

ANNEXURE

The Group substantively complies with the governance principles contained in King IV™

King IV™ Report

53



KING IV™ Report

King IV™ Compliance

Invicta applies the King IV™ principles to ensure that the governance outcomes relating to an ethical culture, effective control, good performance, and legitimacy are firmly embedded within the Group.

The Board is of the opinion that the Group substantively complies with the governance principles contained in King IV™ and fully complies with all requirements of the Company's Memorandum of Incorporation, the Companies Act, and the JSE Listings Requirements. Details on the manner in which the King IV™ governance principles have been applied in the Group are provided below.

King IV™ application statement

Principle	King IV™ Principle	Application of Recommended Practices
Principle 1	The governing body should lead ethically and effectively	<p>The Board, as governing body, hold one another accountable for decision-making and ethical behaviour. The Board Chairperson oversees this on an ongoing basis. This responsibility is contained in the Board Charter.</p> <p>The Board's role and responsibilities as set out in the Board Charter include, amongst other things, ensuring that the Company's ethics are managed effectively. Pursuant thereto, directors are required to fulfil their fiduciary duties to the Company at all times, while considering and balancing the interests of the Group's various stakeholders. The directors are bound by the same gift policy and code of ethics applicable to all Group employees.</p> <p>Directors disclose their other business interests in terms of the Companies Act and Invicta's conflict of interest disclosure policy. The Group Company Secretary maintains a register of their interests and directors disclose at each meeting any interests they may have regarding agenda items, and recuse themselves as necessary.</p>
Principle 2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	<p>The Board, through the Social and Ethics Committee, is responsible for the monitoring and governance of the ethics of the Group. This is contained in the Social and Ethics Committee Charter. The Social and Ethics Committee reports on an ongoing basis to the Board on the general state of the ethics within the Group.</p> <p>Management is responsible for the management of ethics operationally, including the implementation of applicable ethics policies and practices. The executive directors ensure that the focus on ethics and governance is lived operationally at every opportunity. There is no tolerance for unethical behaviour at any level in the Group and every instance is investigated and dealt with in a consistent manner. A code of ethics is in place for staff and the messages are reiterated on an ongoing basis through electronic platforms.</p> <p>The Group is in the process of extending the existing anonymous 'whistle-blowing' service to its operations outside of South Africa to promote an open and ethical culture throughout its operations.</p>
Principle 3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>The Board oversees the Group's conduct as a good corporate citizen. In terms of the Board Charter, it is the responsibility of the Board to ensure that it is and it is seen to be a responsible citizen by having regard to not only the financial aspects of the Group, but also the impact that business operations have on the environment and communities in which they operate.</p> <p>To ensure effective oversight and monitoring, the Board delegates this responsibility to the Social and Ethics Committee which reviews the Group's performance as a responsible corporate citizen as well as the impact of its operations and activities on the Group's status as a responsible corporate citizen.</p> <p>In respect of the year under review, the Social and Ethics Committee adopted an "ESG Framework" which guides the Group's integration of social, environmental and governance considerations into the strategy and operations. This framework will, amongst other things, provides the Board with a standard against which to monitor Group's activities as a responsible social citizen.</p>

KING IV™ Report continued

Principle	King IV™ Principle	Application of Recommended Practices
Principle 4	<p>The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process</p>	<p>The Board recognises that the Group's strategy, risk, performance and sustainability are inseparable. This principle is enshrined in the Board Charter. To give effect to this principle, the Board must (i) satisfy itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management, (ii) identify key performance and risk areas, (iii) ensure that the strategy will result in sustainable outcomes and (iv) consider sustainability as a business opportunity that guides strategy formation.</p> <p>The Audit Committee assists the Board with the governance of risk by continuously monitoring risks and the implementation of various mitigating controls. Additionally, the Audit Committee and the Board review the risk assessment and ranking methodology.</p> <p>The Group strategy is developed by management in consultation with the Board. The Group strategy is reviewed annually by the Board taking into account existing and new opportunities, related risks, the availability of capital and resources, sustainability, and stakeholder interests. Management is responsible for the implementation of the strategic plan and achievement of the performance targets contained therein. Any acquisitions, investments or disposals take place in terms of an approved Approvals Framework (delegation of authority).</p>
Principle 5	<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 Company's Integrated Annual Report provides an assessment of its performance. In addition, the Company issues unaudited interim results and audited consolidated financial statements for the year-end results. The publication of external reports, press releases and releases on the Stock Exchange News Services on the Company's website, enable stakeholders to make informed assessments of the Company's performance in the short, medium, and long-term.</p> <p>The Board, through the Audit Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the Integrated Annual Report and any other disclosures. Reporting frameworks and materiality are approved by the Audit Committee to ensure compliance with legal requirements with regard to reporting. The Audit Committee oversees the integrated reporting process and reviews the audited financial statements.</p> <p>The Board expects the management team to continuously enhance its systems of internal control, and to provide assurance to the Board on the effectiveness of such controls. The Board, assisted by its Committees, oversees that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders. The Committee Chairmen provide feedback to the Board on relevant matters. The Chairmen of the Audit Committee, Investment Committee, Remuneration Committee, Nominations Committee and Social and Ethics Committee report back to shareholders at each annual general meeting of the Company.</p> <p>In respect of the year under review, as an additional level of assurance, the Company commissioned an independent review of the Integrated Annual Report to assess compliance with reporting standards and market practice. The Board, together with management, remain committed to upholding the integrity of all reports issued by the Company.</p>
Principle 6	<p>The governing body should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The Board is the focal point and custodian of corporate governance within the Group. The Board Charter, the Company's Memorandum of Incorporation, the requirements of the JSE Listings Requirements, Companies Act, and King IV™, guide the Board in the execution of its role and responsibilities in an ethical manner and based on principles of good corporate governance. The Board is supported by various sub-Committees which have a delegated responsibility to assist the Board in fulfilling specific functions. They are governed by Charters and provide a report to the Board at every Board meeting.</p>

