate mix of knowledge, skills and experience. Metair has a clearly defined policy which outlines the targets to enhance race and gender representation of the board members as defined in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003.</p>	<ul style="list-style-type: none"> <li>Board composition - 73</li> </ul>
<b>Principle 8</b>	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 duties.	☑	<p>Metair's board charter effectively ensures that no single person has unfettered decision-making powers. The board operates with a clear division of responsibilities to ensure balance of power and authority. The board is led by an independent non-executive chairman and has a lead independent director. The leadership structure distinctly separates the roles of the chairman and the chief executive officer.</p> <p>To ensure the provision of independent judgement, independent board members meet at least once annually, for a non-executive directors' meeting to discuss matters without executive management being present. Non-executive directors can request documentation from or set up meetings with management as required.</p> <p>The board charter clearly stipulates that a non-executive director may not continue to serve in an independent capacity for longer than nine years. In an instance whereby a non-executive director exceeds the nine-year period, he or she will become subject to an annual assessment to prove objectivity.</p>	<ul style="list-style-type: none"> <li>Balance of power - 75</li> <li>Board independence - 76</li> </ul>
<b>Principle 9</b>	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>Externally facilitated board evaluations are conducted as and when required. A performance self-evaluation of Metair's board and committees members is performed annually. The evaluation of individual directors and the chairman is conducted every alternate year. The group's lead independent non-executive director conducts the evaluation of the chairman's performance. The chairman reviews the chief executive officer's performance against agreed performance measures and targets and the company secretary's performance is also evaluated by the board.</p> <p>Metair provides continuous professional development programmes to ensure that directors receive regular briefings on changes in risks, laws and the business environment.</p>	<ul style="list-style-type: none"> <li>Board performance - 77</li> </ul>
<b>Principle 10</b>	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective	☑	The Metair board has a formal delegation of authority framework which functions effectively while enabling the board to retain effective control and well-informed oversight. The delegation of authority framework outlines the board-approved authority limits. The board delegates certain functions to well-structured committees but without abdicating its own responsibilities. The board aims to ensure that its arrangements for delegation within its own structures promotes independent judgement, and assist with balance of power and the effective discharge of its duties.	<ul style="list-style-type: none"> <li>Delegation of authority framework - 70</li> </ul>

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	exercise of authority and responsibilities.		<p>The chief executive officer and chief financial officer (executive leadership) are the primary link between management and the board, and they formulate the strategy with the board. Executive leadership is responsible for the day-to-day operations of the group as well as the implementation and execution of the board's approved strategy and policies.</p> <p>Metair's autonomous subsidiary model mandates the subsidiary executive teams to manage their own day-to-day operations. Therefore, the group has a formal governance framework and strategic objectives to guide its subsidiary boards.</p>	
<b>Principle 11</b>	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	☑	<p>The board supported by the audit and risk committee is responsible for and committed to effective risk management which supports the group's objectives and the pursuit of value creation for all stakeholders. Risk management is the responsibility of the board with the reporting and monitoring function being delegated to the audit and risk committee. An enterprise-wide risk management policy framework forms part of the audit and risk committee charter.</p>	<ul style="list-style-type: none"> <li>• Risk management - 79</li> </ul>
<b>Principle 12</b>	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	☑	<p>The Metair board is accountable for the governance of Metair's technology and information. The board is committed to ensuring that technology and information is governed in a manner that supports the achievement of the group's strategic objectives and business processes. The IT steering committee, which is a subcommittee of the audit and risk committee oversees the development and implementation of the group's technology and information strategy and ensures that it supports the group's overarching strategic objectives.</p> <p>The IT steering committee monitors and tracks compliance, the progression of each subsidiary's information and technology systems, status updates, emerging trends and considers insights arising from audits.</p>	<ul style="list-style-type: none"> <li>• Technology and information governance - 87</li> </ul>
<b>Principle 13</b>	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>The board is committed to ensuring that Metair and its subsidiaries consistently comply with all applicable laws, regulations and governance practices in the jurisdictions within which we operate. The board is supported by the audit and risk committee as well as the social and ethics committee to oversee the group's compliance function. The company secretary and sponsor assist the board to monitor the group's compliance with relevant legislation.</p>	<ul style="list-style-type: none"> <li>• Compliance - 72</li> </ul>
<b>Principle 14</b>	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	☑	<p>The board is supported by the remuneration committee in the governance of all remuneration matters. Metair adheres to all relevant remuneration governance codes and statutes that apply in the various jurisdictions where the group operates. To enable us to deliver shareholder value, Metair is committed to attract and retain the appropriately skilled individuals by ensuring fair, transparent and balanced remuneration.</p> <p>The remuneration committee reviews the remuneration policy of the group annually to ensure its relevance and alignment with shareholders' interests. The remuneration policy and the implementation report are approved by the board and tabled at the annual general meeting for a non-binding shareholder advisory vote. The remuneration report which is published in the company's integrated annual report contains a background statement, remuneration policy and implementation report.</p> <p>Remuneration is linked to performance to ensure executives and employees are motivated to achieve the company's strategic objectives and goals, and that their interests are aligned with those of shareholders.</p>	<ul style="list-style-type: none"> <li>• Remuneration report - 94</li> </ul>
<b>Principle 15</b>	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	☑	<p>Metair reviews its combined assurance model annually based on identified key risks and the audit and risk committee ensures that all areas are adequately covered by either/or external audit, internal audit, management, specialist consultants, government or insurance.</p> <p>The board's statement of responsibility of directors, states that the directors are of the opinion, based on the information and explanations given by management and the internal auditors that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements.</p>	<ul style="list-style-type: none"> <li>• About this report - 3</li> <li>• Combined assurance – 77</li> </ul>

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	the organisation's external reports.		An external independent assurance provider reviewed the sustainability practices of the company and external auditors are responsible for reporting on whether the group financial statements and the financial statements of the company are fairly presented in accordance with the applicable reporting framework.	<ul style="list-style-type: none"> <li>Statement of responsibility - 127</li> </ul>
<b>Principle 16</b>	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	✔	The board is responsible for stakeholder engagement and follows a stakeholder inclusive approach. Metair's governance philosophy guides the board to continuously direct, grow and control the business towards the achievement of sustainable value creation for all stakeholders. The group stakeholder engagement policy and Metair's code of conduct emphasise equitable treatment of all stakeholders and apply to all group companies.	<ul style="list-style-type: none"> <li>Stakeholder engagement - 35</li> <li>Metair Governance Philosophy - 68</li> </ul>