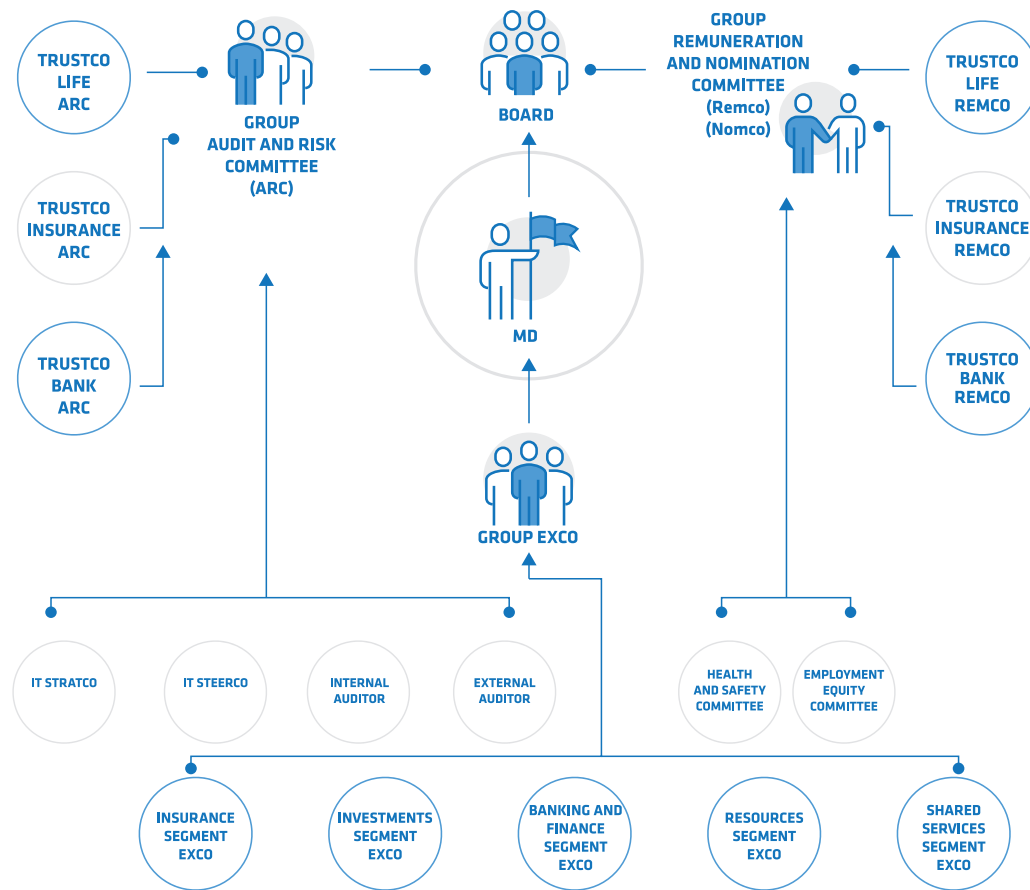




# CORPORATE GOVERNANCE

## STRUCTURE OF MANAGEMENT



## THE BOARD

The board’s mandate is to act in good faith at all times whilst always considering the best interests of all stakeholders of the company. The role of the board is focused on exercising sound leadership and independent judgement to lead ethically beyond mere legal compliance. The board is committed to maintaining the highest standard of corporate governance and transparency as key components to achieving the vision and growth strategy of the group, as well as to ensure long term sustainability whilst protecting stakeholder value.

During the period under review the board:

- approved a revised group code of conduct which encapsulates the principles of the King IV report
- approved amendments to the group conflict of interest policy in line with King IV report which entails an even more proactive approach in disclosing and monitoring any possible conflict of interests throughout the group
- approved a revised delegation of authority policy to ensure that clear authority levels are maintained and
- revisited and amended the board charter to ensure that it remains closely aligned with the principles set out in the King IV report.

The board collectively provides sound leadership to ensure that the group is directed and managed as a responsible corporate citizen, whose performance is reflected in its triple context; creating and maintaining sustainable social, economic and environmental value to all its stakeholders.

Even though the group maintains a robust corporate governance structure, where the governance framework established subcommittees to support the board in the execution of its duties, the board remains ultimately responsible and accountable to all its stakeholders. Certain authorities have been delegated with specific authority to each subcommittee to enable effective control, while preserving the accountability of the members of the board.

