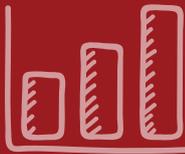




BRIKOR LIMITED

**CORPORATE
GOVERNANCE
REPORT**

2022



THE SPIRIT OF BRICKMAKING

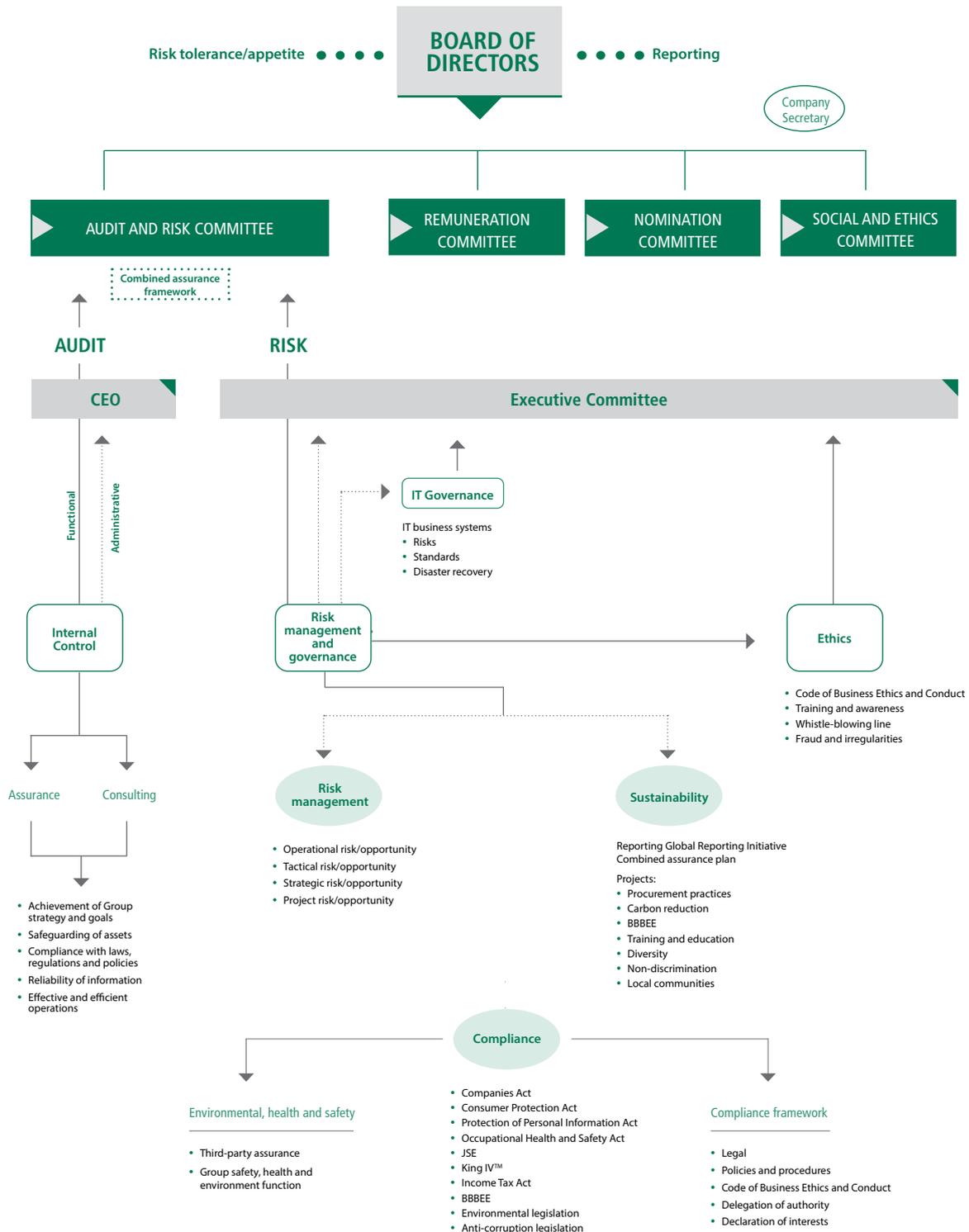
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CORPORATE GOVERNANCE REPORT

Brikor complies with the principles of King IV™, as applicable to the Company, and the mandatory corporate governance requirements of the JSE. During the reporting period, Brikor applied the principles of King IV™, as disclosed in this report, for the fourth time.

GOVERNANCE STRUCTURE AND FRAMEWORK



BRIKOR'S APPLICATION OF GOVERNANCE PRINCIPLES IN TERMS OF KING IV™

The directors endorse and accept full responsibility for the application of the principles outlined in the King IV Report on Corporate Governance for South Africa 2016 (King IV™) to ensure that effective corporate governance is practised consistently throughout the Group. The Group is committed to the practices underlying the principles, giving effect to the principles, and leading to the governance outcomes of an ethical culture, good performance, effective control and legitimacy.

LEADERSHIP

Principle 1: The governing body should lead ethically and effectively.

The Board of Directors of Brikor exercises effective leadership, with directors adhering to their ethical and fiduciary duties. The directors have the necessary experience, expertise and competence and act ethically in discharging their responsibilities to provide strategic direction and control of Brikor, as provided for in the Board Charter and the Memorandum of Incorporation of Brikor.

