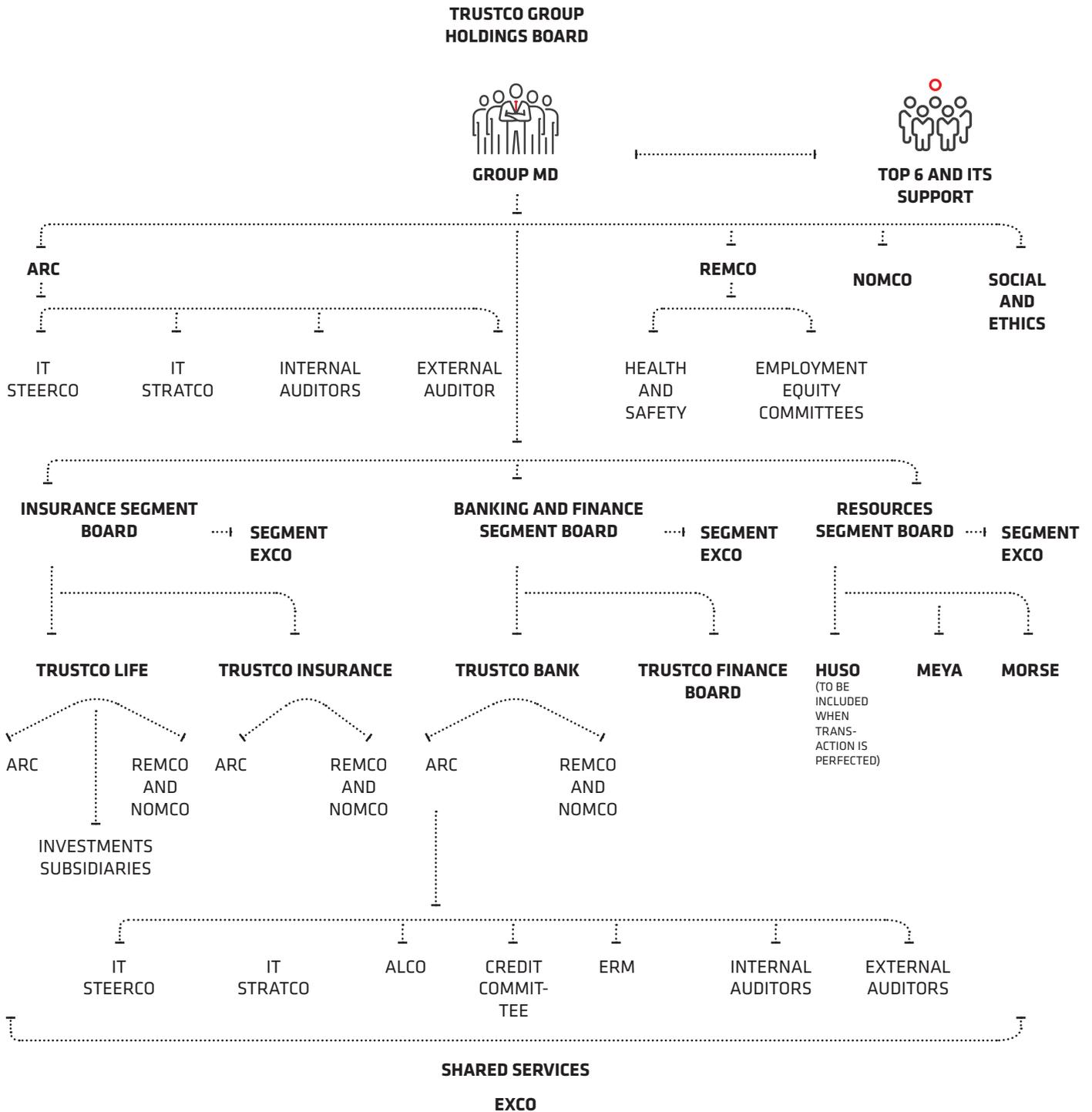


CORPORATE GOVERNANCE

CORPORATE STRUCTURE



CORPORATE GOVERNANCE

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.

THE BOARD OF DIRECTORS

The board's primary governance role and responsibilities are to:

- steer and set strategic direction with regard to both the group's strategy and the way in which specific governance and regulatory areas are to be approached, addressed and conducted
- approve policies and plans that give effect to the strategy and set the direction
- ensure accountability for the group's performance through transparent detailed reporting and disclosures and
- oversee and monitor implementation and execution by management.

The board and senior management engaged in a two day strategic planning and budget presentation session. The senior management included in the session was the Top 6 and its support group as well as representatives of all segments. During this session, the cash flow requirements, strategic vision, budget and planning were discussed, scrutinised and prioritised. The budget was also approved for the next reporting period together with strict accountability and reporting requirements to the board. The board continually oversees and monitors implementation and execution by management.

The board assumes its responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

During the period under review the board:

- approved a revised group internal audit charter which encapsulates the principles of the King IV report
- approved the social and ethics committee charter and established the committee
- approved a revised Environmental and Social Management System (ESMS) policy in line with the monitoring provisions of the social and ethics committee
- approved the gender diversity policy and
- approved a policy on succession planning for the board.

