

King IV Compliance Analysis June 2018

The Board of Unicorn Capital Partners Limited (“**Unicorn**” or “**The Company**”) and senior management are committed to the highest standards of corporate governance and take pride in their high moral and ethical business standards, accompanied by sound and transparent business practices.

As corporate governance is constantly evolving, Unicorn continually focuses on seeking ways to improve on its corporate governance standards and in doing so, the Board of Directors of Unicorn (“**The Board**”) continuously strives to achieve corporate governance best practice.

The Board, assisted by the Audit and Risk Committee, the Social and Ethics Committee, and the Remuneration Committee is responsible for overall corporate governance and monitors compliance with all applicable laws, rules, codes, standards and the Listings Requirements and ensures ongoing improvement in the adherence to these laws, guidelines and principles. The company Secretary is responsible for assisting the Board in monitoring compliance and the day-to-day management of corporate governance.

Unicorn endorses the governance outcomes, principles and recommended practices contained in the King Report on Corporate Governance 2016 (“**King IV**” or “**King Code**”), which was published on 1 November 2016 and came into effect for companies listed on the JSE Limited (“**JSE**”) on 1 October 2017.

The Board, which constitutes the governing body of the company, satisfied itself that Unicorn has substantially applied the applicable principles set out in King IV, together with the mandatory corporate governance requirements set out in 3.84 of the Listings Requirements of the JSE, for the year ended 30 June 2018.

King IV advocates an outcomes-based approach towards the achievement of four governance outcomes.

A summary of the King IV principles implemented by the company in meeting those outcomes is set out below:

Governance outcome: Ethical culture	
Part 1: Leadership, ethics and corporate citizenship	
Principle 1	Leadership
The Board should lead ethically and effectively	<p>The Board is committed to the highest standards of corporate governance. The responsibilities of the Board include providing effective leadership based on an ethical foundation. To this end, the Board has adopted a Code of Conduct which is designed to ensure the effective management of ethics and is applicable to all directors and employees across the company. The Board and its committees monitor compliance with the Code of Conduct.</p> <p>Directors have a legal obligation to prevent conflicts of interest with the company and are obliged to disclose any potential conflicts prior to any consideration or discussion by the Board of</p>

	<p>such items and are required to recuse themselves from any meetings while such discussions are in progress. Disclosures of other directorships are disclosed on appointment and changes tabled at the start of each Board meeting and this is a standard agenda item.</p> <p>Practices implemented with regards to the appointment of new directors are included under Principle 7 below.</p> <p>A performance and effectiveness assessment of the Board, the Audit and Risk Committee and the Social and Ethics Committee are performed every two years, and the results of these assessments are communicated to the Board and its committees.</p>
Principle 2	Organisational ethics
The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<p>In accordance with the Board Charter (which is reviewed every two years), the Board is the guardian of the values and ethics of the company and sets the tone for an ethical organisational culture. The Board has a fiduciary duty to act in good faith, with due care and diligence and in the best interests of the company and its stakeholders and is therefore the primary body responsible for the corporate governance values of the company. While control is delegated to management in the day-to-day management of the company, the Board retains full and effective control over the company.</p> <p>The Code of Conduct adopted by the Board commits the company and its employees to the highest ethical standards of conduct and amongst others regulates aspects of confidentiality, non-discrimination, the acceptance of gifts, bribes and political contributions.</p> <p>Procedures exist in terms of which unethical business practices can be brought to the attention of the Board. The Board has adopted a zero-tolerance approach to fraud and the appropriate remedial action is taken should any substance be found to the matter reported.</p>
Principle 3	Responsible corporate citizenship
The Board should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>The Social and Ethics Committee, which reports to the Board and shareholders, reflects and effects the company's commitment to responsible corporate citizenship.</p> <p>Unicorn subscribes to the provisions of the Promotion of Equality and Prevention of Unfair Discrimination Act.</p>

