







# APPLICATION OF KING III PRINCIPLES AT JASCO

 Applied

 Partial application

 Under Review

Ref	Principle	Indicator	Comments
<b>ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP</b>			
1.1	The Board should provide effective leadership based on an ethical foundation.		We are driven by our desire to always operate as a responsible corporate citizen and recognise that an ethical culture underpins corporate governance. Jasco and its Board of directors are committed to ensuring ethical and sustainable business practices, guided by our values. The Board and management subscribe to the philosophy that corporate governance, built on an ethical and values-based foundation, permeates all business activities and enables us to achieve our short- and medium-term strategic objectives while contributing to reaching Jasco's vision.
1.2	The Board should ensure that the company is and is seen to be a responsible corporate citizen		The Board considers quarterly at its meetings the non-financial performance, risks and impact of operations to all key stakeholders as a standard part of its quarterly report back. Furthermore the Social & Ethics Committee is authorised to deal further with such detail of key sustainability matters at its meetings.
1.3	The Board should ensure that the company's ethics are managed effectively		Jasco remains committed to the highest standards of honesty, integrity and fairness. An ethics policy was formally adopted in 2012 and compliance herewith forms part of the risk management assessment.
<b>BOARDS AND DIRECTORS</b>			
2.1	The Board should act as the focal point and custodian for corporate governance		The Board as stated in its charter accepts responsibility for corporate governance throughout the organisation and demonstrates same in its meetings and interaction with management. The Board, as custodian of corporate governance, has made the office of the Group company secretary responsible for implementing and monitoring compliance to associated best-practices across the Group.
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.		The Board charter specifically emphasises the fact that the Board acknowledges that strategy, risk, performance and sustainability are inseparable and gives effect to this by: <ul style="list-style-type: none"> <li>Contributing to and approving the strategy on an annual basis, at which point past</li> </ul>

			<p>performance, key risks and sustainability matters are also debated.</p> <ul style="list-style-type: none"> <li>• Satisfying itself that strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.</li> <li>• Identifying key performance and risk areas.</li> <li>• Ensuring that the strategy will result in sustainable outcomes.</li> </ul> <p>The Board and committee also monitor key performance indicators for material issues as well as a broader range of sustainability and risk.</p>
2.3	The Board should provide effective leadership based on an ethical foundation.		Refer to principles 1.1 and 1.3
2.4	The Board should ensure the company is and is seen to be a responsible corporate citizen.		Refer to principle 1.2
2.5	The Board should ensure company ethics are managed effectively.		Refer to principles 1.1 and 1.3
2.6	The Board should ensure the company has an effective and independent audit committee.		The Audit & Risk Committee (ARC) is established in terms of the Companies Act 71 of 2008 and meets quarterly. Refer to principle 3.1
2.7	The Board should be responsible for the governance of risk.		The Audit & Risk as well as the Social & Ethics Committee meets to consider the implementation, progress and performance of the Risk Management process. Refer principle 4.1
2.8	The Board should be responsible for information technology (IT) governance.		An ICT Steering Committee has been established to oversee the governance for information technology which progress is reported to Board via ARC. Refer to 5.1
2.9	The Board should ensure the company complies with all applicable laws and considers adherence to non-binding rules, codes and standards		Jasco does comply with the applicable laws and strictly adheres to such laws and rules as legislated. Currently we have this included in our Board Charter however, this is extended in drafting a Compliance Policy in 2013/2014.
2.10	The Board should ensure there is an effective risk-based internal audit.		The Board through the ARC has ensured an effective risk-based internal audit function currently outsourced to Bezuidenhout and Kie. Refer principle 7.1
2.11	The Board should appreciate that stakeholders' perceptions affect the company's reputation.		The Board in its reviews and deliberations considers all significant stakeholder matters and perceptions and guides Management in dealing with these in order to manage such perceptions and reputational risks. Refer to principle 8.1

