

PRINCIPLE 1

THE GOVERNING BODY SHOULD:

Lead ethically and effectively



The **ADvTECH Board of directors**, individually and collectively, **cultivate the highest levels of integrity, competence, responsibility, accountability, fairness and transparency** in discharging their roles and responsibilities in the best interests of the Company.



The Board governs **ADvTECH's ethics** and sets the **ethical tone** from the top throughout all levels of the organisation. Compliance with ethical standards of behaviour **is essential in how the Group conducts its business and all activities**.



The Board plays a **leadership role** in setting the ethical tone within the organisation. ADvTECH's directors are required to **disclose any potential conflicts of interest at the earliest opportunity** and to declare any conflicts of interest in respect of a matter to be decided on at the beginning of each Board meeting. Directors are required to complete and submit a **signed declaration of interest** and on an annual basis.

A director or employee is prohibited, in terms of the **Group's Insider Trading Policy**, from using his/her position, or confidential or price-sensitive information, to the benefit of him-or-herself or any related party.

PRINCIPLE 2

THE GOVERNING BODY SHOULD:

Govern the ethics of the organisation in a way that supports the establishment of an ethical culture



The Board, with the assistance of the **Transformation, Social and Ethics Committee (TSEC)** is responsible for the ongoing oversight of the **management of ethics** within the ADvTECH Group. **TSEC** operates within a **formal mandate**. The chair of the committee provides **regular updates** on matters within its mandate at each Board meeting. A copy of the **minutes of the previous meeting** is also made accessible to the Board to ensure all directors remain informed of the transformational, social and ethical performance of the Group.



The Board has approved the **Group's Business Code of Conduct** which sets out the ethical standard to which all stakeholders must adhere to. A copy of the business code of conduct is available to all stakeholders on the Group's website www.advtech.co.za.

Management has been **delegated the responsibility to execute the code of ethics** and has implemented a ethics hotline and whistle-blowing mechanism. ADvTECH employees and stakeholders are encouraged to disclose any breach in ethical standards through the **Group's ethics hotline or whistle-blowing mechanism** which also allows for anonymous disclosures. A disciplinary policy has been implemented which sets out the guidelines for sanctions and remedies when ethical standards have been breached.

PRINCIPLE 3

THE GOVERNING BODY SHOULD:

Ensure that the organisation is and is seen to be a responsible corporate citizen



The Board, with the assistance of **TSEC** and the **Audit and risk committee**, monitors the **transformation, social and ethical activities** of the Group and monitors compliance with **applicable laws, non-binding rules, codes and ethical policies within** the Group which are congruent with it being a responsible corporate citizen.



ADvTECH, as part of its corporate social responsibility, has set **progressive employment equity targets** and monitors its targets **against the sectorial targets** set by the Department of Labour. ADvTECH also ensures that annual guaranteed pay, benefits and incentives are **appropriately benchmarked** to ensure the Group maintains a **high-performing culture** and remains **competitive** in the employment market.

In keeping with its **core purpose and values**, ADvTECH has invested in a **bursary programme for students** and supports various social, environmental and animal welfare projects. A full report of **ADvTECH's CSI initiatives and programmes** is included in the Integrated report and is available on the website www.advtech.co.za.

Information on the Group's sustainability initiatives is included in the Integrated report and is available on the website www.advtech.co.za.

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



The Board appreciates 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 and the long-term sustainability of the Company.



The Board informs and approves the **strategy developed by management** at its strategy session held annually and **oversees the implementation and execution of the strategy** by management against the agreed performance measures and targets.

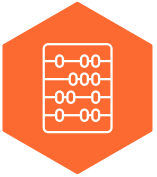
PRINCIPLE 5

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



The Board is accountable for the **preparation and integrity of the Integrated Report** (including annual financial statements and reports) issued to shareholders. The Integrated Report is reviewed by the management, Group CEO, Group CFO, External Auditors, Sponsors and Board Committees prior to final approval by the Board prior to publication.



The annual financial statements are prepared in accordance with the **IIRC's International (IR) Framework, the International Financial Reporting Standards (IFRS), the Companies Act No. 71 of 2008 and the JSE Listings Requirements**. The annual financial statements are audited by the Group's external auditors, who remain independent and are tabled at the Company's annual general meeting for approval by shareholders.



Internal Audit operates within a specific mandate from the Audit and Risk Committee to **independently appraise the internal controls, governance and risk management processes** within the Group and provides a written assessment to the Board and Audit and Risk Committee.