The Board Charter includes the policies and practices of the Board in respect of matters such as directors' dealings in the securities of the Company and declarations of conflicts of interest, in accordance with the JSE Listings Requirements and the Companies Act, respectively, which declarations are tabled at each Board meeting and untenable conflicts are identified and acted on.

Directors, executives and senior employees are prohibited from dealing in the Company's securities during certain prescribed periods and the Company Secretary regularly informs the Board of insider trading legislation and advises them of closed periods. A report of directors' dealings in Brikor's shares is tabled at each Board meeting and disclosed in terms of the JSE Listings Requirements.

Brikor's strategy, which is based on an ethical foundation, is driven and approved by the Board to ensure that it supports a sustainable business. The Board acts in the best interests of the Group by taking into account the Group's short-, medium- and long-term impact on the economy, environment, society and its stakeholders.

Risks are considered, and the Board oversees and monitors management's implementation and execution of the strategy, ensuring accountability for the Group's performance.

Through the governance framework, which includes detailed reporting to the Board and its Committees, a decision-making authority framework and a system of assurances on internal controls, the Board exercises control.

Planned areas of future focus: The Board continues to adopt a more stakeholder-inclusive approach in the execution of its governance role and responsibilities.

ORGANISATIONAL ETHICS

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board determines and sets the tone of Brikor's values, including principles of ethical business practice and human rights considerations and, supported by the Social and Ethics Committee, approves Brikor's Code of Business Ethics and Conduct and considers the requirements for the Group to be a responsible corporate citizen, based on responsibility, honesty, fairness and respect.

The implementation and execution of the Code of Business Ethics and Conduct has been delegated to management with the Board, assisted by the Social and Ethics Committee, providing ongoing oversight of the management of ethics by monitoring the activities with regard to ethics and ensuring it is integrated into the operations of the Group.

The ethics programme, including the whistle-blowing mechanism and management of the independent and anonymous disclosure of information gathered from whistle-blowers to detect breaches of ethical standards, as well as ongoing effort to create awareness, detect and resolve ethical violations, together with the provision of training on anti-corruption, bribery and anti-competitive behaviour, contribute to a strong ethical foundation.

A separate Code of Business Ethics and Conduct has been developed for suppliers. In support of the Group's ethics programme, a Whistle-Blowing Policy has been adopted by the Board, which Policy outlines the whistleblowing procedures as well as the protection of whistle-blowers.

Planned areas of future focus: Brikor's Code of Business Ethics and Conduct would form part of future agreements with customers, suppliers and other relevant stakeholders.

RESPONSIBLE CORPORATE CITIZENSHIP

Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board, assisted by the Social and Ethics Committee and supported by the Executive Committee, oversees and monitors how the operations and activities of the Group affect its status as a responsible corporate citizen. Through stakeholder engagement and collaboration, Brikor has committed to understanding and being responsive to the interests and expectations of stakeholders and to partnering with them in finding solutions to sustainability challenges.

Oversight and monitoring of activities and outputs that affect Brikor's status as a responsible corporate citizen include:

- Workplace (employment equity; fair remuneration; health and safety; training and development of employees);
- Economy (economic transformation; prevention, detection and response to fraud and corruption);
- Society (consumer protection; community development; protection of human rights); and
- Environment (rehabilitation programmes).

The Group has a zero-tolerance approach policy to corruption. The OECD recommendations regarding corruption are captured in the Group's Fraud Prevention Policy and are also addressed in the Code of Business Ethics and Conduct.

The Audit and Risk Committee monitors risk and considers and investigates any allegations on fraud, bribery and corruption. There were no such instances during the reporting period.

The Board, through the Social and Ethics Committee, considered measures to monitor organisational ethics and methods by which to address outcomes. Brikor's loyal customer base and employees illustrate that the Company is an ethical organisation.

Planned areas of future focus: A responsible and transparent Tax Policy will be developed for the Group.

STRATEGY AND PERFORMANCE

Principle 4: The governing body should appreciate that the organisation's core purposes, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board informs and approves Brikor's strategy, which is aligned to the purpose of the Group, the value capitals and value drivers of the business, and the expectations of its stakeholders, aimed at ensuring sustainability and which takes into account the top risks facing the Group. With the support of the Board sub-Committees, the Board of Directors oversees and monitors the implementation and execution by management of the policies, procedures and priorities and ensures that Brikor accounts for its performance by, amongst others, reporting and disclosure.

The Board has, with facilitation by an externally appointed consultant, developed Brikor's sustainability short-, medium- and long-term strategies, underpinned by a risk-focused approach, where risk is viewed from both a negative and a positive perspective to indicate possible new opportunities for the Group.

Planned areas of future focus: The review of Brikor's sustainability short-, medium- and long-term strategies is a continuous process.

REPORTING

Principle 5: 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.

The Board, through the Audit and Risk 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 and Risk Committee to ensure compliance with legal requirements and relevance to stakeholders.

The Audit and Risk Committee oversees the integrated reporting process and reviews the annual financial statements.

Brikor ensures that the Integrated Annual Report, including the Sustainability Report and the annual financial statements, corporate governance disclosures and the Competent Person's Report are published on the website, www.brikor.co.za.

Planned areas of future focus: An ongoing focus area will be the continued streamlining of reporting to enhance disclosure in a concise manner and aligned to the Integrated Reporting Framework.

PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Board has an approved Charter which it reviews annually, which Charter sets out its governance responsibilities, including the role, responsibilities, membership requirements and procedural conduct. Through its sub-Committees, the Board implements and monitors the governance practices within the Group.

The Board as well as any director or Committee may obtain independent, external professional advice at Brikor'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.

Corporate governance report

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An appropriate governance framework and the necessary policies and processes are in place to ensure all entities within Brikor adhere to Group requirements and governance standards. Brikor's subsidiary has adopted the governance framework, as appropriate.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter for the reporting period.

Planned areas of future focus: The process of alignment of Brikor's policies and procedures to King IV™ is ongoing and will continue in the year ahead.

COMPOSITION OF THE GOVERNING BODY

Principle 7: 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.

JSE Listings Requirements (paragraph 3.84, service issue 27) – mandatory disclosure requirements: Categorisation of directors; Balance of power and authority on the Board; Appointment of the CEO and Chairperson; Policy on the promotion of broader diversity on the Board, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience; CV of each director standing for election or re-election.

The capacity of each director is categorised, as defined in the JSE Listings Requirements, also taking into consideration King IV™ and other factors as outlined in the Board Charter.

The Board comprises a majority of independent non-executive directors. As at 28 February 2022, the Board comprised six directors with four being independent non-executive directors and two executive directors. The executive directors are the Chief Executive Officer and Financial Director.

The roles of the Chairperson and the Chief Executive Officer are separate.

None of the non-executive directors' tenure exceeds nine years.

In terms of the Company's Memorandum of Incorporation, one-third of the non-executive directors must retire at every Annual General Meeting, being eligible for re-election. A brief CV for each director standing for election or re-election of the Annual General Meeting is included in the Integrated Annual Report, of which the Notice of Annual General Meeting forms part.

When considering the appointment or re-election of directors, the Board, with the support of the Nomination Committee, gives consideration to the knowledge, skills and resources required for conducting the business as well as considering the size, diversity and demographics to ensure its effectiveness as well as that there is a balance of power and authority on the Board.

Newly appointed directors are inducted in Brikor's business, Board matters, their duties and governance responsibilities as directors under guidance of the Company Secretary, in accordance with each director's specific needs. In terms of the JSE Listings Requirements, directors are required to attend the directors' induction programme for AltX-listed companies. Directors are given the opportunity to have tours of Brikor's sites and operations and receive briefings on new legislative development and changes in the risk and general business environment on an ongoing basis.

The succession plan of directors is reviewed annually by the Nomination Committee and includes the identification, mentorship and development of future candidates. Succession planning has been broadened to include all levels of management and the expansion and roll-out of the plan will be an ongoing process.

Corporate governance report

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BOARD COMPOSITION

Summarised biographies of Board members are disclosed in the Integrated Annual Report on Brikor's website.

Independent Non-Executive Directors



Allan Pellow (72)

Designation: Independent Non-Executive Chairperson

Qualifications: Diploma in Business Management

Date appointed: 21 February 2018



Mamsy Mokate (62)

Designation: Lead Independent Director

Qualifications: BCom (Acc); Post-Graduate Diploma in Business Management; AGASA

Date appointed: 12 April 2017



Funeka Mtsila (54)

Designation: Independent Non-Executive Director

Qualifications: Diploma General Nursing and Midwifery (Umlamli and Umtata General Hospital); BCur Ed et Admin (UJ); BTech Occupational Health (TUT); Management Advancement Programme (Wits Business School); Nuclear Project Management (UNW: Areva Scholarship)

Date appointed: 18 June 2021



Steve Naudé (71)

Designation: Independent Non-Executive Director

Qualifications: BCom; CA(SA); MBA

Date appointed: 22 October 2019

Executive Directors



Garnett Parkin (39)

Designation: Chief Executive Officer

Qualifications: Leadership Development and Junior Management Certificate (University of Stellenbosch)

Date appointed: 20 February 2007



Joaret Botha (34)

Designation: Financial Director

Qualifications: BCom (Hons); CA(SA)

Date appointed: 29 June 2020

Corporate governance report

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BOARD DIVERSITY

The Board adopted an updated Policy on Board Diversity on 13 October 2020, which Policy has been broadened in line with the paragraph 3.84(i) of the JSE Listings Requirements. The Policy addresses:

- promoting equitable gender and race representation at Board level and outlining the approach to be adopted;
- recognising and embracing the benefits of having a diverse board which will include and make good use of differences in the skills, regional and industry experience, field of knowledge, culture, age, race, gender and other distinctions between directors;
- that all Board appointments will be made on merit, in the context of the skills, experience, independence and knowledge, which the Board as a whole requires to be effective;
- discussion and annual agreement on all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption;
- reporting annually, in the corporate governance section of the Integrated Annual Report, on the process applied in relation to Board appointments. The report will include a summary of this Policy, the measurable objectives set for implementing the Policy and progress made towards achieving those objectives; and
- the annual review of the Policy, which will include an assessment of the effectiveness of the Policy, any revisions that may be required and recommendations of any such revisions to the Board.

The race target set was that historically disadvantaged candidates would have preference above white male candidates to achieve a 70:30 representation. At the reporting date, white male candidates represented 50% of the Board. Going forward, the Board will reconsider its race targets.

The Board remains cognisant of the overall principle that skills requirements on the Board would always take preference above race consideration.

