

Corporate Governance

THE AFRICAN SUN CHARTER

African Sun Limited personnel are committed to a long-published code of ethics which runs through the whole Group in all the jurisdictions in which it operates. This incorporates the Group's operating, financial and behavioral policies in a set of integrated values, including the ethical standards required of members of the African Sun Limited family in their interface with one another and with all stakeholders.

There are detailed policies and procedures in place across the Group, covering the regulation and reporting of transactions in securities of the Group by the directors and officers. The Group adopted a Corporate Governance Charter and certain recommendations made in the King Report III.

THE NATIONAL CODE ON CORPORATE GOVERNANCE

The National Code on Corporate Governance was launched on 9 April 2015. As previously advised the Company is committed to adhering to the principles therein.

STAKEHOLDERS

For many years, African Sun Limited has had a formalised stakeholder philosophy and structures of corporate governance to manage the interface with the various stakeholder groups. African Sun Limited has in place responsive systems of governance and practice which the Board and management regard as entirely appropriate to ensure that our commitment to good governance remains underpinned by the pillars of responsibility, fairness, transparency and accountability to all stakeholders. These pillars preserve our long term sustainability, thereby delivering value to all stakeholders.

DIRECTORATE

The Board of directors of African Sun Limited is constituted with an equitable ratio of executive to non-executive directors and meets at least quarterly. A non-executive director chairs the African Sun Limited Board.

DIRECTORS' INTERESTS

As provided by the Companies Act (Chapter 24:03) and the Company's Articles of Association, the directors are bound to declare any time during the year, in writing, whether they have any material interest in any contract of significance with the Company, which could give rise to a related conflict of interest.

INTERNAL CONTROL

The Board of directors is responsible for the Group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The controls throughout the Group concentrate on critical risk areas. All controls relating to the critical areas in the casino and hotel operating environments are closely monitored by the directors and subjected to internal audit reviews. Furthermore, assessments of the information technology environment are also performed.

An Audit Services Manager, who reports directly to the chairman of the Finance Risk and Audit Committee, heads the Internal Audit department. The Internal Audit department is designed to serve management and the Board of directors through independent evaluations and examinations of the Group's activities and resultant business risks.

BOARD MEETINGS

The Board meets at least four times per financial year in order to monitor, consider and review, inter alia, matters of a strategic, financial, non-financial and operational nature. Special Board meetings may be convened on an ad hoc basis, when necessary, to consider issues requiring urgent attention or decision.

The Board works to a formal agenda prepared by the Company Secretary in consultation with the Chairman and the Managing Director, which, inter alia, covers operations, finance, capital expenditure, acquisitions and strategy. Any Board member may request the addition of an item to the agenda and will liaise with the Company Secretary in this regard. Board papers comprising the agenda, minutes of Board and Board committee meetings and the relevant supporting documentation are circulated to all directors in advance of each meeting in order that they can adequately prepare and participate fully, frankly and constructively in Board discussions and bring the benefit of their particular knowledge, skills and abilities to the Board table.



BOARD COMMITTEES

The Board is authorised to form committees to assist in the execution of its duties, powers and authorities. The Board has four standing committees, namely: Finance and Audit, Human Resources and Remuneration, Marketing and Nominations. In addition, there is the Corporate Governance Committee, which is an ad hoc committee. The terms of reference and composition of the committees are determined and approved by the Board and have been adopted by the Board on an annual basis.

THE FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee incorporates the audit, risk and finance oversight functions. The Committee deals, inter alia, with compliance, internal control risk management and the review and preliminary approval of the major investment decisions of the Company. It is regulated by specific terms of reference and is chaired by a non-executive director. All members of the Committee not being less than (3) three at any given time are non-executive directors. Executives of the Company including the Managing Director and Finance Director attend the meeting by invitation.

It meets with the Company's external auditors to discuss accounting, auditing, internal control and financial reporting matters. The external and internal auditors have unrestricted access to the Finance and Audit Committee.

THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Group has Human Resources and Remuneration Committee, which is made up of a non-executive Chairman, and at least two other Non-Executive Directors. Executive directors and Management attend its meetings by invitation. The committee acts in accordance with the Board's written terms of reference to review remuneration of all African Sun Limited executive directors, senior management and other members of staff.

THE MARKETING COMMITTEE

The Group has a Marketing Committee comprising a non-executive Chairman and at least two other non-executive directors. Executive directors and Management attend its meetings by invitation. The committee is responsible for the review of all sales and marketing programmes of the Group.