Principle	King IV™ Principle	Application of Recommended Practices
Principle 7	<p>The governing body should comprise an 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's composition provides for diversity to enable it to discharge its duties effectively and objectively.</p> <p>The division of responsibilities of the Chairman and chief executive officer ("CEO") has been documented and approved by the Board to ensure a balance of power. There is a clear division between the role of the Chairman and the CEO, the latter being fully responsible and accountable for the operations of the Company, and whose role and function are formalised.</p> <p>The Board and Board Committee Charters also ensure that a balance of power exists and that conflicts of interest are detected and managed appropriately. Declarations of interest are tabled at every Board and Board Committee meetings. The declaration of interests is also a formal item on the agenda at all Board and Board Committee meetings. Should a matter arise in which a director has an interest, the director is not permitted to vote and is required to recuse himself/herself from any meeting where the matter is discussed.</p> <p>As at 31 March 2022, the Board comprised of five executive directors and seven non-executive directors, of whom three were independent. Despite the number of independent non-executive remaining in the minority, given the diversity in knowledge, skills and experience, the Board is of the view that there was a balance of power and authority on the Board reflected in its discussions. As the chairman, Dr Christo Wiese, is not considered to be independent as he is also a major shareholder, Mr Mpho Makwana is appointed as the lead independent non-executive director to take up the role of the chairman should there be a conflict.</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 and its sub-Committees comply with the requirements of King IV™. There is a clear balance of power to ensure that no individual/s have undue decision making powers. A lead independent non-executive director has been appointed.</p> <p>Committees have been established to assist the Board in discharging its responsibilities. The Committees of the Board comprise the Audit Committee, the Remuneration Committee, Nominations Committee, the Social and Ethics Committee and the Investment Committee.</p> <p>The Audit Committee is satisfied that the auditor is independent and that the audit firm has been appointed with the designated audit partner having oversight of the audit.</p> <p>The Chief Financial Officer oversees the finance function and is assisted by suitably qualified staff. An effective internal audit function is in place. An assessment of the effectiveness of the Chief Financial Officer's performance is conducted annually by the Audit and Risk Committee and confirmed in the Integrated Report.</p> <p>As and when required, the Nomination Committee reviews the composition of Board committees and makes recommendations to the Board with regard to their composition, including appointment of the chairman of each committee, taking into account factors such as diversity and skills and the need to create an even spread of power and authority.</p> <p>External advisors, executive directors and members of management attend Audit Committee meetings by invitation. The Audit Committee and Social and Ethics Committee reports have been constituted in compliance with the recommended practices of King IV™ and both these committees have issued more detailed reports in the Integrated Report.</p>
Principle 9	<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 values openness and transparency and directors are encouraged to raise any concerns regarding Board functioning as they arise. As the Board has recently appointed several new directors, a board evaluation will be considered once they have sufficient opportunity to observe the functioning of the Board and its committees.</p>

KING IV™ Report continued

Principle	King IV™ Principle	Application of Recommended Practices
Principle 10	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>The Board is overall responsible for the Company and delegates authority to the executive management to manage the day-today business and affairs of the Group. The CEO has a clearly defined role, and is assisted by the Executive committee under his leadership.</p> <p>The Board has approved and implemented the Approvals Framework (delegation of authority), which details the powers and matters reserved for itself and those delegated to management via the CEO, which is annually reviewed by the Board. The Board Charter and the Company's Memorandum of Incorporation also address the Board's and executive management's responsibilities and powers.</p> <p>The Approvals Framework (delegation of authority) addresses all operational aspects of the business and details the levels of authority and required approvals for these aspects. The delegation of authority by the CEO to the members of the executive committee ensures the delivery, implementation, and management of the Group's strategy. The Board is satisfied that the Company is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.</p>
Principle 11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	<p>The Board is ultimately responsible for ensuring that risks are managed effectively. The Board accepts that it is responsible for the governance of risk, and has the ultimate responsibility for risk management as well as for developing the risk appetite and monitoring risk tolerance levels assisted by the Audit Committee and management.</p> <p>The Audit Committee implements processes by which the risks to the sustainability of the Group are identified and managed within acceptable parameters. It regularly reviews the risk register and reports to the Board on the risk management principles in the Group.</p> <p>The Audit Committee delegates to management to continuously identify, assess, mitigate, and manage risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored on a continuous basis.</p>
Principle 12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	<p>The Board, through the Audit Committee, oversees the governance of information technology. The Board is aware of the importance of technology and information in relation to the Company's strategy. The executive committee manages related risks which it reports to the Audit Committee.</p>
Principle 13	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>The Board is ultimately responsible for the governance of compliance with applicable laws and adopted, non-binding rules, codes, and standards. Compliance with laws, rules, regulations, and relevant codes is integral to the Company's risk management process. The Audit Committee assumes oversight of the compliance function within the Group and, is assisted by the Company Secretary to monitor compliance with the various regulations to which the Company is subject. Assessments of legal compliance are regularly undertaken by independent legal experts in key areas of the business in order to provide additional assurance.</p> <p>Directors are required to fulfil their fiduciary duties to the Company at all times, while considering and balancing the interests of the Group's various stakeholders. The directors are bound by the same gift policy and code of ethics applicable to all Group employees.</p> <p>The Board's share dealing policy reinforces the requirements of the Financial Markets Act and the JSE Listings Requirements. The Board further recognises that this responsibility extends beyond the letter of the law and voluntarily imposes additional restrictions on trading as required.</p>