The target for gender diversity has not been set, but the Board is of the view that there should be a balance of male and female representation on the Board. The gender balance has been achieved through the appointment of Ms Funeka Mtsila to the Board, with 50% of the Board members being female.

The Board shall include an annual assessment of its own performance in achieving race and gender diversity within its own ranks as well as within executive management. Given the important strategic value of race and gender diversity, the Board shall also assess the performance of management in implementing race and gender diversity.

The Nomination Committee shall conduct a structured evaluation of the Board on an annual basis:

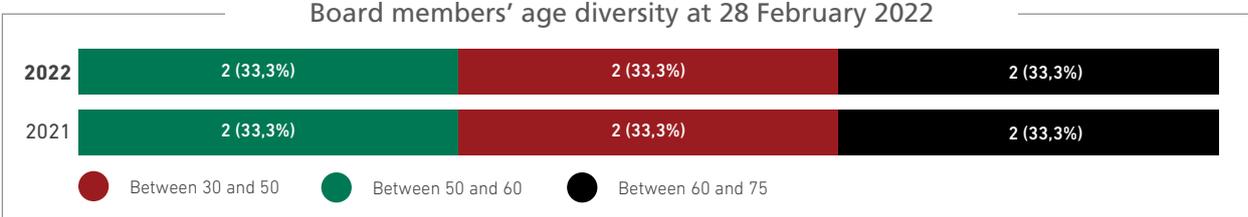
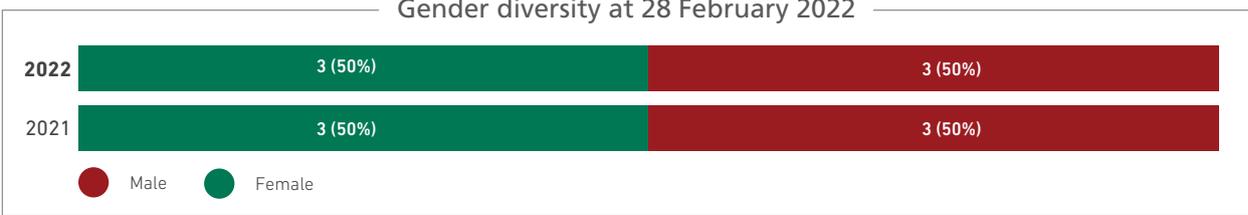
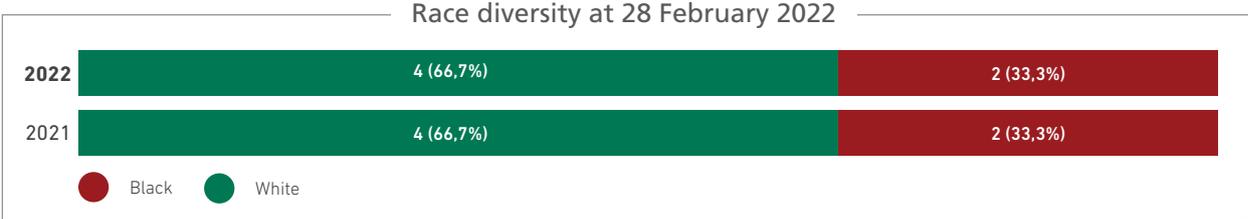
- to assess the race and gender diversity representation of the Board; and
- to identify gaps between the expertise and experience of existing directors and their optimal mix.

The Board Diversity Policy has been broadened to include diversity attributes of culture, age, field of knowledge, skills and experience, over and above the diversity attributes of race and gender.

Planned areas of future focus: Measurable objectives for achieving diversity on the Board, appropriate for the Company, will be determined for implementation over a specified period of time.

