

King IV™ Report by Principle - Preview

Trencor Limited

Run Date: 12/10/2021 10:05:43 AM

Registration Number: 1955/002869/06

Note: References at the end of each Principle refer to sections in the latest integrated annual report.

Principle 1	<p>The governing body should lead ethically and effectively.</p> <p>The board has a collective responsibility and fiduciary duty to ensure effective management and corporate governance that involves a set of relationships between the management of the company, board, shareholders and other relevant stakeholders, in a manner whereby the board exercises leadership with good faith, integrity and in the best interest of the company. The board has ensured that a code of conduct and ethics-related policies, through which ethical standards are clearly articulated, have been established and implemented. These codes and policies are updated by the board as and when required. Board effectiveness reviews are undertaken every two years.</p> <p><i>Refer to corporate governance - governance committee and social and ethics committee.</i></p>
Principle 2	<p>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, management and staff agreed a formal code of ethical conduct which seeks to ensure high ethical standards with all directors and employees expected to strive at all times to adhere to this code and to enhance the reputation of the company. The board has approved codes of conduct and ethics policies that articulate and give effect to its direction on organisational ethics. All directors and employees are expected to strive at all times to adhere to this code and enhance the reputation of the company. This code is signed by all directors and employees on an annual basis. Any transgression of this code is required to be brought to the attention of the board.</p> <p><i>Refer to corporate governance - social and ethics committee.</i></p>
Principle 3	<p>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>

	<p>The board ensures that the company performance and interaction with its stakeholders are guided by the Constitution and the Bill of Rights and comply with all national and international laws of the countries in which the company has a presence. The social and ethics committee assists the board in monitoring the company's performance as a good and responsible corporate citizen by monitoring sustainable development practices.</p> <p><i>Refer to corporate governance - social and ethics committee and to sustainability report.</i></p>
<p>Principle 4</p>	<p>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 informs and approves strategy by steering and setting the direction for the realisation of the company's core purpose and aligned to the value drivers of its business and the legitimate interests and expectations of its stakeholders. The risks, opportunities and other significant matters related to the economic, social and environmental context in which the company has a presence are considered.</p> <p>The board recognises the interest of both internal and external stakeholders in the organisational and activities and performance while embracing the goal of sustainable development.</p> <p><i>Refer to joint report by the chairman and chief executive officer, corporate governance and sustainability report.</i></p>
<p>Principle 5</p>	<p>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 assumes responsibility for the company's reporting by setting the direction for how it should be approached and conducted. The board oversees that reports such as the integrated annual report and financial statements comply with legal requirements and meet the legitimate and reasonable information needs of stakeholders.</p> <p><i>Refer to integrated annual report and annual financial statements.</i></p>
<p>Principle 6</p>	<p>The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>

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	<p>The board is the focal point of the corporate governance system and is ultimately accountable and responsible for the performance and affairs of the company. The board meets on a scheduled quarterly basis and at such other times as circumstances may require. Meetings are usually attended by all members in person or by electronic platform. The board is satisfied that it has fulfilled its responsibilities in accordance with its charter.</p> <p><i>Refer to corporate governance and directors' report.</i></p>
Principle 7	<p>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>The board assumes responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. There is an appropriate mix of executive, non-executive and independent non-executive members with all non-executive directors being independent. The chairman of the board is an independent non-executive director and a lead independent non-executive has been appointed.</p> <p><i>Refer to directors and committees, corporate governance, directors' report and directorate: brief résumés.</i></p>
Principle 8	<p>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 determines if and when to delegate particular roles and responsibilities to committees and ensures that suitable members, with appropriate qualifications, from the board are appointed in order to achieve the objectives of the board committee. The board has deemed it necessary to delegate some of its responsibilities to specific committees with such delegation recorded in writing and approved by the board. Members of management 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. The composition of each committee members' qualifications and experience is disclosed in the integrated annual report. The following committees are constituted: audit, remuneration, risk and social and ethics.</p>

