

KING IV™ REPORT

by Principle - Preview

Transpaco Limited

Registration Number: 1951/000799/06

PRINCIPLE	PRINCIPLE DESCRIPTION	COMMENTS
1)	The governing body should lead ethically and effectively.	The actions of the board and committees are governed by charters which are reviewed every year. These charters were set up in accordance with the requirements of King IV. Further all directors subscribe to our Code of Business Principles and Ethics.
2)	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Transformation, Social and Ethics Committee is tasked with reviewing, overseeing and reporting to the board and shareholders on all matters relating to ethics. The charter of this committee is in accordance with the requirements of King IV and the Companies Act.
3)	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Compliance to laws and regulations are non-negotiable and a specific requirement contained in our Code of Business Ethics and Principles. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-making and all aspects of our business.
4)	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>Budgets are prepared and presented to the board on an annual basis. As part of this presentation the risks and opportunities are discussed with the board.</p> <p>Monthly management packs are sent to each board member. These packs contain the results for the past month, year-to-date and the performance against the budget presented as well as performance against the prior year.</p> <p>This allows the board to be fully informed regarding the performance of the group and our progress in reaching our goals.</p>
5)	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.	All members of the board are required to review and comment on the integrated report, interim reports and other reports distributed to stakeholders prior to distribution. Where necessary or required reports will also be reviewed by our sponsors and/or auditors. This ensures that all relevant matters are reported on in a fair and transparent manner.
6)	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The board strives to lead by example by following the requirements of its charters and Code of Business Ethics and Principles because it deems responsible leadership by example as the most effective way of maintaining good governance. Matters relevant to governance will be reported to the board and if required necessary action will be taken.
7)	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 composition of the board complies with the requirements of King IV and the JSE Listings Requirements. Voting powers prescribed in the Memorandum of Incorporation and board charter prevents any director from exercising unfettered powers of decision-making.</p> <p>The board charter and policies and procedures for the appointment of new directors specifically require that the members should collectively have a wide ranging area of expertise, skills and experience to effectively contribute to the requirements of the board and its committees.</p> <p>Directors are obliged through their directors agreements, Code of Business Principles and Ethics, own professional ethics, and various legislative and other requirements to act in the best interest of the company. All directors are informed regarding this responsibility and liability towards the company and understand the importance of acting in accordance with these responsibilities.</p>
8)	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>The board has certain committees, including the Audit and Risk Committee, Transformation, Social and Ethics Committee as well as the Board Governance and Remuneration Committee to whom certain tasks are delegated. The composition of these committees are in line with the requirements of the JSE Listings Requirements, King IV and where applicable the Companies Act of South Africa.</p> <p>Each committee has a formal charter which governs its duties and the number of meetings required. Each committee reports back to the board on matters delegated to them and where required a member of the committee reports to shareholders at the annual general meeting.</p>

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9)	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.	All board members are required to perform a self-evaluation annually. This evaluation contains specific sections with reference to individual members of the board, its chair and the CEO. A further evaluation regarding the independence of non-executive directors is also performed annually.
10)	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.	The board has appointed a CEO who leads the day-to-day management of the company. The role of the CEO is clear and in writing and forms part of the Directors' Information Manual of which each director has a copy. The CEO delegates certain daily tasks to executive management and serves as link between management and the board
11)	The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.	Governance of risk is delegated to the Audit and Risk Committee which reports to the board. Management reports to the CEO and FD on matters regarding risk on a monthly basis. The CEO in turn reports to the Audit and Risk Committee on behalf of management.
12)	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	<p>IT governance is a standing point on the agenda for meetings. The board requires feedback at every meeting and where changes or improvements are required the board will require sufficient information to allow them to make an informed decision. The board also has an Information Technology Charter which communicates the responsibilities of the board for the effective management of IT resources.</p> <p>All information, including personal information, received by the company is stored and regarded as confidential. The requirement to treat information as confidential is included in every employee contract and employees are aware of their obligation to act in a responsible manner.</p>
13)	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.	Compliance to laws and regulations are non-negotiable and a specific requirement contained in our Code of Business Ethics and Principles. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-making and all aspects of our business. Adherence to non-binding rules, codes and standards is encouraged and implemented where possible.
14)	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The remuneration policy is presented for approval by shareholders at each annual general meeting. The Board Governance and Remuneration Committee governs the remuneration of directors and executives in line with the guidelines set by the remuneration policy. Incentive bonuses are linked to comprehensive financial and non-financial targets.
15)	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>A combined assurance model has been implemented which allows for different levels of assurance to be provided. Executive management oversees each subsidiary company on a daily basis and reports to the CEO and FD on an informal basis as well as through formal management meetings.</p> <p>Internal audit provides assurance on processes and procedures followed by executive management with reference to the approved standard operating procedures. Internal audit reports to the Audit and Risk Committee and attends Audit and Risk Committee meetings to report in person.</p> <p>The CEO reports to the Audit and Risk Committee on behalf of executive management.</p> <p>Further assurance is provided by means of an annual audit performed by a JSE approved external auditor as well as the independent verification done by an approved BEE auditor.</p>
16)	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.	Stakeholder perceptions and the management and maintenance of our good reputation is always considered when the board deliberates. Good stakeholder relationships are a requirement of our Code of Business Principles and Ethics and we believe that our stakeholders play an important role in the sustainability of the company.