

KING IV COMPLIANCE REPORT 2020



The table was prepared in terms of the JSE Listings Requirements and sets out the application of the 17 corporate governance principles, as recommended by King IV. This document is supplemented by governance-related disclosures in the integrated annual report and annual financial statements.

PRINCIPLES	FOCUS DURING F2020	FOCUS FOR F2021
<p>PRINCIPLE 1: The governing body should lead ethically and effectively.</p>	<p>Ethical leadership and good corporate governance are priorities for Jasco. The group company secretary is responsible for assisting the board to lead ethically and effectively and to assess the board's integrity, competence, accountability, fairness and level of transparency with its stakeholders. Jasco is committed to achieving the highest standards of ethical behaviour. We have various mechanisms in place to prevent and discourage unethical and fraudulent behaviour in the group. An annual board evaluation is conducted to evaluate the board and its directors. The chairmen of the audit and risk and social and ethics committees are independent non-executive directors. Directors attend and participate in meetings and are afforded the opportunity to engage meaningfully in board deliberations and challenge issues when they have a concern.</p>	<p>Roll out revised delegation of authority, governance and policy frameworks across the group and subsidiaries.</p> <p>Review the code of conduct.</p> <p>Update appointment letters for all directors setting out their roles and responsibilities.</p>
<p>PRINCIPLE 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The board governs and monitors the ethics of Jasco on the basis of integrity, competency, responsibility, accountability, fairness and transparency. The board endeavours to ensure that the ethical standards set are integrated and understood throughout the group. The social and ethics committee (SEC) and the audit and risk committee assist the board with monitoring and reporting on social, environmental, ethical and transformation practices that support the establishment of an ethical culture within Jasco. There is a corporate code of ethics and conduct policy in place which applies to all employees. Jasco had an independent whistle-blowing line for the reporting and investigation of breaches in ethical and compliance standards in place until October 2020. There were no instances reported through this service in the preceding two years. The group now has an internal service in place which is monitored by the SEC committee chairman.</p>	<p>Ongoing training and awareness of directors and employees.</p>

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<p>PRINCIPLE 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The board, assisted by the social and ethics committee, provides strategic direction to Jasco to be a responsible corporate citizen and to respond appropriately to the economic, social and environmental outcomes of its activities.</p> <p>Transformation initiatives and health and safety and environmental improvements are reported to the social and ethics committee and board for deliberation.</p>	<p>Develop sustainability metrics to improve reporting.</p> <p>Increased tracking of socio-economic development, preferential procurement, supplier diversity, supplier development and enterprise development programmes and community support initiatives.</p>
<p>PRINCIPLE 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>	<p>The board, as the highest decision-making body in the group, is ultimately responsible for the strategy, growth and performance of the business.</p> <p>It approves operational and investment plans and strategies and empowers management to implement these and to provide timely, accurate and relevant feedback on progress.</p> <p>The board regularly evaluates the strategy, as presented by management.</p> <p>Material issues and risks are assessed, with mitigating actions implemented.</p> <p>During the year, a particular focus was the quarterly assessment of the group's solvency and liquidity and going concern assessments, as well as the rationalisation and re-organisation of the group structure.</p>	<p>Ongoing quarterly review of the implementation of the group's strategy and performance against planned budgets.</p> <p>Regular review of solvency and liquidity assessments will continue, as the process of debt reduction and restructure is finalised in the new financial year.</p>
<p>PRINCIPLE 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>The board is committed to high standards of reporting and evaluates external reports compiled by management. These include interim and annual reports. The board ensures that the information provided is accurate, complete and that it addresses all aspects of the business, including financial performance, corporate governance, risk management and sustainability. The audit and risk committee assists the board by reviewing the annual integrated report to ensure that information contained is reliable and that it does not contradict the financial aspects of the report.</p> <p>External reports, including the integrated annual report, are published on the group's website.</p>	<p>Maintain the level of engagement with stakeholders and reporting to the board.</p> <p>Ensure that all reporting deadlines for interim and annual reports are met.</p>