2.12	The Board should ensure the integrity of the company's integrated report.		Refer to principle 9.1
2.13	The Board should report on the effectiveness of the company's system of internal controls.		The Board through its ARC assesses at least annually the effectiveness of internal controls and reports thereon in the Integrated Annual Report.
2.14	The Board and its directors should act in the best interest of the company.		<p>The Board strictly adheres to the fiduciary duties and duty of care and skill stipulated in the Companies Act. This is reflected in the conflicts of interest policy, which also applies to directors. This policy will be reviewed and improved in 2013 and beyond.</p> <p>Conflicts and declarations of interests are declared at each meeting and minuted accordingly. All conflicts and declarations of interests (even those not within the definition of personal financial interests) are treated in line with section 75 of the Companies Act and is located at the Group company secretary's office.</p>
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the act.		<p>The ARC reviews financial information in detail and recommends any specific action to the Board if required.</p> <p>The committee regularly reviews the solvency and liquidity of the Group. In addition, when considering and reviewing the provision of financial assistance to related and inter-related parties, the Board as a whole also considers the solvency and liquidity of the Group. During the year, the company met the solvency and liquidity test each time it was performed.</p>
2.16	The Board should elect a chairman who is an independent non-executive director. The CEO should not also fulfil the role of chairman of the Board.		The Chairperson, Dr ATM Mokgokong and the Group CEO, Mr AMF Da Silva who is appointed by the Board, have independent functions as prescribed in the Board Charter and the levels of authority are clearly defined in a Limits of Authority Policy which is approved by the Board.
2.17	The Board should appoint the CEO and establish a framework for delegation of authority.		The Board appointed Mr AMF Da Silva as Group CEO. The role and responsibilities of the CEO are stipulated in the Board charter. In addition, a detailed delegation of authority policy and framework indicate matters reserved for the Board and those delegated to management.
2.18	<p>The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.</p> <p>Sections 3.84(b), (f) and (g) of the Listings Requirements</p>		<p>In line with the recommendations of King III, Jasco has a unitary Board structure, currently comprising:</p> <ul style="list-style-type: none"> <li>• Three independent non-executive directors</li> <li>• Three non-executive directors</li> <li>• Two executive directors, being the CEO and the CFO.</li> </ul>

			<p>In assessing the status of directors, the principles of King III and the Listings Requirements of the JSE Limited were used.</p> <p>In dealing with the division of responsibilities between the Chairperson and CEO, noted in principle 2.17 ensures a balance of power and authority to guarantee that no director has unfettered powers. The Board charter and memorandum of incorporation further ensure that proper voting principles and processes are employed to enable a balance of power.</p>
2.19	<p>Directors should be appointed through a formal process.</p> <p>Section 3.84(a) and (e) of the Listings Requirements</p>		<p>In line with the Board charter, the Nominations Committee (Nomco) is responsible for identifying suitable candidates as independent non-executive directors to be proposed to shareholders for approval.</p> <p>The nomination responsibilities of Nomco are detailed in its charter.</p>
2.20	<p>The induction and ongoing training and development of directors should be conducted through a formal process.</p>		<p>New directors are informed of their responsibilities through extensive induction material, discussions and visits to material business units. All have access to key management members for information on Jasco.</p>
2.21	<p>The Board should be assisted by a competent, suitably qualified and experienced company secretary.</p> <p>Section 3.84 (i) and (j) of the Listings Requirements</p>		<p>The Board selects and appoints the Group company secretary and recognises the pivotal role to be played by this person in entrenching good corporate governance. All directors have access to the advice and services of the Group company secretary.</p> <p>Mrs S Lutchan was appointed Group company secretary on 5 January 2012. She is not a director of the company. In line with the Listings Requirements, a detailed assessment was conducted by the Chairperson and the CEO to satisfy the Board of the competence, qualifications and experience of the Group company secretary. This was performed through:</p> <ul style="list-style-type: none"> <li>• A review of qualifications and experience</li> <li>• Completion of an assessment (detailing all the legislative and King III requirements) by the Chairperson and the completion of the administrative requirements by the CEO.</li> </ul>
2.22	<p>The evaluation of the Board, its committees and individual directors should be performed every year.</p>		<p>The Board, committee and individual director assessment is conducted on an annual basis the outcome is:</p> <ul style="list-style-type: none"> <li>• The Board is competent,</li> <li>• The Board functions as an inclusive team, with contributions being quite varied,</li> <li>• The Board is well informed and attentive to key issues'</li> </ul>