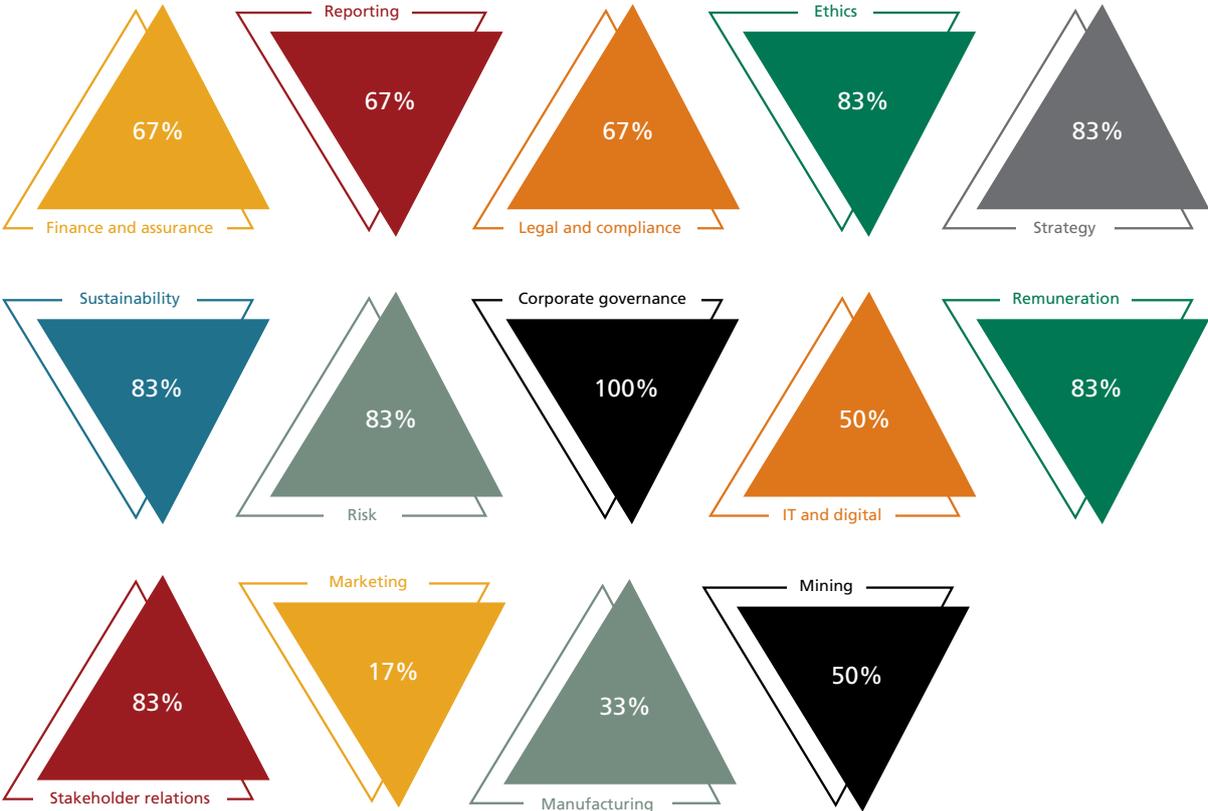
Corporate governance report

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Board skills and expertise

Board skills and expertise percentages have been determined by evaluating the number of Board members with the particular skills and expertise in a specific category.



Corporate governance report

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Independence

The Board evaluated and concluded that as at 28 February 2022 all the non-executive directors were independent according to the Companies Act definition.

Tenure

None of the non-executive directors on the Board have served terms exceeding nine years. The Board reviewed the independence of all the independent non-executive directors and, after due consideration, concluded that their association with the Company has not impaired their integrity, impartiality and objectivity, and that they have retained their ability to act independently.

COMMITTEES OF THE GOVERNING BODY

Principle 8: 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.

JSE Listings Requirements (paragraph 3.84, service issue 27) – mandatory disclosure requirements: Audit Committee, Remuneration Committee and Social and Ethics Committee; Expertise and experience of the Financial Director. JSE Listings Requirements (paragraph 7.F.5, service issue 27) – Social and Ethics Committee compliance with Companies Act requirements.

Committees have been established to assist the Board in discharging its responsibilities. The Committees of the Board comprise the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Social and Ethics Committee.

The Committees are appropriately constituted, and members are appointed by the Board, except for the Audit and Risk Committee (which is a statutory committee in terms of the Companies Act – from an audit perspective) whose members are nominated by the Board and elected by shareholders. The Nomination Committee reviews the composition of the Board Committees and makes recommendations to the Board with regard to their composition, including the appointment of the Chairperson of each Committee, taking into account factors such as diversity and skills as well as the need to create an even spread of power and authority.

External advisors, executive directors and prescribed officers attend Committee meetings by invitation. Formal Charters have been established and approved for each Committee, which Charters are reviewed annually.

The Board considers the allocation of roles and associated responsibilities and the composition of membership across Committees holistically, so as to achieve the following:

- Effective collaboration through cross-membership between Committees, where required.
- Coordinated timing of meetings; and avoidance or duplication or fragmented functioning in so far as possible.
- Where more than one Committee has jurisdiction to deal with a similar matter, the specific role and positioning of each Committee in relation to such matter are defined to ensure complementary rather than competing approaches.
- There is a balanced distribution of power in respect of membership across Committees, so that no individual has the ability to dominate decision making, and no undue reliance is placed on any individual.

A delegation by the Board of its responsibilities to a Committee does not by or of itself constitute a discharge of the Board's accountability. The Board ensures that its arrangements for delegation within its own structures promote independent judgement. There is a clear balance of power and authority at Board level, which ensures that no one director has unfettered powers of decision-making, and which assists with the effective discharge of the Board's duties.

BOARD SUB-COMMITTEES

Audit and Risk Committee

Chairperson: Mr Steve Naudé

Members: Ms Mamsy Mokate and Ms Funeka Mtsila

As at the reporting date, the Chairperson and the members were independent non-executive directors.

Remuneration Committee

Chairperson: Ms Mamsy Mokate

Members: Mr Allan Pellow and Mr Steve Naudé

The Chairperson and the members are independent non-executive directors.

Nomination Committee

Chairperson: Mr Allan Pellow

Members: Ms Mamsy Mokate, Mr Steve Naudé and Ms Funeka Mtsila

As at the reporting date, the Chairperson and the members were independent non-executive directors.

Social and Ethics Committee

Chairperson: Ms Mamsy Mokate

Members: Ms Funeka Mtsila, Mr Steve Naudé and Ms Ronel Coetzee

As at the reporting date, the Chairperson and two of the members, Ms Funeka Mtsila and Mr Steve Naudé, were independent non-executive directors, with Ms Ronel Coetzee being the Group's HR Manager.

Audit and Risk Committee

The Chairperson of the Board is not a member of the Committee.

The Audit and Risk Committee is constituted as a statutory committee in respect of its statutory duties in terms of section 94(7) of the Companies Act and a Committee of the Board in terms of all other duties assigned to it by the Board, which includes the monitoring and evaluation of Committee risk functions.

