

## BSI Steel Limited

### King III Compliance

<u>Area</u>	<u>Requirement</u>	<u>Status</u>	<u>Comments</u>
<b>1. Ethical leadership and corporate citizenship</b>			
	1.1 The Board should provide effective leadership based on an ethical foundation	√	In terms of the Board Charter, the Board provides ethical leadership to the group.
	1.2 The Board should ensure that the Company is and is seen to be a responsible corporate citizen	√	The Board ensures that the group acts responsibly with regard to the environment and contributes to the society and areas in which it operates.
	1.3 The Board should ensure that the Company's ethics are managed effectively	√	The BSI Code of Ethics applies to the entire group and the Board monitors compliance with the code.
<b>2. Boards and directors</b>			
Role and function of the Board	2.1 The Board should act as the focal point for and custodian of corporate governance	√	In Terms of the Board Charter, the Board is committed to high standards of Corporate Governance.
	2.2 The Board should appreciate that strategy, risk, performance and sustainability are inseparable	√	The Board regularly reviews strategy, risk, performance and sustainability and understands that these are areas of the business are viewed together.
	2.3 The Board should provide effective leadership based on an ethical foundation	√	In terms of the Board Charter, the Board provides ethical leadership to the group.
	2.4 The Board should ensure that the Company is and is seen to be a responsible corporate citizen	√	The Board ensures that the group acts responsibly with regard to the environment and contributes to the society and areas in which it operates.
	2.5 The Board should ensure that the Company's ethics are managed effectively	√	The BSI Code of Ethics applies to the entire group and the Board monitors compliance with the code.
	2.6 The Board should ensure that the Company has an effective and independent audit committee	√	The Board ensures that the composition of the Audit Committee complies with the JSE Limited Listings

			Requirements and the Companies Act.
2.7	The Board should be responsible for the governance of risk	√	The Board has delegated its duties in this regard to the Risk Committee, but remain responsible.
2.8	The Board should be responsible for information technology (IT) governance	√	The Board regularly reviews IT governance issues.
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	√	A Compliance Policy is in place and the Board receives updates regarding compliance.
2.10	The Board should ensure that there is an effective risk-based internal audit	√	The risk-based Internal Audit plan is approved by the Audit Committee. The internal audit reports are regularly reviewed by the Audit Committee and the committee is satisfied with the performance of internal audit.
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation	√	Communication with stakeholders is disclosed within the Corporate Governance section of the Integrated Annual Report.
2.12	The Board should ensure the integrity of the Company's integrated report	√	The Audit Committee recommends the Integrated Annual Report to the Board for approval and the Board approves it.
2.13	The Board should report on the effectiveness of the Company's system of internal controls	√	The Board's comment on internal control is contained in the Corporate Governance section of the Integrated Annual Report.
2.14	The Board and its directors should act in the best interests of the Company	√	In terms of the Board Charter, the Board as a whole and the individual directors act in the best interests of the group.
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act	√	Business rescue has not been required.
2.16	The Board should elect a chairman of the Board who is a non-executive director. The CEO of the Company should not also fulfill the role of chairman of the Board	x	The Chairman, Mr W L Battershill, is also the CEO. Mr Battershill oversees the strategy of the group. Mr C Parry is the deputy CEO and is responsible for the day-to-day operations of the group. Mr Battershill is the founder of BSI Steel and his family trusts and company are major shareholders of the company. He has extensive knowledge of the steel industry and his position as chairman and CEO is appropriate. MR N G Payne has been appointed Lead