			<ul style="list-style-type: none"> <li>The Board comprises a highly diverse Group of individuals.</li> </ul>
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.		The Board committees assist the Board in executing its duties, powers and authorities. The Board delegates to each committee the required authority to enable it to fulfil its respective functions through formal Board-approved charter, which are reviewed annually. Each committee has a detailed annual work plan to ensure full oversight of all matters within their delegated mandate.
2.24	A governance framework should be agreed between the Group and its subsidiary Boards.		All Jasco subsidiaries have adopted and comply with the detailed delegation of authority framework and policy, which stipulates the governance framework. Policies are Group-wide policies, applicable to all subsidiaries.
2.25	Companies should remunerate directors and executives fairly and responsibly.		The Remuneration Committee considers both executives and non-executive directors' remuneration on an annual basis. A benchmarking exercise is conducted to ensure fair remuneration taking into consideration the feasibility of the company. The non-executive director's fees are approved by shareholders with the executive directors and prescribed officer's remuneration reported to shareholders annually in the Integrated Annual Report.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.		The remuneration of each director and prescribed officer is disclosed in the Integrated Annual Report.
2.27	Shareholders should approve the company's remuneration policy.		At the 2012 annual general meeting, the shareholders voted in favour of the remuneration policy by means of a non-binding advisory vote. This resolution has again been incorporated in the notice for the 2013 annual general meeting.
<b>Audit Committee</b>			
3.1	The Board should ensure the company has an effective and independent audit committee.  Section 3.84(d) of the Listings Requirements		<p>The ARC consists of three independent non-executive directors and the Chairperson of the Board is not a member of ARC. Also refer to principle 2.23.</p> <p>As defined in King III and as contained in the Companies Act, all three members are considered independent non-executive directors.</p> <p>The ARC operates in accordance with the specific statutory duties imposed by the Companies Act, the JSE Listings Requirements, and in line with a charter. This incorporates King III principles, as well as duties specifically delegated by the Board. The ARC Chairperson reports on each of its meetings at Board meetings.</p>
3.2	Audit committee members should		All three current members are independent non-executive directors. The committee meets the

	be suitably skilled and experienced independent non-executive directors.		academic qualifications and experience requirements stipulated in regulation 42 of the Companies Regulations, 2011.
3.3	The audit committee should be chaired by an independent non-executive director.		The Chairperson, Mr JC Farrant is the lead independent non-executive director.
3.4	The audit committee should oversee integrated reporting.		The Committee reviews and oversees all disclosure contained in the Integrated Annual Report with the required recommendations made to the Board prior to the approval thereof. The Board in turn relies on the assessment and assurance of the ARC in the decisions made thereon.
3.5	The audit committee should ensure a combined assurance model is applied to provide a coordinated approach to all assurance activities.		An assurance framework is not formalised however, robust discussions are held at ARC meetings. Internal Audit and External Audit work closely together in ensuring a coordinated approach to all assurance activities.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.  Section 3.84(h) of the Listings Requirements		The expertise, resources and experience of the company's finance function as well as the CFO is assessed annually by the Audit & Risk Committee in a closed session of members only. The process followed is reported to the Board at least annually.
3.7	The audit committee should be responsible for overseeing internal audit.		As detailed in its charter, the Board has specifically assigned this responsibility to the committee. The independent internal auditor submits detailed reports to each meeting, the Chairperson meets independently with internal audit and external audit.
3.8	The audit committee should be an integral component of the risk management process.		The ARC remains involved to be able to express a view on the system of internal control and risk management and specifically retains accountability for financial risk. The ARC for the Group also oversees the Risk Management process and is therefore an integral part of the strategy and framework developments in relation to risk management.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.		Similarly to the internal audit function, ARC evaluates at least annually, the external audit function, their independence as well as non-audit fees (policy in place), the outcome of which is reported to the Board and shareholders in the Integrated Annual Report.
3.10	The audit committee should report to the Board and shareholders on how it has discharged its duties.		Such report can be found in the integrated report and the ARC Chairperson is present at the annual general meeting to respond to questions.

