

KING IV COMPLIANCE

PRINCIPLE		COMPLIANCE	COMMENTS
1	The governing body should lead ethically and effectively.	Applied	<p>The board of directors (“the Board”) of SilverBridge Holdings Limited (“SilverBridge” or “the Company”) is the governing body and is committed to the good corporate governance principles as set forth in King IV, these being the overarching principles for an ethical foundation.</p> <p>The Board charter also outlines the policies and practices of the Board on matters such as directors’ dealings in the securities of the Company and declarations of conflicts of interest.</p> <p>SilverBridge has a written Code of Conduct, which applies to all directors and staff in order to ensure that the company maintains the highest level of integrity and ethical conduct.</p> <p>No fraud or unethical behaviour was detected during the external audit for the 2019/2020 period.</p>
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Applied	<p>The Board, through the Social and Ethics Committee, is responsible for governance of ethics. SilverBridge’s Code of Ethics, as approved by the Board, provides guidelines on the standards of behaviour expected of employees in performing their duties or interacting with stakeholders like fellow employees, clients, shareholders, government and the general public. The Company’s management is responsible for implementation of the Code of Ethics and report any material breaches to the Social and Ethics Committee.</p> <p>The content and principles embodied in the Code of Ethics are also integrated in employee training.</p>
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Applied	<p>The Board oversees the governance and activities relating to demonstrating that the Company is a good corporate citizen., including compliance with the Constitution, laws and standards and own policies and procedures, as well as consistency with the Company’s purpose, strategy and Code of Conduct.</p> <p>The Board has mandated the Social and Ethics Committee to monitor and report on responsible corporate citizenship. These include the Company’s ongoing social investments. Matters identified by the Committee are referred to the Board and dealt with at Board level. The Social and Ethics Committee has adopted an appropriate formalised Terms of Reference.</p> <p>The Board has established various board committees, which are legally compliant and constituted, in order to assist it to effectively discharge its duties. No individual(s) dominate decision-making within the governance structures.</p>
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.	Applied	<p>The Company has a clearly defined strategy with identified risks and opportunities. The Board has delegated to management the detailed formulation and implementation of the approved strategy and the realisation of the expected returns. The Board has approved the strategy, key performance measures and targets for management and oversees the implementation of the strategy and plans carried out by management.</p> <p>The Audit, Risk and IT Committee, in terms of its formalized Terms of Reference, assists the Board with the governance of risks and monitors the effects of the identified risks and the mitigating controls. The Audit, Risk and IT Committee also reviews a documented assessment, performed by management, of the going concern premise of the Company.</p>

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<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.</p>	<p>Applied</p>	<p>The Board, assisted by the Audit, Risk and IT Committee, ensures that the Integrated Report issued is in line with the Companies Act and the JSE Listings Requirements. The Board, through the Audit, Risk and IT committee, ensures the necessary controls are in place to verify the integrity of the integrated report and other disclosures.</p> <p>The Audit, Risk and IT Committee approves the basis for determining materiality for the purposes of inclusion in reports. The Board, assisted by the Audit, Risk and IT Committee, ensures the integrity of external reports.</p> <p>The Annual Report and Annual Financial Statements are prepared in consultation with the Company's internal and external advisers to ensure that they comply with the relevant legislation and regulations and to ensure that shareholders and other stakeholders alike are able to ascertain whether the affairs of the Company are managed competently.</p> <p>The annual report including any other information relevant to stakeholders are published on the Company's website, as well as through other media as is appropriate.</p>
<p>6 The governing body should serve as the focal point and custodian of the corporate governance in the organisation.</p>	<p>Applied</p>	<p>The Board is the focal point and custodian of corporate governance in the Company. The Board has a formal charter which it reviews annually. The charter sets out its governance responsibilities and membership requirements. The Board fosters a constructive governance culture and principles, while ensuring that the organisation maintains transparency and accountability. The Board shall always conduct its affairs according to the law. The Board is supported by various board committees which have delegated responsibility to assist to fulfil certain specific functions. The board committees report to the Board at every Board meeting.</p> <p>Board Committees are entitled to obtain independent professional advice at the cost of the Company on any issue within the ambit of their scope and subject to following a Board approved process.</p> <p>The governance structures have been aligned to King IV and the Company has materially applied all the principles.</p>