	The company's good corporate citizenship is further evidenced by its promotion of the reduction of corruption as outlined in the Code of Conduct.
Governance outcome: Good performance	
Part 2: Strategy, performance and reporting	
Principle 4	Strategy and performance
The Board 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>The Board, as a whole and through its committees, approves and monitors the implementation of the strategy and business plan of the company, sets objectives, reviews key risks and opportunities that could threaten or enhance the company's ability to provide sustainable long-term growth to stakeholders, and evaluates performance against the background of economic, environmental and social issues relevant to the company and global economic conditions.</p> <p>The sustainability of the company's businesses is a key consideration in the development and implementation of the company's business model, supported by formal policies governing environmental, corporate social investment, ethical and remuneration matters, all of which form key components of the value-creation process and are effective in ensuring the long-term sustainability of the company.</p> <p>Risk disclosures, together with the steps to mitigate the same, are made annually in the Integrated Report. The Board discloses the top risks faced by the company and confirms its satisfaction with the management of the risk management processes.</p> <p>The Audit and Risk Committee actively monitors the company's key risks as part of its standard agenda.</p>
Principle 5	Reporting
The Board 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>The Board is responsible for the integrity and transparency of the company's reporting and, assisted by the Audit and Risk Committee and the external auditors, oversees the issue of the company's annual financial statements and integrated reports.</p> <p>The Board oversees the sustainability reporting process, which is not independently assured by a sustainability assurer.</p> <p>The Board is committed to a communication policy to ensure that timely, relevant, accurate and honest information is provided to all stakeholders to enable them to make informed assessments of</p>

	<p>the company's performance and its short, medium and long-term prospects.</p> <p>The company has adopted policies governing the dissemination of price-sensitive information and insider trading. The publication of external reports and press releases, including releases on the JSE's electronic news service (SENS), requires the prior approval of the Board, or as may be otherwise instructed.</p>
Governance outcome: Effective control	
Part 3: Governing structures and delegation	
Principle 6	Primary role and responsibilities of the Board
The Board should serve as the focal point and custodian of corporate governance in the organisation	<p>The Board ensures that the company applies the governance principles contained in King IV and continues to further entrench and strengthen recommended practices through the company's governance structures, systems, processes and procedures.</p> <p>The Board's governance role and responsibilities are set out in the Board Charter and includes the focal role of setting the strategic direction of the company.</p> <p>The Board meets once every quarter; however, should an important matter arise between scheduled meetings, additional meetings may be convened. The Board may obtain independent, external professional advice at the company's expense concerning matters within the scope of their duties and the directors may request documentation from and set up meetings with management as and when required.</p> <p>An appropriate governance framework and the necessary policies and processes are in place to ensure the company adhere to requirements and minimum governance standards.</p> <p>While it may delegate to its committees and management where appropriate, the Board remains ultimately accountable for corporate governance in the company and for the appropriate and transparent reporting of corporate governance.</p>
Principle 7	Composition of the Board
The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance	The Board is comprised of two executive directors, four independent non-executive directors and one non-executive director. All members of the Board have the requisite skills and knowledge from diverse industry backgrounds. The <i>curricula vitae</i> of the directors are included in the Integrated Report.

<p>role and responsibilities objectively and effectively</p>	<p>The Board is chaired by an independent non-executive director (“Chairman”) and the roles of the Chairman and the Chief Executive Officer are separate and clearly defined to ensure a balance of power and effective discharge of duties.</p> <p>The independence of the non-executive directors is reviewed on an annual basis by the Board against the criteria stipulated by the Listings Requirements of the JSE and King IV. The arrangements for the periodic, staggered rotation of Board members are included in the company’s Memorandum of Incorporation and are duly applied.</p> <p>To ensure a formal and transparent appointment process, any new appointment of a director is considered by the Board as a whole. The selection process involves considering the existing balance of knowledge, skills and experience on the Board and a continual process of assessing the needs of the company and the Board’s effectiveness and ability for it to discharge its governance role and responsibilities objectively and effectively.</p> <p>Directors are appointed in terms of the company’s Memorandum of Incorporation. New directors appointed to the Board are provided with an induction pack, including background material on the company’s business and Board matters, guidance on directors’ duties and responsibilities, and meetings with senior executives. Directors receive regular briefings on legal and other developments, including changes in the business and the business environment.</p> <p>The Board has adopted a policy on the promotion of gender diversity and inclusion at Board level, and reports in the Integrated Report on how it has made progress towards the targets established in the policy. The Board is mindful and supportive of the need for, and importance of, gender diversity and will be considering this when making new appointments to the Board.</p> <p>The Board carries out a formal self-evaluation every two years and is satisfied that the composition of the Board reflects the appropriate mix of knowledge, skills, experience, diversity and independence.</p>
--	---