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<p>PRINCIPLE 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>The board operates in accordance with a detailed charter, which defines the board's mission, roles, duties and responsibilities. The board adheres to its fiduciary duties and duty of skill and care codified in the Companies Act. This is reflected in the conflicts of interest policy, which also applies to directors.</p> <p>Declarations of interest are confirmed at each board and committee meeting and are recorded in the minutes.</p> <p>The board members also ensure that they have sufficient time to devote to their responsibilities to Jasco.</p>	<p>Board training and quarterly governance update at meetings.</p> <p>Board and employee recommitment to the code of ethics through formal signatures.</p> <p>Ongoing roll out of the corporate compliance programme.</p>
<p>PRINCIPLE 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>At the year-end of June 2020, Jasco had a unitary board structure, comprising:</p> <ul style="list-style-type: none"> • four independent non-executive directors (including one lead independent non-executive director); • two non-executive directors; and • two executive directors. <p>The board has an appropriate balance of skills, knowledge, experience, diversity and independence to discharge its duties.</p>	<p>Implement longer-term succession planning for board members.</p> <p>Appointment of an additional independent non-executive director in the second half of the new financial year.</p>

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<p>PRINCIPLE 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>The board committees assist the board in executing its duties and authority. The board delegates the required authority to each committee to enable them to fulfil their respective functions through formal board-approved terms of reference. These are reviewed annually. During the year, the delegation of authority policy was updated due to the group's organisational structure.</p> <p>Each committee has a detailed annual workplan to ensure full oversight of all matters within their delegated mandate.</p> <p>Delegating authority to board committees or management does not mitigate or discharge the board and its directors of their duties and responsibilities.</p> <p>The board has five committees through which it operates:</p> <ul style="list-style-type: none"> • Audit and risk committee • Social and ethics committee • Remuneration committee • Nominations committee • Investment committee <p>Each committee chairman reports formally to the board after each meeting on all matters within its duties and responsibilities, including recommendations on envisaged actions.</p>	<p>Following the further restructure undertaken by the interim CEO during the first half of the new financial year, the delegation of authority policy is currently being updated.</p>
<p>PRINCIPLE 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>Jasco undertakes an annual board evaluation. This includes an evaluation of the board as a whole and of each board sub-committee, as well as of the chairman and each director, to review their ability to add value.</p> <p>In addition, the remuneration committee facilitates the evaluation of executive management.</p> <p>The performance review conducted during the year indicated that the board is providing sound corporate governance and is working well with executive management. The board is well informed and attentive to key issues. The board continues to focus on ensuring that the profile, skills set, diversification, qualifications and individual qualities of its executive and non-executive directors serve the current and future needs of the business and the ever-changing environment in which it operates.</p>	<p>An evaluation will be conducted to establish any gaps in the annual work plan.</p> <p>Board, director and company secretary peer reviews and self-assessments will be conducted in line with the annual review policy.</p>

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<p>PRINCIPLE 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.</p>	<p>The collective responsibilities of management vest with the CEO. The CEO bears ultimate responsibility for the daily running of the business and all management functions. The board delegates without abdicating its duties and responsibilities to management through the CEO, who in turn delegates to those reporting to him.</p> <p>A delegation of authority/approvals framework is in place, which sets out matters reserved for the board and those delegated to management.</p> <p>During the year, a delegation of authority framework was updated and the combined assurance model is in the process of being re-implemented following the appointment of new internal auditors in June 2020.</p>	<p>Completion of the re-implementation of the combined assurance model for F2021.</p>
<p>PRINCIPLE 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.</p>	<p>A new formal risk and opportunity register that outlines a detailed mitigation process has been put in place. The board and director insurance policies were also reviewed to ensure effective risk management. The board closely monitored the impact of COVID-19 on the group during the year.</p> <p>Management is accountable for the design, implementation and monitoring of the risk management plan. The risk and opportunity register is monitored through a detailed process that involves rating the risk and categories with equivalent estimated values. The mitigation process involves allocation of responsibilities to individual employees and target dates as a monitoring tool. To ensure that risk assessment is performed on a continual basis, the risk and opportunity register is monitored by the board on a quarterly basis.</p> <p>The board has ultimate responsibility for establishing a framework for internal control. Jasco's controls focus on the critical risk areas identified by operational management and confirmed by the executive management. Controls are designed to provide reasonable assurance of the integrity and reliability of the annual financial statements to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, loss and material misstatement, whilst complying with applicable laws and regulations.</p> <p>The board is assisted in its responsibility by the audit and risk committee. Its objective is to monitor and consider the risk management processes. The group's annual internal audit plan is designed to incorporate the outcomes of the risk management process. Internal audit is based on a risk-based audit approach.</p>	<p>Ongoing risk monitoring and opportunity identification on a monthly basis by management with reporting quarterly to the board.</p>