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<p>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>	<p>Applied</p>	<p>Board composition</p> <p>The board is satisfied that its composition is appropriate, considering the size of the company, requirements of knowledge, skills, experience, independence, committees, quorum requirements and regulatory requirements.</p> <p>The Chief Executive Officer and Financial Director are executive members of the Board and the roles of the Chairman and the Chief Executive Officer are separate.</p> <p>The majority of 7 Board members are non-executive directors (two board members are the executive directors). Of the 5 non-executive directors, the majority (3) are independent.</p> <p>The Board annually assesses the independence of nonexecutive directors serving on the board for longer than 9 years.</p> <p>Nomination, election and appointment of members to the Board</p> <p>A Nomination Committee, chaired by the board chair, has been established with a formal term of reference and tasked with amongst others, recommending candidates to fill vacancies on the Board.</p> <p>The Board charter includes a formal and transparent process for the nomination, election and appointment of directors to the Board.</p> <p>Independence and conflicts</p> <p>Declarations of interest are tabled at each committee and Board meeting. In the event of a conflict of interest arising, conflicted directors are required to recuse themselves from discussions.</p> <p>Chair of the Board</p> <p>The Chairman of the Board is:</p> <ul style="list-style-type: none"> » an independent non-executive director » A member of the Remuneration Committee, but not its chair. » A member of the Audit, Risk and IT Committee. The Board acknowledges the recommended practice contained in King IV relating to the Chairman of the Board who should not be a member of the audit and risk committee but was satisfied that his knowledge, experience, skill and contribution to the committee are invaluable. The Board believes that the current structure of the Audit, Risk and IT Committee still provides the required independent views in terms of the responsibilities associated with an audit and risk committee.

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<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>	<p>Applied</p>	<p>The Board Charter allows for the delegation of some of its responsibilities to committees formed by it to assist in the execution of its duties, power and authorities. The delegation of authority to committees does not mitigate or discharge the Board and Directors from their duties and responsibilities. The Board ensures that it fulfils those responsibilities that have not been delegated to a specific committee.</p> <p>The Board has established the following committees:</p> <ul style="list-style-type: none"> » Audit, Risk and IT Committee » Remuneration Committee » Nomination Committee » Social and Ethics Committee » Investment Committee. <p>The committees are appropriately constituted, with each committee having at least three members appointed by the Board, with the exception of the Audit, Risk and IT Committee whose members are nominated by the Board and approved by shareholders. Each of the committees have approved Terms of Reference in place. The Board is also satisfied that the current composition of the board committees contributes to effective collaboration as well as a balanced distribution of power so that no individual has the ability to dominate decision-making and no undue reliance is placed on any individual.</p> <p>The composition of all board committees complies with the statutory requirements as well as the recommended practices of King IV, except for the composition of the Audit, Risk and IT Committee's composition. The Audit, Risk and IT Committee comprises three independent Non-Executive directors, however, the Chairman of the Board is a member of this committee. The Board remains satisfied that the Chairman of the Board has the necessary skill, experience and expertise required on an audit committee.</p> <p>Any member of the Board is entitled to attend any committee meeting as an observer. Board committees may allow management to attend by standing or ad hoc invitation. The Board and its committees fully complied with their terms of reference during the reporting period.</p> <p>In instances where more than one Committee has jurisdiction to deal with a similar matter, the specific role and positioning of each Committee in relation to such matter is defined in the terms of reference of the Committee to ensure complementary rather than competing approaches.</p> <p>Additional information on the Committees is disclosed in the Company's Integrated Report.</p>
<p>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.</p>	<p>Applied</p>	<p>In line with the King IV recommendations, the Board, bi-annually, conducts an assessment of its own performance and of the appropriateness and effectiveness of its procedures and processes. During the previous financial year, an evaluation of the performance of the Board was conducted. During the year, an evaluation of the performance of the Remuneration Committee was conducted. The assessment is conducted through self-evaluation forms in the form of a questionnaire to be completed. Findings and recommendations were communicated to the Board and Chairman of the Remuneration Committee.</p> <p>The company secretary's performance will also be evaluated to confirm its competency as well as an arm's length relationship between the Board and the company secretary in that the objectivity of the company secretary was not unduly influenced.</p>
<p>10 The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.</p>	<p>Applied</p>	<p>The Board has approved and implemented a delegation of authority policy, which details the powers and matters reserved for itself and those to be delegated to management via the Chief Executive Officer. The Board ensures that key management functions are led by a competent and appropriately authorised individual and are adequately resourced. A delegation of authority framework is in place which addresses all operational aspects of the business and details the levels of authority and required approvals for these.</p> <p>The Financial Director oversees the finance function and is assisted by suitable qualified staff. An effective outsourced internal audit function is in place. An assessment of the effectiveness of the Financial Director's performance is conducted annually by the Audit, Risk and IT Committee and confirmed in the Integrated Report.</p>