Principle 8	Committees of the Board
<p>The Board 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>Details regarding the Board’s delegation of authority framework are included under Principle 10 below.</p> <p>The Board has delegated certain functions, without abdicating its own responsibilities, to the following committees (“Committees”), all of which has been established pursuant to written Terms of Reference:</p> <p>Audit and Risk Committee Social and Ethics Committee Remuneration Committee Nomination Committee</p> <p>The Committees are appropriately constituted and members are appointed by the Board, with the exception of the Audit and Risk Committee whose members are nominated by the Board and elected by shareholders of the company. Meetings of the Committees are formally minuted.</p> <p>The Committees assist the Board to effectively discharge its duties. The composition and mandates of the Committees, as detailed in the Corporate Governance Report, ensure that there is an appropriate balance of power and that an independent perspective is brought to Board deliberations and that no single director has unfettered powers.</p>
Principle 9	Evaluations of the performance of the Board
<p>The Board 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 performance and effectiveness of the Board, the Audit and Risk Committee, the Social and Ethics Committee and the Remuneration Committee are evaluated every two years. The Chairman of the Board, assisted by the company Secretary, leads the Board’s evaluation process. Items identified for improvement are discussed and followed up to ensure the implementation of recommended actions and the continued improvement in performance and effectiveness.</p> <p>An assessment of the suitability and effectiveness of the Chief Financial Officer and the finance team, is conducted annually by the Audit and Risk Committee and is confirmed in the Audit and Risk Committee’s report in the annual financial statements.</p> <p>The appointment of the Chairman is reviewed by the Board on an annual basis.</p>

Principle 10	Appointment and delegation to management
<p>The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority to the Chief Executive Officer and Chief Financial Officer to run the day-to-day affairs of the company, subject to a delegation of authority framework which contributes to the effective exercise of responsibilities.</p> <p>The Board approves and regularly reviews the delegation of authority framework. In instances where delegation has taken place to management or committees, pre-approved materiality levels and terms of references apply, prospectively.</p> <p>The Chief Executive Officer is accountable to the Board for the successful implementation of its strategy and the overall management and performance of the company. The role and responsibilities of the Chief Executive Officer, who was appointed by the Board, are set out in the Board Charter.</p> <p>The Board has satisfied itself that key management functions are fulfilled by competent and appropriately authorised individuals and are adequately resourced.</p> <p>The company has appointed Arbor Capital Corporate Services Proprietary Limited as Company Secretary, which reports to the Board on all statutory, regulatory and governance matters concerning the company. The performance and independence of the Company Secretary is evaluated by the Board annually and the Board has satisfied itself as to the appropriateness of this appointment and as to the arms-length nature of this appointment.</p>
Part 4: Governance functional areas	
Principle 11	Risk governance
<p>The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<p>In terms of the Board Charter, the Board is responsible for the governance of risk and the Audit and Risk Committee assists the Board with this responsibility. The Audit and Risk Committee sets the approach for risk governance in a manner that ensures adequate evaluation of opportunity and risk and supports the company in setting and achieving its strategic objectives.</p> <p>The Board receives regular risk reports from management, which considers the risks that could impact the company. The risk reports, which are updated on a regular basis, categorise the estimated impact and likelihood of the risks identified, and advise</p>

	the Board of the controls established/remedial action taken to mitigate the risks identified.
Principle 12	Technology and information governance
The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	The Board recognises the importance of technology and information in relation to the company's strategy. The Board has adopted an IT Governance Framework, which delegates implementation to management, and includes the information technology strategy, structure and procedures, to ensure alignment with the performance and sustainability of the company, bearing in mind that the company is not technology intensive. In terms of the Board Charter and the Audit and Risk Committee Terms of Reference, the Board, together with the Audit and Risk Committee, oversee the governance of information technology.
Principle 13	Compliance governance
The Board 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>The Board delegates its responsibility for the implementation and execution of effective compliance management to management; however, the Board retains overall accountability for compliance with applicable laws, adopted non-binding rules, codes and standards.</p> <p>The Audit and Risk Committee, together with the Social and Ethics Committee and the company's legal counsel, review the adequacy and effectiveness of the company's procedures to ensure compliance with legal and regulatory responsibilities. Any material incidences of non-compliance and/or significant fines or penalties incurred are reported to the Board and/or the Audit and Risk Committee to ensure that appropriate remedial action is taken.</p> <p>The Board is apprised of relevant new legislation or regulations introduced from time to time to ensure that compliance requirements are kept up to date. Details of any material regulatory penalties, sanctions or fines for non-compliance with the company's statutory obligations incurred will be disclosed in the Integrated Report. During the year under review, there were no material findings of non-compliance with applicable legislation or regulations.</p>