The Group's Integrated report, Annual Financial Statements and King IV™ Application register is published and **accessible to all stakeholders on the website www.advtech.co.za**.

PRINCIPLE 6

THE GOVERNING BODY SHOULD:

Serve as the focal point and custodian of corporate governance in the organisation



The Board continues to serve as the **focal point of corporate governance** within the organisation.



The Board Charter sets out the **role, responsibilities, composition and meeting procedures** which guide the effective functioning of the directors. The Board Charter is reviewed on an annual basis.

Directors are entitled to **obtain independent professional advice** at the cost to the company **on any issue within the ambit of its scope**, in accordance with the Board Charter and subject to Board approval process.



Corporate Governance is included as a **standard item** on the agenda at each of the scheduled Board meetings.



The Board is satisfied that it has **fulfilled its responsibilities** in accordance with its Charter for the reporting period.

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



The Board is **appointed through a formal appointment process** and on recommendation by the Nominations Committee. The **composition** of the Board provides **an appropriate mix of skills, experience, independence, race and gender diversity** for it to effectively discharge its functions.



The Board and its Committees operate within a formal term of reference and consists of a **majority of independent non-executive directors**. **No one director has unfettered powers** of decision-making on the Board or is likely to cause undue influence.



All directors have a duty to act with independence of mind in the best interests of the Company.



An **internal assessment** of the independence of all non-executive directors is performed on an annual basis. During the year under review, the Board concluded that, in its view, **the majority of non-executive directors are independent** and that there is **no interest, position, association or relationship** which, when judged by a reasonable and informed third party, is likely to **unduly influence or cause bias in their decision-making**.

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

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One-third of all non-executive directors, in terms of the Company's MOI are **required to retire by rotation** and if eligible, **stand for re-election by shareholders** at the Company's annual general meeting. This process enables the Board to invigorate its capabilities by **introducing new members** with new expertise and perspectives **while retaining valuable knowledge, skills and experience** and maintaining continuity on the Board.

In addition to the rotation requirements above, the Board has adopted the policy that any non-executive directors who has served on the Board for **nine (9) years or longer and/or has reached the age of 70 or older** must stand for **re-election** by shareholders **on an annual basis**. Such director is **not** taken into account to meet the one-third rotational requirement and stands additional to the one-third rotational requirement. A non-executive director **may not serve on the Board for a period exceeding twelve (12) years**.



Succession plans are in place to ensure the identification, mentorship and development of future candidates for key positions within the ADvTECH Group and are reviewed by the Nominations Committee and the Remuneration Committee on a regular basis.

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

The Board has delegated some of its responsibilities to its committees to assist in the execution of its duties.

ADvTECH Limited has established **five committees**:

- Audit and Risk Committee;
- Investment Committee;
- Nominations Committee;
- Remuneration Committee; and
- Transformation, Social and Ethics Committee,



All committees have been **properly constituted** in accordance with the Companies Act 2008 and King IV™ and delegation to the committees is given by means of a **formal terms of reference** and is reviewed annually by the Board. The chair of each committee provides feedback on matters within its mandate at each Board meeting. The delegation of authority to the **committees does not absolve the Board from its accountability**.

Executive and senior management members are invited to attend committee meetings either by standing invitation or on an ad-hoc basis to provide pertinent information and insights in their areas of responsibility.

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

The Board **assumes responsibility** for the evaluation of its own performance and that of its committees, its chair and its individual members. An **independent external evaluation** of the performance and effectiveness of the Board, its committees and individual directors, including the chairperson, is conducted every two years to **ensure continued improvement** and an internal evaluation is conducted every alternate year.



During the year under review, an **external evaluation** of the effectiveness of the Board of directors was conducted by the **Institute of Directors (IoDSA)**. The evaluations **did not reveal any significant areas of concern** and concluded that the Board and its committees **have effectively discharged their respective responsibilities**.

The Board is satisfied that the manner of its evaluation process leads to improvements in its performance and effectiveness,

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

The Board has, during the year under review, **reviewed and approved a delegated authority approval framework** which sets the parameters within the Group. **In delegating these powers, the Board does not abdicate its responsibilities.**

The Group CEO is appointed by the Board and is responsible for **leading the implementation and execution of approved strategy, policy and operational planning** and is accountable and reports to the Board. The Group CEO is not a member of the Remuneration Committee, Audit and Risk Committee or Nominations Committee **but attends by standing invitation** to contribute pertinent insights and information. The Group CEO does not hold any **other memberships** on other Boards outside of ADvTECH.

