

IMPERIAL HOLDINGS LIMITED – KING IV APPLICATION
REGISTER 2018

Principle	Application / Explanation
Governance outcome: Ethical culture	
1) <i>1.1 Ethical leadership</i> The governing body should lead ethically and effectively.	The Board of Directors (“Board”) is the Governing Body and is committed to the good corporate governance principles as set forth in King IV. The Board subscribes to those generally accepted norms of conduct that find application in society as a whole. Imperial has a written Code of Ethics and Code of Conduct for the Group applies to all Directors.
2) <i>1.2 Organisation values, ethics and culture</i> The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Imperial has a written Code of Ethics and Code of Conduct for the Group and is a values-based organisation. The Code of Ethics and Code of Conduct guide the interaction between employees, clients, stakeholders, suppliers and the communities within which it operates. The Group’s management is responsible for the implementation of the Code of Ethics and Code of Conduct and report any material breaches to the Social, Ethics and Sustainability Committee (SESC). The content of and principles embodied in the Code of Ethics and Code of Conduct are also integrated in employee training.
3) <i>1.3 Responsible corporate citizenship</i> The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board oversees the governance and activities relating to demonstrating that the Group is a good corporate citizen, including compliance with the Constitution, laws, standards and own policies and procedures, as well as consistency with the Group’s purpose, strategy, and Code of Conduct and Ethics. The SESC approves the strategy and monitors the implementation of the Group’s commitment to being a good corporate citizen. The strategy and plan include the Group’s impact on the environment and its ongoing corporate social investment. When engaging with stakeholders and various communities Imperial is committed to improving the material well-being of societies in which it operates. Careful consideration is given to the utilisation of energy, water and other environmental resources to ensure an effective

contribution to sustain the environment for the future.

Principle

Application / Explanation

Governance outcome: Performance and value creation

- 4) ***2.1 Strategy, implementation and performance***
- 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 Group has a clearly defined strategy with identified risks and opportunities. The Board reviews the strategy in conjunction with management.
- The Board has delegated to management the detailed formulation and implementation of the strategy.
 - The Board approves key performance measures and targets for management.
 - The Board oversees the implementation of the strategy and plans by management.
 - Management is responsible for the execution of strategy within the limits prescribed by the Board in terms of written limits of authority.
 - The Audit and Risk Committee is tasked with the governance of risks and mitigating controls in terms of a written terms of reference.
- 5) ***2.2 Reports and disclosure***
- 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 assisted by the Audit and Risk Committee to review the integrity of the Annual Integrated Report ("IR"). The IR will include all relevant information to enable stakeholders to make an informed assessment of Imperial's performance in the short, medium and long-term.

Principle

Application / Explanation

Governance outcome: Adequate and effective control – governing structures and delegation

6) **3.1 Role of the governing body**

The governing body should serve as the focal point and custodian of the corporate governance in the organisation.

The Board serves as the focal point and custodian of corporate governance in the organisation. The Board has adopted a Board Charter that governs its role, responsibilities and accountability relating to corporate governance. The Board is supported by various Board Committees which have delegated responsibility to assist it to fulfil certain specific functions. The Board Committees report to the Board at every Board meeting.

7) **3.2 Composition of the governing body**

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.

Composition of the governing body

The Board is satisfied that its composition is appropriate taking into account the size of the Group, requirements of knowledge, skills, experience, independence, committees, quorum requirements and regulatory requirements.

The CEO and CFO are members of the Board.

The Board has set diversity targets.

A majority of Board members are independent non-executive Directors.

A Nomination Committee, chaired by the Board chair has been established with a formal charter, tasked with recommending candidates to fill vacancies to the Board.

The Board charter includes a formal and transparent process for the nomination, election and appointment of Directors to the Board.

Declarations of interests are tabled at every Board and committee meeting.

The Chair of the Board:

- Is an independent non-executive Director.
- Is not a member of the Audit and Risk Committee.
- Is a member of but not the Chair of the Remuneration Committee.

The board has selected a Lead Independent Director to assist the chair and to act in cases

- where the chair is incapacitated or has a conflict of interest.
- 8) ***3.3 Committees of the governing body***
 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 composition of the Board and its committees are in line with King IV. There is a clear balance of power to ensure that no individual has undue decision-making powers.
- Each committee has a formal charter, approved by the Board, detailing its duties and responsibilities.
- Each committee has a minimum of three members and sufficient capability and capacity to function effectively.
- Any member of the Board is entitled to attend any committee meeting as an observer, and may allow management to attend by standing or ad hoc invitation.
- 9) ***3.4 Performance evaluations***
 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 will conduct a facilitated evaluation of the Board, the Chairman, Board committees and individual Directors at least every two years. The Chairman, assisted by the Company Secretary, will conduct the evaluation process in the intervening years.
- The company secretary performance will also be evaluated.
- 10) ***3.5 Delegation to management***
 The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.
- The Board ensures that key functions are managed by competent and appropriately qualified individuals and are adequately resourced.
- The Board has approved and implemented a Delegation of Authority matrix, which details the powers and matters reserved for the Board and those delegated to management.
- The Board has appointed a CEO, who is responsible for implementing strategy.

Principle

Application / Explanation

Governance outcome: Adequate and effective control – governance functional areas

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| 11) | <p><i>4.1 Risk and opportunity governance</i></p> <p>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p> | <p>The Board, with the assistance of management and the Audit and Risk Committee, recognises the key role of appropriate group wide risk management in the strategy, performance and sustainability of the Group.</p> <p>The functions of Audit and Risk have been combined into a single committee, ensuring that there is coordination in respect of the evaluation and reporting of risks.</p> <p>The implementation of processes to ensure that the risks to the sustainability of the business are identified and managed within acceptable parameters is delegated to management.</p> <p>Management continuously identify, assess, mitigate and manage risks within the existing operating environment.</p> <p>Mitigating controls are in place to address identified risks, which are monitored on a continuous basis.</p> |
| 12) | <p><i>4.2 Technology and information governance</i></p> <p>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, together with management and the Audit and Risk Committee, oversees the governance of IT.</p> <p>Technology and information have been identified as being of key importance in relation to the achievement of the Group’s strategy.</p> |
| 13) | <p><i>4.3 Compliance governance</i></p> <p>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.</p> | <p>The Board, with the assistance of management and the Audit and Risk Committee, ensures that the Group complies with applicable laws and regulations as well as adopted non-binding rules, codes and standards.</p> <p>The Group has identified the laws, codes and standards that impact its operations.</p> <p>The Board has delegated the responsibility for implementing compliance to management.</p> |

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4.4 Remuneration governance

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.

The Board is assisted by the Remuneration Committee in the governance of all remuneration matters.

This Committee ensures the Group's remuneration policy is aligned with its strategy and the interests of stakeholders. The Committee also reviews and approves remuneration of executive Directors and senior management.

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4.5 Assurance

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.

The Audit and Risk Committee oversees and manages the group's combined assurance approach.

The Board, assisted by the Audit and Risk Committee, ensures that there is internal or external assurance of:

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

Principle

Application / Explanation

Governance outcome: Trust, good reputation and legitimacy

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| 16) | <p><i>5.1 Stakeholders</i></p> <p>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>Key stakeholders are identified by management and the Board.</p> <p>Management pursue appropriate stakeholder relationships with material stakeholders with a view to balance their legitimate and reasonable needs, interests and expectations and those of the Group.</p> <p>The Board encourages proactive engagement with shareholders.</p> |
| 17) | <p><i>5.2 Responsibility of shareholders</i></p> <p>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 - only applicable institutional investment companies</p> |