The Committee performs the functions as set out in the Companies Act. Adequate processes and structures have been implemented to assist the Committee in providing oversight and ensuring the integrity of financial reporting, internal control and other governance matters relating to subsidiaries.

The Committee provides independent oversight of, among others, the effectiveness of the Company's assurance services, with particular focus on combined assurance arrangements, including external assurance service providers, the finance function and the integrity of the annual financial statements and, to the extent delegated by the Board, other external reports issued by the Company. The Committee also considers annually and satisfies itself of the appropriateness of the expertise and experience of the Financial Director and the finance function. The Audit and Risk Committee furthermore considers the JSE Report on Proactive Monitoring of Financial Statements, as and when it is published, and takes the appropriate action to apply the findings.

The performance of the Audit and Risk Committee and significant issues dealt with during the reporting period are set out in the Report of the Audit and Risk Committee, included in the annual financial statements on Brikor's website.

Corporate governance report

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Remuneration Committee

The Remuneration Committee is responsible for overseeing remuneration. The Chairperson of the Board is a member of the Committee. The Report of the Remuneration Committee appears in the Integrated Annual Report on Brikor's website.

Nomination Committee

The Board has delegated oversight of, amongst others, the following to the Nomination Committee:

- the process for nominating, electing and appointing members of the Board;
- succession planning of directors; and
- evaluation of the performance of the Board and its Committees.

The Chairperson of the Board is the Chairperson of the Committee. The Report of the Nomination Committee appears in the Integrated Annual Report on Brikor's website.

Social and Ethics Committee

The Social and Ethics Committee is responsible for overseeing and reporting on social, ethics, transformation and sustainability matters. It is also responsible to execute on the statutory duties set out in the Regulations to the Companies Act.

The Chairperson of the Committee is an independent non-executive director and the Chairperson of the Board is not a member of the Committee. The Social and Ethics Report appears in the Integrated Annual Report on Brikor's website.

Planned areas of future focus: The Board and its Committees have approved their respective annual workplans for the year ahead, which plans will be actioned and reported on in the next Integrated Annual Report.

EVALUATION OF THE PERFORMANCE OF THE GOVERNING BODY

Principle 9: 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.

The role and responsibilities of the Board, its Committees, the Chairperson, the Chief Executive Officer and the directors are outlined in the Board Charter.

The evaluation of the performance of the Board is a key element in improving the effectiveness of the Board. A rigorous Board evaluation allows the Board to reflect on its roles and responsibilities, its culture and relationship with management. A self-evaluation of the Board is conducted annually with formal feedback at a subsequent Board meeting. The Board evaluation gives members of the Board the opportunity to comment on the performance and the contribution of their colleagues.

The Board evaluation consists of an annual questionnaire-based evaluation, which includes assessments of Board performance, Board Committee performance, performance of the Chairperson, performance of the Chief Executive Officer and performance of individual directors. This evaluation process is led by the Company Secretary.

The responses from the evaluation process are analysed to determine whether the Board is well balanced, the size of the Board is adequate for the Group and the Board has the relevant knowledge relating to the Group's business. Furthermore, directors' opinions are sought to establish whether Board meetings are well organised, efficiently run and that all relevant aspects of the Group's business are dealt with thoroughly by the Board and its various Committees, discharging their respective responsibilities adequately.

The Lead Independent Director of the Board discusses the results of these reviews with the Board, the Chairpersons of the Board Committees and with each individual director.

Corporate governance report

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The Board, through its Company Secretary, performed evaluations of the performance of the Board and of the individual directors during the reporting period in line with the recommended practices of King IV™ and the Board was satisfied with the results and outcome of the evaluation. Ms Funeka Mtsila was not part of the evaluation for the reporting period as she was appointed on 18 June 2021.

The directors believe that the Board is well balanced in terms of skills, qualifications and experience and makes a meaningful contribution to the Company.

The role of the Chairperson is formalised and every second year an assessment of the Chairperson's ability to add value and his performance against what is expected of his role and function will be conducted by the Board. The Lead Independent Director is responsible for ensuring that the performance of the Chairperson is evaluated annually. The Board and the Nomination Committee are responsible for succession planning for the position of the Chairperson.

A formal internal Chairperson's evaluation for the reporting period took place through a questionnaire-based assessment. The results confirmed that the Chairperson continues to function effectively with his ability to set the tone of the Board discussions, enabling members to speak openly and properly deliberate matters presented to them, which creates the foundation for the Board to perform well.

Planned areas of future focus: The Board, with the support of the Nomination Committee, will determine the number of external directorships and other positions a director may hold, taking into consideration the relative size and complexity of the other organisation. The Nomination Committee will annually consider other commitments of directors and whether the director has sufficient time to fulfil the responsibilities as a director to ensure they can still execute their job effectively and is free from conflicts that cannot be managed satisfactorily. Should the Committee be of the view that a director is overcommitted or has an unmanageable conflict, the Chairperson will meet with that director to discuss the resolution of the matter to the satisfaction of the Committee.

APPOINTMENT AND DELEGATION TO MANAGEMENT

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.

JSE Listings Requirements (paragraph 3.84, service issue 27) – mandatory disclosure requirements: The Company Secretary.

CHIEF EXECUTIVE OFFICER AND EXECUTIVE MANAGEMENT

The role and function of the Chief Executive Officer are specified in the Board Charter and the performance of the Chief Executive Officer is evaluated by the Board against the criteria specified in the Charter as well as against specific key performance indicators.