The board is sensitive to balance the strong entrepreneurial spirit in the group with the interests of all other stakeholders.

### BOARD ASSESSMENT

The board members conducted an informal and internal evaluation of its own performance, the performances of its committees, the chairman and individual board members. The evaluation concluded that the board is effective in all material aspects and will continue to identify areas for improvement. No remedial actions were required. The board is satisfied that the evaluation process is improving its performance and effectiveness.

### DIRECTOR DEVELOPMENT

To enhance governance practices within the board and the group, ongoing training is provided to the board of directors of Trustco and its subsidiaries. In light of the implementation of the King IV report on corporate governance, Trustco initiated training for all its board members and senior management. Prof Linda de Beer, on behalf of the Institute of Directors in Southern Africa (IoDSA), facilitated training on the implementation of the King IV.

The board and senior management attended a two day workshop facilitated by Mr Dawie Roodt, from Efficient Group, on the impact and evolution of the economy in Africa. The board and management was further educated on the fiscal policy, the impact of inflation, the monetary policy and other related topics.

### BOARD COMPOSITION

Directors are appointed through a formal process involving the whole board, assisted by the nomination committee. Appointments to the board are made based on the appropriate balance of knowledge, skills, experience, diversity and independence. This selection criteria ensures a competent and balanced board.

### FORWARD LOOKING

During the next reporting period, the board will establish a social and ethics committee in accordance with the statutory and regulatory requirements. Up to this point, Trustco was not required to establish a social and ethics committee, although the function and principles are intertwined in the overall operations of the group. The board and management (even if the function has not been delegated to a specific committee) fulfilled all its duties and responsibilities with regard to:

- ensuring and promoting organisational ethics
- act as a responsible corporate citizen
- focus on sustainable development and
- promoting and maintaining stakeholder relationships.



*Pictured above is Prof Linda de Beer, on behalf of the Institute of Directors in Southern Africa (IoDSA), who facilitated the one day training on King IV.*

### THE GROUP MANAGING DIRECTOR (MD)

The MD, who is also the CEO of the group, is responsible for leading the implementation and execution of approved board strategy, policies, operational planning and to act as the link between the board and management. The MD acts as the chairman of the group executive committee (exco). The functions of the chairman and the MD are clearly separated in the board charter.

During the reporting period the management agreement with the MD was extended, on the same terms and conditions, for a further period of 5 (five) years (from 1 April 2016 to 31 March 2021). The MD has no other professional commitments or membership of governing bodies outside that of the group. The succession planning is in place for the position of MD.

### THE FINANCIAL DIRECTOR

During the year under review, Mr Ryan McDougall, executive director and financial director, resigned on the 31<sup>st</sup> of December 2016 when he and his family relocated to South Africa. The company appointed Ms Marizanne van Niekerk from the 1<sup>st</sup> of January 2017 in the position of financial director, however, Ms van Niekerk resigned on the 5<sup>th</sup> of April 2017 and the group re-appointed Mr Floors Abrahams in April 2017 as financial director. Mr Abrahams has been an executive director since 2006 and was also group financial director from 2006 to 2013. The audit and risk committee has assessed the performance of the group financial director, Mr Abrahams, and found his capabilities and performance satisfactory.



## THE CHAIRMAN

The chairman of the board was appraised and considered to be an independent non-executive director. In light of the before mentioned, no lead independent was appointed. The chairman of the board is not a member of the audit and risk committee, but acts as the chairman of the nomination portion of the remuneration committee.

## BOARD MEETINGS AND ATTENDANCE

Director	22 June 2016	9 November 2016	15 November 2016 (extra ordinary)	16 March 2017
Adv R Heathcote SC (Chairperson)	✓	✓	✓	✓
W J Geysler	✓	✓	✓	✓
R Taljaard	✓	✓	✓	✓
J Mahlangu	✓	✓	✓	✓
Dr Q van Rooyen	✓	✓	✓	✗
F J Abrahams	✓	✓	✓	✓
R McDougall (Resigned 31 Dec 2016)	✓	✓	✓	–
M van Niekerk (Resigned 5 April 2017)	–	–	–	✓

KEY ✓ Present ✗ Absent

## AUDIT AND RISK COMMITTEE (ARC) MEMBERS

### WJ GEYSER (57)

**QUALIFICATIONS**  
BCompt  
BCompt (Hons)  
CA (SA)



### J MAHLANGU (49)

**QUALIFICATIONS**  
BCom (Acc)  
BCompt (Hons)  
CTA and CA (SA)



### R TALJAARD (57)

**QUALIFICATIONS**  
BEcon  
FCII  
FIISA



Although the board only had four formal meetings during the year, the board and management had numerous informal meeting opportunities where strategies were discussed, operational updates given and feedback provided to ensure that the board and management remained aligned.