Principle 14	Remuneration governance
<p>The Board 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 Board oversees the governance of remuneration and sets the direction for remuneration across the company, taking into account market conditions, expert advice from remuneration specialists and the company’s remuneration policy. The company’s remuneration policy and the implementation thereof, as approved by the Board, is tabled for non-binding advisory votes at each Annual General Meeting of shareholders. Non-executive directors’ fees are submitted annually to shareholders for approval at the Annual General Meeting. The remuneration policy ensures that the company remunerates fairly, responsibly and transparently in the context of overall remuneration in the company to enable the company to achieve its strategic objectives and to secure positive outcomes in the short, medium- and long-term. A summary of the provisions of the remuneration policy is included in the Integrated Report.</p>
Principle 15	Assurance
<p>The Board 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 company is committed to appointing service providers to provide independent assurance on both the financial and non-financial aspects of the business based upon their specific expertise and experience. The Board sets the direction for assurance services and functions but the responsibility for overseeing such arrangements is delegated to the Audit and Risk Committee, which is charged with supporting the integrity of information for internal decision-making use and for external reports.</p> <p>A combined assurance model has been developed and formally implemented across the company to effectively cover the company’s significant risks and material matters.</p> <p>The model includes, but is not limited to, the company’s risk management and compliance functions, the external auditors and regulatory inspectors, together with such other external assurance providers, as may be appropriate or deemed necessary, from time to time.</p> <p>The Audit and Risk Committee has satisfied itself as to the independence of the external auditor. With regards to an internal audit function, the nature and size of the company does not warrant such a function. However, the Audit and Risk Committee will continue to be guided by management regarding the</p>

	<p>requirement for the same, which is reviewed from time to time.</p> <p>During the year under review an internal control peer review was performed at significant operating investments held by Unicorn and the findings presented to the Audit and Risk Committee.</p>
<p>Governance outcome: Legitimacy</p>	
<p>Part 5: Stakeholder relationships</p>	
<p>Principle 16</p>	<p>Stakeholders</p>
<p>In the execution of its governance role and responsibilities, the Board 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 act as a steward of the company and each director acts with independence of mind in the best interests of the company and its stakeholders. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the company's stakeholders. Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. Records of directors' financial interests are kept and updated on an on-going basis.</p> <p>The company engages its stakeholders on multiple levels and this allows the company to manage issues effectively and timeously. The appropriate balance between the company's various stakeholders and the best interests of the company is assessed on a continuous basis. The company acts in accordance with the requirements of the Companies Act and the JSE Listings Requirements regarding the equitable treatment of shareholders.</p> <p>Stakeholders are kept apprised of the company's performance by publication of the Integrated Report, the interim and year-end results announcements and, where required, trading updates.</p> <p>Management is responsible for maintaining stakeholder relationships.</p>

Unicorn Capital Partners Limited
King IV Compliance Analysis June 2018

Principle 17	Responsibilities of institutional investors
<p>The Board of an institutional investor organisation should ensure that responsible investment is practiced by the company to promote the good governance and the creation of value by the companies which it serves</p>	<p>The Board considers material environmental, social and governance issues and compliance (“ESG”) when making investment decisions. The function is performed by the Executive Directors monitoring and reviewing compliance with the company’s philosophy surrounding (“ESG”). When significant exceptions to the company’s philosophy are identified in existing investments are communicated to the board who considers the appropriate action to take.</p> <p>New investments are recommended by the Executive Directors and approved by the board who considers ESG matters before approving new investments.</p> <p>It also means being responsible stewards of investors’ money, which means actively engaging with management of investments around ESG issues. This is performed on a monthly basis by the Executive Directors.</p> <p>This helps to ensure that invested companies have sound governance practices, good labour practices and manage their impact on the environment and local communities.</p>