The Board approves and regularly reviews the framework and top-level delegation of authority in terms of which matters are delegated to the Chief Executive Officer. The Chief Executive Officer, Financial Director and executive management are jointly and severally the highest executive decision-making authority of the Group and are jointly and severally delegated with authority and are jointly and severally accountable to the Board for the successful implementation of the Group strategy and the overall management and performance of the Group, consistent with the primary aim of enhancing long-term shareholder value.

In terms of the delegation of authority framework, executive management supports the Chief Executive Officer and Financial Director in the implementation of the Group strategy and the overall management and performance of Brikor. The Chief Executive Officer and Financial Director may sub-delegate all matters not specifically reserved for decision-making by the Board or shareholders.

Corporate governance report

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The Chief Executive Officer and Financial Director are not members of the Audit and Risk, Remuneration, Nomination and Social and Ethics Committees, but attend any meeting, or part thereof, by invitation, if needed, to contribute pertinent insights and information.

The Board evaluates the performance of the Chief Executive Officer and Financial Director annually against agreed performance measures and targets. During the reporting period, key performance indicators were developed for the Chief Executive Officer and the Financial Director by an external consultant and, on recommendation of the Remuneration Committee, adopted by the Board.

COMPANY SECRETARY

Fusion Corporate Secretarial Services (Pty) Ltd (Fusion), is the Company Secretary, duly appointed by the Board in accordance with the Companies Act. Fusion provides outsourced company secretarial services on an arm's length basis to Brikor. The Board considers the competence, qualifications and experience of the Company Secretary annually. The Board is satisfied that Fusion is competent and has the appropriate qualifications and experience to serve as the Company Secretary. Fusion has qualified and skilled employees with a combined company secretarial experience of more than 20 years and with qualifications ranging from LLB to Diplomas in Advanced Business and Securities Law.

The Company Secretary has a direct channel of communication to the Chairperson, while maintaining an arm's length relationship with the Board of Directors as far as reasonably possible. The role and responsibilities of the Company Secretary are described in the Board Charter.

Planned areas of future focus: Effective corporate governance is embedded in the values of the Group. The effective exercise of authority and responsibilities is, therefore, a regular agenda item on Board and Committee meeting agendas to ensure that time constraints and potential conflicts of interests are considered and balanced against the opportunity for professional development.

RISK GOVERNANCE

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

JSE Listings Requirements (paragraph 7.F.7, service issue 27) – mandatory disclosure requirements: Material risks.

The Board has direct responsibility for the governance of risk and approves Brikor's risk policy that gives effect to its set direction on risk. Brikor is committed to effective risk management in pursuit of its strategic objectives, with the ultimate aim to grow value sustainably for all stakeholders by embedding risk management into key decision-making processes. The Board also approves Brikor's top risk profile and financial risk appetite and tolerance levels, ensuring that risks are managed within these levels. The Board considers the risk environment from time to time, as deemed appropriate, and based on materiality and changes in the external and internal environments.

To support the Board in ensuring effective risk management oversight, the Board Committees are responsible for ensuring the effective monitoring of relevant Group top risks within the ambit of each Committee's scope.

In monitoring and providing oversight on Brikor's risk, each Committee will consider potential risks and/or opportunities, as appropriate.

At a Group level, Brikor is implementing actions to strengthen its business continuity capabilities including Group crisis management. This has been manifested through the Group's COVID-19 Disaster Management Plan.

Corporate governance report

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The Group's Risk Framework, Risk Policy and Risk Register were reviewed during the prior reporting period to ensure that they are in alignment with the Group's strategy and provide meaningful and relevant information.

Key risks and mitigation strategies are disclosed under risk management in the Integrated Annual Report on Brikor's website.

Planned areas of future focus: The Board remains cognisant that the evaluation of the Group's Risk Framework, Risk Policy and Risk Register will be a continuous process to remain abreast of challenges and opportunities.

TECHNOLOGY AND INFORMATION GOVERNANCE

Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board is ultimately accountable for the governance of technology and information management. The Board, through the Audit and Risk Committee, oversees and monitors the governance of information technology (IT) in the Group.

Information management risks are addressed and the return on major IT investments, aligned to Brikor's strategy, is monitored by the Board. The IT strategy is aligned to Brikor's business needs and sustainability objectives.

Planned areas of future focus: The Information and Technology Policy is being reworked to align it more to the recommended practices of King IV™ and to be reflective of the principle of communication and technology.

The IT Risk Management Framework is being aligned to the Group Risk Management Framework, including third-party management and disaster recovery measures. A formal Business Continuity and Disaster Recovery Plan is in the process of being developed.

COMPLIANCE GOVERNANCE

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.

The Board requires all Group companies and their directors and employees to comply with all applicable laws.

Legal compliance systems and processes are in place and are continuously improved to mitigate the risk of non-compliance with the laws and also to ensure appropriate responses to changes and developments in the regulatory environment.

The Social and Ethics Committee and Audit and Risk Committee receive regular reports on compliance matters, relevant to their respective terms of reference. The Compliance Officer is a member of the Compliance Institute of South Africa.

To the extent that legal and regulatory matters have an impact on the annual financial statements, reports are presented to the Audit and Risk Committee.