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	<p>The audit committee, comprising three independent non-executive directors, is elected by shareholders at each annual general meeting.</p> <p><i>Refer to directors and committees, corporate governance, directors' report, audit committee report, independent auditor's report and directorate: brief résumés.</i></p>
<p>Principle 9</p>	<p>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>The board determines its own role, functions, duties and performance criteria as well as that for directors on the board and board committees to serve as a benchmark for performance appraisal. The board has the responsibility for the evaluation of its own performance and that of its committees, its chair and its individual members by determining how it should be approached and conducted. Board effectiveness reviews are undertaken every two years against set criteria and the board is satisfied with the results of this process. Insofar as committees and individual directors are concerned, assessment of performance is of a more general nature.</p> <p><i>Refer to corporate governance.</i></p>
<p>Principle 10</p>	<p>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 board has set the direction and parameters for the powers which are to be reserved for itse(f, and those that are to be delegated to executive management. Delegation to committees or management in no way mitigates or dissipates the discharge by the board and its directors of their responsibilities. The committees assist the board in discharging its responsibilities on an ongoing basis and within the authority conferred upon it by the board. The board is satisfied that suitable succession plans are in place. All directors have access to the company secretary and management and are entitled to obtain independent professional advice at the company's expense if required.</p> <p><i>Refer to corporate governance.</i></p>
<p>Principle 11</p>	<p>The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.</p>

	<p>The board has assumed responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation with delegation to the risk committee. The responsibility for risk governance is expressed in the board charter and risk policy and plan. The significant risk exposures and the possible impacts and the measures taken to mitigate such risks have been disclosed in the risk committee report.</p> <p><i>Refer to corporate governance - risk committee</i></p>
<p>Principle 12</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 assumes the responsibility for the governance of information and technology and delegated this oversight to the executive management. Management is responsible for the implementation of all the structures, processes and mechanisms for the IT governance framework. IT systems, policies and procedures are reviewed on an ongoing basis to ensure that effective internal controls are in place to manage risk and promote efficiencies, and to comply with universally accepted standards and methods. The risk committee assists the board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes.</p> <p><i>Refer to corporate governance - information resources management</i></p>
<p>Principle 13</p>	<p>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>The functions of the governance committee are undertaken by the board of directors. The board is responsible for the company's compliance with applicable listing standards, the Listing Requirements of the JSE or other applicable laws or regulations. The board oversees that compliance management takes a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another. The audit committee assists the board in discharging its duties regarding compliance with the applicable legal requirements relating to accounting standards. The company secretary provides the board with effective control around compliance with laws, rules, codes and standards.</p> <p><i>Refer to corporate governance and sustainability report - regulatory matters.</i></p>

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<p>Principle 14</p>	<p>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 reports directly to the board and comprises three independent non- executive directors. The remuneration committee is responsible for policies relating to executive remuneration and for fixing the remuneration packages of individual directors and senior executives. The committee strives to ensure that all elements of remuneration that are offered in the organisation are set out in the remuneration policy.</p> <p>The remuneration policy is to ensure that base salaries and others forms of guaranteed remuneration should at least be commensurate with that of similarly qualified people in comparable positions with base pay, employee contracts, retention incentives and retirement benefits aligned to company strategy. When determining the performance measures in assessing base <i>salaries</i> and other forms of guaranteed remuneration, the remuneration committee takes into account appropriate benchmarking including, where required, input from independent remuneration consultants. The remuneration committee report discloses the background for the context of remuneration considerations, provides an overview of the remuneration policy and details the how the practices have been implemented for the reporting period.</p> <p><i>Refer to corporate governance - remuneration committee.</i></p>
<p>Principle 15</p>	<p>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 and committees have a duty to assess with objectivity, and by applying an enquiring mind to form their own opinion on the integrity of information and reports, both internal and external.</p> <p>The audit committee is primarily responsible for assisting the board in carrying out its duties in regard to accounting policies, internal controls and audit, financial reporting, identification and monitoring of risk and the relationship with the external auditors. The directors are responsible for such internal controls as the directors deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the financial statements.</p> <p><i>Refer to audit committee report and annual financial statements.</i></p>

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Principle 16	<p>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>The board as a whole assumes responsibility for stakeholder communication and develops strategy for the management of relationships with all stakeholder groupings that include shareholders, employees, suppliers, regulatory requirements, environment and community.</p> <p><i>Refer to joint report by the chairman and chief executive officer, corporate governance - stakeholder communication, risk committee and remuneration committee as well as sustainability report.</i></p>
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