THE NOMINATIONS COMMITTEE

The Nominations Committee is now a standing, as opposed to an ad hoc, committee, pursuant to the recommendations made in the King III Report. It is made up of a non-executive Chairman and at least two other non-executive directors. It assists with the identification and recommendations of potential directors to the Board.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is an ad hoc committee, which sits as and when it is necessary. It is made up of a non-executive Chairman and at least two other non-executive directors.

NATIONAL WORKS COUNCIL AND WORKERS' COMMITTEES

The Group holds National Works Council meetings at least twice a year. Each hotel within the Group has a Works Council representative who attends these meetings, which is a forum where employees participate in the decision-making process and also discuss employees' concerns with top management. The Group believes in and practices worker participation throughout the different levels. All hotels have Workers' Committees, which serve as a communication channel with shop floor employees.

ANALYST BRIEFING

The Group reports formally to shareholders twice a year when its half and full year results are announced. The Managing Director and the Finance Manager give presentations on these results to institutional investors, analysts and the media. The data used in these presentations may be found at www.africansuninvestor.com.

ANNUAL GENERAL MEETING

The Annual General Meeting provides a useful interface with private shareholders, many of whom are also customers.

The Chairman of the Board and the Managing Director are available at the Annual General Meeting to answer questions. Information about the Group is maintained and available to shareholders at www.africansuninvestor.com.

Corporate Governance (continued)

INFORMATION TECHNOLOGY (IT) GOVERNANCE

The Group recognizes the importance of Information Systems and the need to co-opt the systems into the strategy of the business with the risks involved in Information Technology Governance becoming significant. The King III Report has highlighted that there are operational risks when one deals with a service provider because confidential information leaves the Group exposed. In IT governance, the Company seeks confidentiality, integrity and availability of the functioning of the system, authenticity of system information and assurance that the system is usable and useful. In this regard, in exercising the duty of care, directors ensure that prudent and reasonable steps have been taken in respect to IT governance.

PRINCIPLES RELATING TO IT GOVERNANCE

In monitoring implementation and adherence to proper IT Governance the Group is guided by the following principles;

1. Board Responsibility

This embraces establishing and promoting an ethical governance culture as well as gaining independent assurance on the effectiveness of the internal controls. The structures, processes and mechanisms that are required and guided by the IT governance framework are implemented, controlled and monitored by management who have suitable experience and qualifications. In summary, the responsibility of the Board entails;

- Direction;
- Evaluation; and
- Monitoring of the use of IT to support business strategy.

2. Performance and sustainability

IT plays a support function to the Group's business and assists business in reaching its strategic objectives and goals. Business goals are cascaded into IT goals that in turn are translated into IT processes and procedures. Through effective controls, IT ensures that its processes are aligned to the business objectives, which in turn ensure that the business operates in a sustainable and well-governed manner. Management has implemented strategic IT planning processes that are integrated with the business strategy development process.

3. IT Governance framework

The Board delegates to management the responsibility for the implementation of an IT governance framework into the Group, while still retaining accountability for overall IT governance.

4. IT investments and expenditure

The Board's responsibilities include:

- Monitoring and evaluating the extent to which IT actually sustains and enhances the Group's strategic objectives;
- Monitoring and evaluating the acquisition and use of IT resources to ensure that they support business requirements;
- Monitoring and evaluating the acquisition and appropriate use of technology, processes and people; and
- Overseeing IT investment to ensure that IT expenditure is in proportion to the delivery of business value.

5. Risk management

Risk identification does not rely solely on the perceptions of a select group of managers. The Group adopts a thorough approach to risk identification with consideration being given to reputation risk and IT legal risks.

6. Information security

According to King III, "information security deals with the protection of information, in its electronic and paper-based forms, as it progresses through the information lifecycle of capture, processing, use, storage, and destruction". For this reason, the Group's information security has been designed to address people, processes and technology related dimensions.

The key core principles of information security that the Group abides by are encapsulated in the following three components;

- Confidentiality - ensuring that information is accessible only to those authorised to have access;
- Integrity - safeguarding the accuracy and completeness of information and processing methods; and
- Availability - ensuring that authorised users have access to information and processing methods.

7. Governance structures

The Finance Risk and Audit Committee assists the Board in carrying out its IT responsibilities as follows;

- ensures that IT risks are adequately addressed;
- considers IT as it relates to financial reporting and the going concern of the Group;
- obtains appropriate assurance that controls are in place and effective in addressing IT risks; and
- considers the use of technology to improve audit coverage and efficiency.