Specific areas of law have been identified as key Group legal compliance risk areas and risk mitigation and control steps have been identified for each of these areas. Safety, health and environmental laws, have been identified as key Group legal compliance risk areas, and enjoy management focus.

All individual statutory financial statements have been completed and all tax returns, royalties tax returns, VAT and PAYE as well as CIPC returns are up to date.

The Board of Directors confirms that Brikor is in compliance with the provisions of the Companies Act, specifically relating to its establishment, and operates in conformity with its Memorandum of Incorporation.

Planned areas of future focus: The compliance structure will continue to be fine-tuned and aligned to governance principles and practices. A Compliance Policy has been developed, taking cognizance of the Group's compliance and regulatory universe, and will be presented to the Board for review and approval.

REMUNERATION GOVERNANCE

Principle 14: 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.

JSE Listings Requirements (paragraph 3.84, service issue 27) – mandatory disclosure requirements: The remuneration policy and the implementation report.

Brikor has an embedded rewards strategy and policy which translate into competitive and appropriate reward outcomes. The Background Information, Remuneration Policy and the Remuneration Implementation Report are reported on in detail in the Report of the Remuneration Committee in the Integrated Annual Report, which is available on Brikor's website.

Brikor's Remuneration Committee is tasked by the Board to independently approve and oversee the implementation of a Remuneration Policy that will encourage the achievement of Brikor's strategy and grow stakeholder value sustainably.

The Remuneration Policy aims to enable the attraction and retention of skilled resources and results in rewards aligned with shareholder interests. The Policy is designed to achieve the following objectives:

- to attract, motivate, reward and retain human capital;
- to promote the achievement of strategic objectives in a manner which is aligned with the Group's approach to risk management; and
- to promote positive outcomes aligned with short-, medium- and long-term objectives in support of an ethical culture and responsible corporate citizenship.

Brikor discloses the remuneration of each director and prescribed officer individually in its annual financial statements.

In line with the recommended practices in King IV™, both the Remuneration Policy and the Remuneration Implementation Report are tabled for separate non-binding advisory votes by the shareholders at the Annual General Meeting.

The Remuneration Policy provides for the measures that Brikor commits to take in the event that either the Remuneration Policy or the Remuneration Implementation Report, or both, are voted against by 25% or more of the votes exercised at the Annual General Meeting.

Planned areas of future focus: The Remuneration Policy is subject to annual review by the Remuneration Committee. The Committee remains cognisant of shareholder feedback on the Policy and the implementation thereof.

ASSURANCE

Principle 15: 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.

The Audit and Risk Committee is responsible for the quality and integrity of Brikor's integrated reporting. The Board, with the support of the Audit and Risk Committee, satisfies itself that the combined assurance model is effective and sufficiently robust for the Board to be able to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of the Group's external reports.

The Group maintains a system of internal financial control that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication.

Corporate governance report

continued

A combined assurance approach has been implemented that assists in addressing control over the key risks facing the Group. Such risks and their mitigating controls are identified and controlled by management, within a risk framework determined by the Board, and the process is monitored and evaluated under the direction of the Audit and Risk Committee. The five lines of defence approach, as recommended in King IV™, has been implemented.

The Audit and Risk Committee is responsible for, amongst others, assisting the Board and management in maintaining an effective internal control environment, ensuring the integration of assurance provided and monitoring the adequacy and effectiveness of combined assurance over Brikor's risk management process.

Further disclosure is contained in the Combined Assurance section in the Integrated Annual Report, which is available on Brikor's website.

The Board continuously reviews the requirement and the necessity to appoint internal auditors, measured against affordability for the Company in its current form. The Board, as a whole, remains responsible for the assessment of the appropriateness of internal controls.

Planned areas of future focus: A formal combined assurance model will be developed, and the evaluation of an internal audit function will continue.

STAKEHOLDERS

Principle 16: 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.

Brikor strives to ensure a systematic and integrated approach to stakeholder engagement across the Group, facilitated through engagement programmes aimed at a more systematic and integrated approach to stakeholder engagement to enable increased assurance to the Board that all stakeholder issues have been identified, prioritised and appropriately addressed.

The Board, through the Social and Ethics Committee, considers issues around stakeholder perceptions. The Committee has oversight of stakeholder engagement and management. Through regular reporting by management to the Social and Ethics Committee and the Chairperson of that Committee to the Board, the Board is equipped with the necessary information to enable it to take the legitimate interests and expectations of stakeholders into account in its decision-making.

It is a business imperative that Brikor understands and is responsive to the needs and interests of its key stakeholder groups.

Stakeholder engagement disclosures appear in the Integrated Annual Report, which is available on Brikor's website.

Brikor is constantly seeking to improve the way in which it engages with its stakeholders to effectively respond to matters raised during interactions.

The Company also publishes its most recent financial and operational performance and provides recent historical information, including its Integrated Annual Reports, on its website. Brikor invites all shareholders to attend its Annual General Meeting.

The Social and Ethics Committee meets on a regular basis to provide strategic direction on Group-wide stakeholder relations, to ensure the achievement of balanced and integrated economic, social and environmental performance.

The subsidiary company has delegated responsibilities, as required, to Board Committees of the holding Company and has adopted the policies and procedures of the holding Company.

Planned areas of future focus: Stakeholder engagement continues to be an increased focus area to facilitate feedback from the different stakeholder groups and in support of the Board's intentional stakeholder-inclusive approach.



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