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11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Applied	<p>The Board with the assistance of the Audit, IT and Risk Committee, recognizes the key role of appropriate Company-wide risk management in the strategy, performance and sustainability of the Company.</p> <p>The functions of audit and risk have been combined into a single committee, ensuring that there is co-ordination in respect of the evaluation and reporting of risks.</p> <p>Management continuously identify, assess mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address identified risks, which are monitored on a continuous basis.</p> <p>A combined assurance model has been adopted by the Board. This model gives the board the assurance, through the audit and risk committees, that all significant risks and associated opportunities are adequately managed.</p>
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	Applied	<p>The Board, together with the Audit, Risk and IT Committee oversees the governance of information technology.</p> <p>Technology and information have been identified as being of key importance to the achievement of the Company's strategy. An IT governance framework has been approved and implemented. IT risk management forms part of the IT governance framework as well as the risk management framework. As such, it is proactively embedded into the risk management process of the Company.</p>
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.	Applied	<p>The Board, with the assistance of management, the Audit, Risk and IT Committee and the Social and Ethics Committee, ensures that the Company complies with applicable laws and regulations as well as adopted non-binding rules, codes and standards.</p> <p>The Board receives assurance on the effectiveness of the controls around compliance with laws, rules, codes, and standards from procedures performed by the internal auditors.</p> <p>There were no contraventions or areas of non-compliance for the period under review, relating to breaches of the requirements of the JSE Limited and the Companies Act.</p>
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 short, medium and long term.	Applied	<p>The Board is assisted by the Remuneration Committee in the governance of all remuneration matters. This Committee ensures that the Company's remuneration policy is aligned with its strategy and the interests of stakeholders. The Committee also reviews and approves the remuneration of executive directors and senior managers.</p> <p>The Directors, Executives and employees are remunerated fairly and responsibly in line with the Remuneration Policy. The Board is satisfied that the Remuneration Policy achieves its objectives.</p> <p>As recommended by King IV, both the Remuneration Policy and the Implementation Report are tabled annually at the AGM for separate non-binding advisory votes.</p>

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<p>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>	<p>Applied</p>	<p>The Board, assisted by the Audit, Risk and IT Committee, ensures that there is internal or external assurance to review and report on:</p> <ul style="list-style-type: none"> » the internal control environment; » integrity of information for management decision making; and » external reporting. <p>Assurances are currently obtained from audits performed by the internal and external auditors together with tests performed by management on a regular basis</p> <p>The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. The Board relied on the Audit, Risk and IT Committee for the results that are presented in the Integrated Annual Report and approved same on recommendation of the said Committee.</p> <p>This responsibility is contained in the Terms of Reference of the Audit, Risk and IT Committee and the Board Charter.</p> <p>The Audit, Risk and IT committee are satisfied that the external auditor for 2021 is independent.</p> <p>No key governance or control failures were experienced in the period under review.</p>
<p>16 In the execution of its governance roles 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.</p>	<p>Applied</p>	<p>The Board recognises its responsibility for the governance of stakeholder relations within the Company.</p> <p>Key stakeholders are identified by management and the Board. The Board encourages proactive engagement with shareholders.</p> <p>Transparent communication and engagement with stakeholders are vital to ensure that the principles on stakeholder management are adopted in line with King IV. The Board believes in the principle that all shareholders should receive equal consideration regardless of the size of their shareholdings.</p>
<p>17 The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>	<p>N/A</p>	<p>N/A – SilverBridge Holdings Limited is not an institutional investor.</p>