## BOARD COMMITTEES

The board appointed an audit and risk committee (ARC) and a remuneration and nomination committee (Remco) and (Nomco) to whom certain functions were delegated. The members of these standing committees are the non-executive independent members of the board, including the individual chairman of the committees.

## THE AUDIT AND RISK COMMITTEE (ARC)

The ARC provides independent oversight on the effectiveness of the group's assurance function and services. The ARC focuses on combined assurance arrangements, including external assurance service providers, internal audit, the finance function and the integrity of the annual financial statements as well as other external reports issued by the group to the extent delegated by the board. The ARC also has the oversight function of risk governance. In light of the group's intrinsic business segments and various regulatory compliance requirements, the group has four different ARC's. The ARC of Trustco Life Limited (Trustco Life), Trustco Insurance Limited (Trustco Insurance) and Trustco Bank Namibia Limited (Trustco Bank) also report to the group ARC of Trustco. The ARC of Trustco Life and Trustco Insurance is a combination of independent non-executive and executive directors, the majority of which are independent non-executives. The ARC of Trustco Bank and group comprises of independent non-executive directors. The internal auditors, the external auditors, the financial manager for each segment, the CAE and senior management attend the ARC meetings.

The ARC satisfied itself that the external auditors are independent of the company. The ARC reviewed the separate and consolidated financial statements of the company and is satisfied that the statements comply with IFRS, SAICA financial reporting guidelines as issued by the

Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council and in the manner as required by the Companies Act of Namibia.

The members of the ARC have the necessary financial literacy, skills and experience and have executed their functions satisfactorily.

#### ARC MANDATE

The duties of the ARC include those assigned to it by the board and which have been documented in its charter. ARC has, in the year under review, fulfilled its duties which include, but are not limited to:

- nominated a registered, independent external auditor for appointment and determined the fees to be paid as well as the terms of their engagement
- ensured that the appointment of the auditors complies with applicable statutory provisions relating to the appointment of the auditors
- determined, subject to applicable statutory and regulatory provisions, the nature and extent of any non-audit services to be provided, or services that the auditor must not provide to the group or a related party and pre-approved any proposed agreement for the provision of non-audit services to the group
- prepared a report, addressing the items as prescribed in the applicable statutory and regulatory provisions
- made submissions to the board, where applicable, on any matter concerning the group's accounting policies, financial controls, records and reporting
- approved the annual internal audit plan
- maintained oversight over the internal audit function and
- nominated independent internal auditors and determined the fees to be paid as well as the terms of engagements.

#### ARC MEETINGS AND ATTENDANCE

Director	15 June 2016	4 November 2016	15 November 2016 (extra ordinary)	9 March 2017
WJ Geyser (Chairman)	✓	✓	✓	✓
R Taljaard	✓	✓	✓	✓
J Mahlangu	✓	✓	✓	✓

**KEY** ✓ Present ✗ Absent

#### THE REMUNERATION AND NOMINATION COMMITTEE (REMCO AND NOMCO)

The remuneration and nomination committees have dual responsibilities. The remuneration portion of the committee comprises of independent non-executive directors and assists the board to set and monitor the remuneration policies and make recommendations to the board concerning succession planning and remuneration for all levels of employees within the group, also that of non-executive directors. It ensures compliance with applicable laws and codes of conduct and reviews benefits and performance incentive schemes after considering the group strategy and objectives, which is to create stakeholder value whilst maintaining incentives and retaining essential skills. The remuneration committee is satisfied that incentives are based on stretched targets that are verifiable, measurable and relevant.