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<p>PRINCIPLE 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>The board remains conscious of the importance of the governance and management of technology and information to the operations and success of Jasco.</p> <p>This includes:</p> <ul style="list-style-type: none"> aligning IT with the performance and sustainability objectives; monitoring and evaluating significant IT investments and expenditure; and ensuring that information assets are managed effectively. <p>During the year, a new management information system was implemented.</p> <p>The business continuity and disaster recovery plans, as well as the cybersecurity policy were also reviewed.</p>	<p>Increase the awareness of Protection of Personal Information (POPI) obligations and ensure full compliance.</p> <p>Implementation of an improved cybersecurity framework.</p>
<p>PRINCIPLE 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.</p>	<p>As a listed company, Jasco operates in a regulated environment, which requires us to adhere to laws, legal requirements and the principles of the King IV. The board has applied the main principles of King IV, together with the Companies Act, during the year under review. We also confirm that we have complied with the JSE Listings Requirements. Jasco is committed to achieving the highest standards of ethical behaviour. We have various mechanisms in place to prevent and discourage unethical and fraudulent behaviour in the group. We expect our employees and Jasco-related stakeholders to conduct themselves with the highest level of honesty and integrity.</p> <p>During the year, all the committees' terms of reference and the ethics policy and framework were reviewed.</p>	<p>Ensure the continued management of compliance.</p> <p>Maintain the levels of occupational health and safety management</p> <p>Ongoing training on relevant laws and regulation.</p>

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<p>PRINCIPLE 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.</p>	<p>The remuneration committee strives to ensure fair and equitable remuneration practices and policies throughout Jasco.</p> <p>Remuneration is linked to high performance values and value creation in line with our strategic objectives. Jasco's remuneration policy aims to attract, retain and motivate skilled and performing employees to execute the group's strategy.</p> <p>Employees' compensation is structured to encourage good performance, sound behaviour and risk management that is aligned with the group's strategy. Compensation is based on experience and performance, and promotes long-term commitment to creating and sustaining value. The group's remuneration packages are split into guaranteed and non-guaranteed pay. Guaranteed remuneration is based on cost to company remuneration packages. Non-guaranteed remuneration is defined as short-term and long-term incentives, as well as retention scheme payments.</p>	<p>Complete the external benchmarking of guaranteed and variable remuneration in relation to the reduced size of the group.</p>
<p>PRINCIPLE 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>The board recognises and assumes its overall and ultimate responsibility in relation to assurance. It complies with the principles and the recommended practices and ensures that a combined assurance model is followed. The audit and risk committee has oversight responsibility for Jasco's combined assurance model, including internal and external assurance providers.</p> <p>The board recognises that transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.</p> <p>Jasco's combined assurance implementation model integrates and co-ordinates all assurance activities provided by supervisors, management, internal controls, group risk management, internal audit and external assurance providers.</p> <p>The model adequately addresses significant risks facing the company and provides substantive support that suitable controls exist to mitigate these risks.</p> <p>Collectively, the activities of these assurance providers, each representing a line of defense for the group, are referred to as the combined assurance model.</p> <p>During the year, a delegation of authority framework was updated and the combined assurance model is in the process of being re-implemented following the appointment of new internal auditors in June 2020.</p>	<p>Review of supervisory and management controls by the internal auditors during F2021 following the further organisational restructure in November 2020.</p> <p>Completion of the re-implementation of the combined assurance model for F2021.</p>

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<p>PRINCIPLE 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.</p>	<p>Jasco is committed to good governance and compliance with legislative requirements at all levels of the business and in all its interactions with stakeholders. We rely on the relationships we enjoy with our stakeholders and broader communities to create a reciprocal value-creation dynamic. Regular communication with key stakeholders continued in F2020. Positive informal feedback was received from shareholders, customers and suppliers. The employee climate survey was conducted and a 70% baseline was achieved.</p>	<p>Implement customer and employee retention strategies.</p>
<p>PRINCIPLE 17: Responsible investment</p>	<p>Jasco is not a financial institution defined in terms of the Financial Services Board Act, No. 97 of 1990.</p>	



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Cnr Alexandra Avenue and 2nd Street, Halfway House, Midrand, Gauteng, South Africa, 1685

PO Box 860, Wendywood, South Africa, 2144

+27 11 266 1500

WWW.JASCO.CO.ZA