			Independent non-executive director. This split is not required by the JSE for Alt-X listed companies.
	2.17 The Board should appoint the chief executive officer and establish a framework for the delegation of authority	v	The Board appoints the CEO, who acts in terms of a defined delegation of authority, with certain powers reserved for the board.
Composition of the Board	2.18 The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	x	The BSI Board comprises 6 executive directors and 4 non-executive directors. The non-executive directors are persons of substance with wide experience in business. Proceedings and discussions are not dominated by the executive directors and the Board has always been unanimous in its decisions. The Board regards its composition as achieving an appropriate balance.
Board appointment process	2.19 Directors should be appointed through a formal process	v	The Board from time to time assesses the skills and experience of the Board and where deemed necessary the Chairman together with the non-executive directors identify suitable candidates and makes recommendations to the Board.
Director development	2.20 The induction of and ongoing training and development of directors should be conducted through formal processes	v	Executive directors have personalised development plans which are assessed and reviewed annually. Training needs are identified and where necessary training courses are arranged. The Company Secretary from time to time notifies directors of training courses available.
Company secretary	2.21 The Board should be assisted by a competent, suitably qualified and experienced Company secretary	v	Mr S J Hackett B.Comm is the Company Secretary. The Board is satisfied with his qualifications and experience and this is assessed annually.
Performance assessment	2.22 The evaluation of the Board, its committees and the individual directors should be performed every year	v	A self-evaluation of the Board is conducted annually. In addition, the Board evaluates the Board Committees. Directors complete a self-evaluation which is scrutinised by the Chairman. The Chairman's self-evaluation is in turn is evaluated by the Lead Independent director.

Board committees	2.23 The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	√	BSI Steel Limited has the following Board Committees: Audit committee Risk Committee Remuneration committee Social & Ethics committee. The Board delegates certain responsibilities to these committees but remain accountable for these duties.
Group Boards	2.24 A governance framework should be agreed between the group and its subsidiary Boards	√	The corporate governance practises of BSI Steel Limited apply to all subsidiaries.
Remuneration of directors and senior executives	2.25 Companies should remunerate directors and executives fairly and responsibly	√	BSI has a Remuneration committee which oversees directors' and executives' remuneration. See Remuneration Committee contained in the Annual Integrated Report. The remuneration of the executive directors is approved by the non-executive directors.
	2.26 Companies should disclose the remuneration of each individual director and certain senior executives	√	The remuneration of the directors and prescribed officers is disclosed in the Annual Integrated Report.
	2.27 Shareholders should approve the Company's remuneration policy	√	Shareholders approved the company's remuneration policy at the Annual General Meeting each year.
<b>3. Audit committees</b>			
	3.1 The Board should ensure that the Company has an effective and independent audit committee	√	The Board ensures that the composition of the Audit Committee complies with the JSE Limited Listings Requirements and the Companies Act.
Membership and resources of the audit committee	3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	√	The Audit Committee members are experienced and suitably qualified and are all independent non-executive directors.
	3.3 The audit committee should be chaired by an independent non-executive director	√	The Audit Committee is chaired by Mr N G Payne, an independent non-executive director.

Responsibilities of the audit committee	3.4	The audit committee should oversee integrated reporting	√	The Audit committee oversees and recommends the Integrated Annual Report to the Board.
	3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	√	A combined assurance model has been applied and this is overseen by the Audit Committee
Internal assurance providers	3.6	The audit committee should satisfy itself of the expertise, resources and experience of the Company's finance function	√	The Audit Committee has evaluated the finance function and the Financial Director and is satisfied with their expertise, resources and experience.
	3.7	The audit committee should be responsible for overseeing of internal audit	√	The Audit Committee approves the risk-based Internal Audit plan and reviews the internal audit reports.
	3.8	The audit committee should be an integral component of the risk management process	√	BSI has a Risk Committee and this is chaired by Mr NG Payne who also chairs the Audit committee.
External assurance providers	3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	√	The Audit Committee recommends the external auditor to the Board for approval, and oversees the external audit process.
Reporting	3.10	The audit committee should report to the Board and shareholders on how it has discharged its duties	√	The Audit Committee chairman gives feedback on Audit Committee meetings to the Board at each board meeting. The Audit Committee Report is included in the Integrated Annual Report.
<b>4. The governance of risk</b>				
	4.1	The Board should be responsible for the governance of risk	√	The Board has delegated this duty to the Risk Committee but remains accountable.
	4.2	The Board should determine the levels of risk tolerance	√	The Risk Committee assesses the risk appetite and tolerance for the group.
	4.3	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities	√	The Board has delegated this duty to the Risk Committee but remains accountable.