#### REMUNERATION COMMITTEE

The remuneration committee met twice during the year under review and committee members' attendance were as follows:

Director	8 June 2016	10 October 2016
R Taljaard (Chairman)	✓	✓
WJ Geyser	✓	✓

**KEY** ✓ Present ✗ Absent

#### NOMINATION COMMITTEE

The nomination committee met twice during the year under review and committee members' attendance were as follows:

Director	22 June 2016	24 November 2016 (extra ordinary)
Adv R Heathcote (Chairman)	✓	✓
WJ Geyser	✓	✓
R Taljaard	✓	✓

**KEY** ✓ Present ✗ Absent



## REMUNERATION AND NOMINATION COMMITTEE (REMCO AND NOMCO) MEMBERS

### R TALJAARD (57)

#### QUALIFICATIONS

BEcon  
FCII  
FIISA



### WJ GEYSER (57)

#### QUALIFICATIONS

BCompt  
BCompt (Hons)  
CA (SA)



### ADV R HEATHCOTE SC (52)

#### QUALIFICATIONS

BA  
LLB



## COMPLIANCE STATEMENTS

### Primary and secondary listing

The company's primary listing on the JSE means the company is subject to the JSE Listings Requirements (LR). The company's secondary listing on the Namibian Stock Exchange (NSX) means the company is further subject to the NSX LR. The board satisfied itself that the group has complied with the LR of the JSE and NSX.

### Annual compliance certificate

The annual compliance certificate confirming the company's compliance with the JSE LR was completed.

### King IV

The board has adopted the principles of King IV insofar as the application thereof was in the best interest of the group. Where it was not, the board explained why it did not and applied alternative principles or practices in line with the overarching governance principles of fairness, accountability, responsibility and transparency. A complete compliance list is available on the company's website at [www.tgh.na](http://www.tgh.na). The board accepted and embraced the implementation of the King IV report.

### Gender diversity policy

The JSE LR stipulates that the board is required to have a policy on the promotion of gender diversity at board level. The board has approved and implemented a formal policy on the promotion of gender diversity. The board strongly believes that its strength lies in its diversity and not by merely fulfilling a requirement to promote diversity of race or gender. It is the policy of the board that discrimination in any form, without being prescriptive on race or gender, is not tolerated or allowed in the group. The features of the policy include the approach to gender diversity, the criteria which will be considered with the appointment of directors as well as

reporting to shareholders thereon. A copy of the full gender diversity policy is available on the company's website at [www.tgh.na](http://www.tgh.na)

### Company secretary

The company secretary is the gatekeeper and the provider of independent guidance on corporate governance to the board and its duties and responsibilities. The board is satisfied that the company secretary maintained an arm's length relationship with the board and its directors during the period under review. The company secretary is not a director of the board. The board assessed the competence of the company secretary in accordance with best practice performance and evaluation criteria and found her qualifications, experience and competence to be satisfactory.

### Independent and unfettered advice

The board members are encouraged to seek independent advice, at the company's cost, to assist with the execution of their fiduciary duties and responsibilities, if so required. During the period under review independent advice was not sought by the board. The board members also have direct access to the group's external and internal auditors, the company secretary, the CAE and the MD at all times.

### Board members' independence

If a director has served for a period of more than nine years, best practice requires the board to consider whether that director continues to be independent in executing fiduciary duties. None of the non-executive directors have served for longer than nine years.

The board has adopted the practice of reviewing director independence annually and has concluded that all non-executive directors are independent and met the requirements of the test of independence.



In accordance with the company's memorandum, articles of association and in terms of the Companies Act, at least one third of non-executive directors shall retire from the board, and if available, may be re-elected by the shareholders at the AGM, provided that the board has confirmed and verified the eligibility of such directors.

#### **Dealing in securities**

In alignment with the JSE LR, a revised policy was approved during the reporting period, regulating the conduct of board members, management and senior employees when dealing in the company's securities. Directors, management and senior employees must obtain prior approval for any dealings and furthermore, directors must publicly disclose their and their associates' dealings in company securities.

#### **Sponsor**

During the year under review Simonis Storm Securities (Pty) Ltd was appointed as the company's NSX sponsor, while Sasfin Capital, a division of Sasfin Bank Limited (Sasfin), remained the company's JSE sponsor. Sasfin was also appointed as the debt sponsor for Trustco on the JSE.

#### **Whistle-blowing**

The ARC is satisfied that adequate and appropriate provision is made for whistle-blowing. No instances requiring action were encountered during the year under review.

#### **Sustainability reporting**

The ARC oversaw the integrity of the integrated annual report and is satisfied that the disclosure of information pertaining to sustainability issues are reliable and consistent with the financial results and other information within the knowledge of the members of the ARC.