The Board **formally evaluates the performance** of the Group CEO against **agreed performance measures and targets** annually in accordance with **the Group's standard performance assessment processes.**

Succession plans for the Group CEO are reviewed regularly to ensure the **continuity of executive leadership** within the ADvTECH Group.



PRINCIPLE 11

THE GOVERNING BODY SHOULD:

Govern risk in a way that supports the organisation in setting and achieving strategic objectives



The **Board** is responsible for the **governance of risk and approves the risk policy, risk registers and risk management framework** set by the Audit and Risk Committee, in accordance with the Group's strategy.



The **Audit and Risk Committee** assists the Board in **monitoring and overseeing the management of risks and opportunities** within the Group. The committee's **key areas of focus** include the **refinement of the risk policy, risk registers and the identification of an appropriate risk appetite and risk tolerance threshold**.

The Board, through the Audit and Risk Committee, periodically reviews and assesses the effectiveness of the risk management function to ensure continual improvement.

PRINCIPLE 12

THE GOVERNING BODY SHOULD:

Govern technology and information in a way that supports the organisation setting and achieving its strategic objectives



The Board is primarily responsible for the **governance of Information and Communication Technology (ICT)** by setting the direction for how technology and information should be approached and addressed throughout the Group.



A centralised **ICT department headed** by the Chief Information Officer (CIO) **has been established and a framework for the management of ICT** within the Group has been developed utilising *inter alia* ITIL and COBIT principles.



An ICT Steering Committee under the executive guidance of the Group CEO has been **established to co-ordinate ICT** across the Group and ensure the appropriate distribution of resources. The Committee meets formally at least four times a year to report on its duties in accordance with the terms of reference as approved by the Board.

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



The Board, with the assistance of the Audit and Risk Committee, continues to **monitor compliance with applicable laws, non-binding rules, codes and standards within** the Group.



The Audit and Risk Committee is responsible for **monitoring, assessing and reporting on any new developments** within the **regulatory framework** and reporting on any significant changes to the Board.



The Audit and Risk Committee is responsible to ensure that an appropriate compliance function is in place and that any non-compliance is reported and is mandated to monitor the effectiveness of **compliance management** within the ADvTECH Group. A formal **compliance framework has been established** and approved by the Board and details of any non-compliance are reported on at each meeting.

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



The Board, with the assistance of the **Remuneration Committee**, is responsible for ensuring that the Group **remunerates fairly, responsibly and transparently** and in line with industry standards to attract and retain high performing individuals within the Group.



In accordance with **King IV™**, the **Remuneration policy and Implementation report** are tabled as a **separate non-binding advisory vote** by shareholders at each annual general meeting. **Executive management** continue to proactively **engage shareholders on remuneration matters** and provide feedback to the Board and the Remuneration Committee.



The Remuneration policy sets out guidelines for determining the **remuneration and bonuses** for all employees. **Remuneration** is **benchmarked annually against the other comparable institutions** and is aligned to the Group's performance.

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



Assurance of the Company's **internal controls and integrity of information** is provided in the Integrated Report, and forms part of the mandate of the Audit and Risk Committee.



The Board, assisted by the **Audit and Risk Committee**, ensures that there is **internal and external assurance** to review and report on:

- the internal control environment;
- integrity of information for management decision-making; and
- external reporting.



The Board and its Committees receive regular reports from the External Auditors, Internal Auditors and Group Company Secretary in respect of the issues as set out above.



The Internal Auditors remain independent from management and **report functionally** to the Audit Committee.

PRINCIPLE 16

THE GOVERNING BODY SHOULD:

In the execution of its governance role and responsibilities, 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 **setting the direction for stakeholder engagement** and takes into account the **legitimate interests and expectations of stakeholders** in its decision-making in the best interests of the Company.

The Board encourages proactive engagement with its shareholders through various reporting mechanisms. The Company's AGM is attended by the ADvTECH's directors, corporate sponsors, transfer secretaries and designated audit firm partner.



The Board has **approved a stakeholder policy** which articulates and gives direction to its engagement with stakeholders. TSEC monitors the group's stakeholder engagement through the media coverage and stakeholder engagement reports at each committee meeting.

Complete, timely, relevant, accurate, honest and accessible information is provided by the Company to its stakeholders whilst having regard to **legal and strategic considerations**.