Management's responsibility for risk management	4.4 The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	v	The Board has delegated the day to day responsibility for risk management to management.
Risk assessment	4.5 The Board should ensure that risk assessments are performed on a continual basis	v	The Risk Committee regularly examines the risk matrix containing all risks material to the group.
	4.6 The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	v	The Risk Committee regularly examines the risk matrix containing all risks material to the group.
Risk response	4.7 The Board should ensure that management considers and implements appropriate risk responses	v	The Risk Committee ensures that management has in place appropriate responses to minimise risks.
Risk monitoring	4.8 The Board should ensure continual risk monitoring by management	v	Responsibility for identified risks is assigned to the CEO and COO who report to the Risk Committee quarterly.
Risk assurance	4.9 The Board should receive assurance regarding the effectiveness of the risk management process	v	The Board receives assurances from Internal Audit and external assurances providers as per the combined assurance model.
Risk disclosure	4.10 The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	v	The corporate governance report contained in the Annual Integrated Report includes all necessary risk disclosures.

<b>5. The governance of information technology</b>		
5.1	The Board should be responsible for information technology (IT) governance	√ The Board recognises the importance of IT governance and ensures that effective IT governance is in place, managed by the IT Steering Committee. This committee through its Chairman reports to the Board.
5.2	IT should be aligned with the performance and sustainability objectives of the Company	√ The Board through the IT Steering Committee ensures that the IT strategy is aligned with that of the group.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	√ The Board has delegated this to the IT Steering Committee.
5.4	The Board should monitor and evaluate significant IT investments and expenditure	√ The Chairman of the IT Steering Committee provides regular updates regarding its activities to the Board.
5.5	IT should form an integral part of the Company's risk management	√ IT governance is regularly reviewed by the Risk Committee and the Audit Committee.
5.6	The Board should ensure that information assets are managed effectively	√ The IT Steering Committee ensures that appropriate security measures are in place.
5.7	A risk committee and audit committee should assist the Board in carrying out its IT responsibilities	√ IT governance is regularly reviewed by the Risk Committee and the Audit Committee.
<b>6. Compliance with laws, rules, codes and standards</b>		
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to nonbinding rules codes and standards	√ A Compliance policy is in place and regular reports in this regard are given to the Board.
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business	√ The directors and the board understand the relevant laws, rules and codes of standards applicable to the group. Procedures are in place to update the Board and directors of changes.
6.3	Compliance risk should form an integral part of the Company's risk management process	√ Compliance has been identified as a risk and is managed accordingly.
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	√ Management ensures that the compliance policy is implemented and compliance monitored.

<b>7. Internal audit</b>			
The need for and role of internal audit	7.1	The Board should ensure that there is an effective risk based internal audit	√ An internal audit function is in place. The Audit Committee approves the risk-based internal audit plan and reviews the internal audit reports.
Internal audit's approach and plan	7.2	Internal audit should follow a risk based approach to its plan	√ A risk-based internal audit plan is followed.
	7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management	√ As part of the internal audit plan, internal audit provides written reports in this regard to the Audit Committee.
	7.4	The audit committee should be responsible for overseeing internal audit	√ The Audit Committee approves the risk-based internal audit plan and reviews the internal audit reports.
Internal audit's status in the Company	7.5	Internal audit should be strategically positioned to achieve its objectives	√ Internal audit operates independently in terms of its charter and has sufficient resources to achieve its objectives.
<b>8. Governing stakeholder relationships</b>			
	8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation	√ The board recognises the importance of developing long-term positive relationships with stakeholders.
	8.2	The Board should delegate to management to proactively deal with stakeholder relationships	√ Management is responsible for maintaining stakeholder relationships. Details regarding stakeholder communication are contained in the Corporate Governance section of the Annual Integrated Report.
	8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company	√ The Board considers the needs of all stakeholders in making decisions.
	8.4	Companies should ensure the equitable treatment of shareholders	√ The board ensures that all shareholders are treated equally.



	8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	v	Details regarding stakeholder communication are contained in the Corporate Governance section of the Annual Integrated Report.
Dispute resolution	8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	v	The Board ensures that all disputes are resolved as efficiently as possible.
<b>9. Integrated reporting and disclosure</b>				
Transparency and accountability	9.1	The Board should ensure the integrity of the Company's integrated report	v	The Board is responsible for the integrity of the Annual Integrated report and is assisted in this by the Audit Committee.
	9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting	v	The Annual Integrated Report includes reporting on sustainability matters.
	9.3	Sustainability reporting and disclosure should be independently assured	x	The Audit Committee has considered the need for independent assurance on the sustainability report and has concluded that this is not necessary.