<b>Governance of risk</b>		
4.1	The Board should be responsible for the governance of risk.	The risk policy and plan is in the process of being formalized through the various levels within the group. Significant effort will be employed in this area in 2013 and beyond.
4.2	The Board should determine the levels of risk tolerance.	The prelude to the Risk and Opportunities Register forms the framework in determining the risk tolerance levels. Qualitative and quantitative measures are used to set risk tolerance for each identified risk.
4.3	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities.	ARC assists Board in this respect.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Execution of risk management is delegated to ARC. Jasco currently implements a manual risk management enabler. This process manages risks and reporting on the effectiveness of mitigation techniques to ensure Jasco achieves its strategic objectives. The Risk and Opportunities Register is tabled at each meeting.
4.5	The Board should ensure risk assessments are performed continually.	The risk and opportunities register is in place. Once the enterprise risk management framework is in place it would be easier to track and assess risk continually.
4.6	The Board should ensure frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	The enterprise risk management framework, as far as reasonably possible, includes processes to prompt identification of unpredictable risks, including events with high impacts and low probability that would cause severe business disruptions. Currently Jasco implements this process however, this is done manually. Risks are regularly reviewed however, an Enterprise Risk Management Framework / Policy needs to be drafted. This will receive attention in 2013/2014.
4.7	The Board should ensure management considers and implements appropriate risk responses.	Although the Board has delegated the responsibility for risk management, it reviews the top risks and responses and also considers these in detail during the annual strategic planning session. Risk is monitored by Management on a continuous basis through a manual system.
4.8	The Board should ensure continual risk monitoring by management.	Refer principle 4.4
4.9	The Board should receive assurance on the effectiveness of the risk management process.	The independent internal auditor provides assurance to ARC and reported to the Board on the effectiveness of the risk management process.
4.10	The Board should ensure there are processes in place enabling complete, timely, relevant, accurate and accessible risk	A Risk Management report on the risk governance and process as well as key risks and related risk response are included in the Integrated Report.

	disclosure to stakeholders.		
<b>The Governance of Information Technology</b>			
5.1	The Board should be responsible for information technology (IT) governance.		The board recognizes that IT governance should form part of the company strategy. The group has engaged in various projects to ensure that IT complies with IT governance. In the 2013/2014 year, all aspects of IT governance will receive attention in terms of alignment.  Refer to principle 2.8
5.2	IT should be aligned with the performance and sustainability objectives of the company.		The IT strategy's overarching objective is the alignment and integration of all underlying systems to support truly integrated strategy, governance, risk, compliance, performance and sustainability.  In 2013/2014, all possible aspects of non-alignment will receive attention.
5.3	The Board should delegate to management the responsibility for implementation of an IT governance framework.		The implementation of the governance framework and IT strategy / policy is delegated to the newly appointed, Chief Technology Officer. In 2013/2014, the newly outsourced IT service provider had conducted an audit. A framework is in place however, the implementation process is underway.
5.4	The Board should monitor and evaluate significant IT investments and expenditure.		Such investments and expenditure is governed in terms of the Limits of Authority Policy and major IT projects are monitored continually by Management and the Board, through its Committees
5.5	IT should form an integral part of the company's risk management.		IT is an integral part of the risk management process and where key risks are identified the necessary assurance levels are obtained and key risks managed and reported to Executives and Directors through the various Committees and ultimately to the Board.
5.6	The Board should ensure information assets are managed effectively.		IT assets are effectively managed through an asset register, financial and cost accounting. IT policies are in the process of being drafted.
5.7	A risk committee and audit committee should assist the Board in carrying out its IT responsibilities.		Refer to principle 5.1
<b>The Compliance with Laws, Rules, Codes and standards</b>			
6.1	The Board should ensure the company complies with applicable laws and considers adherence to non-binding rules, codes and		Internal Audit has checked compliance with selected legislation in the past. Continuous efforts are placed in this area in order to ensure compliance. Various analysis are done in ascertaining that Jasco adheres to the applicable laws.



	standards.		
6.2	The Board and each director should have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business.		Information on laws, rules, codes and standards are shared with directors regularly through documentation. Refer to principle 2.20.
6.3	Compliance risk should form an integral part of the company's risk management process.		While the group adheres to relevant laws and regulations, the monitoring and measuring of compliance is not yet formalised. The company secretary's office is being utilised to ensure continuous monitoring of complete implementation of the recommended principles. A compliance policy is not yet formalised. This area will receive attention.  Refer to principles 6.1 and 6.4.
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.		Compliance processes are exercised however, a compliance framework / policy needs to be drafted. This will receive attention in 2013/2014.
<b>Internal audit</b>			
7.1	The Board should ensure there is an effective risk-based internal audit.		Bezuidenhout and Kie is the company's independent internal auditor. The internal auditor closely with External Audit and the finance department to ensure a risk-based approach to its plan.
7.2	Internal audit should follow a risk-based approach to its plan.		Currently internal audit administers the financial aspects in their audit scope.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.		The internal auditor submitted such assessment for 2012 to the audit committee.
7.4	The audit committee should be responsible for overseeing internal audit.		Refer principle 3.7
7.5	Internal audit should be strategically positioned to achieve its objectives.		Internal audit reports to the ARC Chairperson.

<b>Governing Stakeholder Relationships</b>			
8.1	The Board should appreciate that stakeholders' perceptions affect a company's reputation.		Refer to principle 2.11
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.		The Board has delegated to the Executive team the management of stakeholder relationships which is managed at various levels within the organisation utilising various platforms The Group strives to engage openly and proactively with stakeholders. Issues and requests from stakeholders are managed with care. A number of departments are accountable for dealing with various stakeholder groupings, including marketing and communications, corporate secretariat and human resources. The group strives to engage openly and proactively with stakeholders.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder Groupings, in the best interest of the company.		Various functions in the Group are assigned to manage relationships with stakeholders. The intention is to promote two-way engagement so that the Group and stakeholders understand one another. A communication strategy, still to be developed and implemented will provide appropriate support and offer opportunities for effective engagement.
8.4	Companies should ensure equitable treatment of shareholders.		<p>The Board and Management are mindful of the treatment of all shareholders and in keeping with the JSE Listings Requirements endeavour not to place any Shareholders interests above another. The Group fully complies with the JSE Listings Requirements on disclosure of information to shareholders. A detailed security dealing and information policy is being drafted which will set out strict rules on material price-sensitive information and its disclosure. Any material price-sensitive information and other relevant information is published on SENS in accordance with the Listings Requirements. Currently Jasco is guided by a policy contained in the Board charter.</p> <p>All queries from shareholders are handled by the CEO, CFO and Group company secretary and only information available in the public domain is disclosed.</p>
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.		The organisation has adopted the King code at an early stage of its existence as well as transparent and effective communication in terms of its Integrated Reporting.
8.6	The Board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.		Dispute resolution clauses are contained in all contracts and agreement entered into by the company and its subsidiaries and are based on the principle of internal resolution between the parties as a first means of addressing disputes, after which arbitration would be used if the matter remained unresolved.

			The Board considers serious disputes and considers the company's position and best legal recourse.
<b>Integrated Reporting and Disclosure</b>			
9.1	The Board should ensure the integrity of the company's integrated report.		ARC reviews the integrated report and recommends approval of the report to the Board. The Board reviews and finally approves the content of the integrated report prior to publication.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.		Although the process of integrated reporting is still maturing, the company has integrated its sustainability and financial reporting. Continuous efforts will be made to incorporate reporting best practice and improve the level of integration.
9.3	Sustainability reporting and disclosure should be independently assured.		EY completes an independent assessment of key aspects of the sustainability reporting and disclosure.