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 directors of the board. The board is sensitive to balancing the strong entrepreneurial spirit in the group with the interests of all other stakeholders. The Delegation of Authority Policy and the board charter establish a clear balance of power and authority at board level. The company applies the four-eyes principle to ensure that no one director has unfettered powers of decision making.

CORPORATE GOVERNANCE

ETHICAL TONE AT THE TOP

Setting an ethical tone from the top demands that the board and senior management in the group find ways to connect with people inside and outside the organisation. They must openly communicate their values on an ongoing and transparent basis, using different platforms and distribution systems. While the board must establish core values and principles, management must lead by example and their behaviour tells employees what counts and which actions are rewarded or punished. Developing a sense of shared values – a set of beliefs against which all decisions can be measured and tested – is the basis on which long term strategies and successful implementation are built. Failure to align ethics and values to business strategies and the execution of operating plans bears potentially high risk. The board, management and employees of Trustco work together with common interests and shared values banded together to achieve a common goal.

BOARD ASSESSMENT

The board of directors conducted an informal evaluation of its own performance, the performances of its committees, the chairman and also the individual board directors. 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

Ongoing training is provided to the board of directors of Trustco and its subsidiaries. In light of the newly established resources segment, Trustco initiated training for all its board members and senior management by a resources expert, Mr Richard Chetwode. Mr Chetwode, from Northamptonshire England, is a diamond industry expert who combines comprehensive knowledge of, as well as valuable relationships, in the diamond market and financial markets to educate and give training on the industry, financial impact and risks.

INDEPENDENT AND UNFETTERED ADVICE

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

BOARD DIRECTOR'S 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 his/her 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 meet the requirements for the test of independence. In light of two non-executive directors who have been appointed for a period of 7 years, Trustco deemed it prudent to restructure and redeploy directors throughout the group. This will enhance transparency and ensure 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.

CORPORATE GOVERNANCE

▶ IN LIGHT OF TWO NON-EXECUTIVE DIRECTORS WHO HAVE BEEN APPOINTED FOR A PERIOD OF 7 YEARS, TRUSTCO DEEMED IT PRUDENT TO RESTRUCTURE AND REDEPLOY DIRECTORS THROUGHOUT THE GROUP

BOARD COMPOSITION, CHANGES AND STRUCTURES

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. During the year under review Trustco launched a campaign to secure additional capacity based on the above mentioned selection criteria and appointed a number of independent non-executive directors, who will be deployed throughout the group. Subsequently the independent non-executive board members were rotated, deployed and allocated in line with their specific expertise to the various segments and board committees. Additional operational boards were established and the independent non-executive directors were also appointed to these boards. The board considered and applied the principles of the group affirmative action policy during the reporting period.

Changes to the board

- Mr Floors Abrahams was appointed as financial director from 5 April 2017. Mr Abrahams has been an executive director since 2006 and was also the group financial director from 2006 to 2013.
- Mr Jabu Mahlangu resigned on 22 April 2018 as independent non-executive director and the board appointed Ms Kristin van Niekerk and Prof Lana Weldon as independent non-executive directors on 26 April 2018. Refer to page 22 to 27 of this report for more information.

Insurance and its investments segment

- The insurance segment holding company (known as Legal Shield Holdings) appointed Ms Kristin van Niekerk, Mr Winton Geyser and Mrs Janene van den Heever as independent non-executive directors. Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen and Mr Floors Abrahams serve as the executive directors of the company.
- Trustco Life Ltd (Trustco Life) and Trustco Insurance Ltd (Trustco Insurance) expanded their existing boards, previously consisting of Mr Winton Geyser and Mr Renier Taljaard as independent non-executive directors, to include Ms Kristin van Niekerk and Ms Janene van den Heever as independent non-executive directors. Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen and Ms Annette Brand serve as the executive directors of Trustco Life and Trustco Insurance.

Banking and finance segment

- The banking and finance segment holding company was established and appointed Prof Lana Weldon and Mr Winton Geyser as independent non-executive directors. Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen, Mr Thomas Slabbert and Mr Floors Abrahams will serve as the executive directors of the holding company.
- Trustco Bank Namibia Ltd (Trustco Bank) made several changes to their existing board. During the reporting period Mr Tom Newton, Mr Stanley Similo and Ms Ndapandula Tshitayi acted as independent non-executive directors. Subsequently Ms Ndapandula Tshitayi resigned. The existing board was expanded and now comprises of Mr Tom Newton, Mr Stanley Similo, Professor Lana Weldon and Mr Winton Geyser as independent non-executive directors. Dr Quinton van Rooyen and Mr Thomas Slabbert serve as executive directors of Trustco Bank.
- Trustco Finance (Pty) Ltd (Trustco Finance) appointed Mr Renier Taljaard as independent non-executive director. Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen, Mr Floors Abrahams, Ms Adriana Lambert and Mr Thomas Slabbert serve as executive directors of Trustco Finance.

CORPORATE GOVERNANCE

▶ THE BOARD APPOINTED PROFESSOR LANA WELDON AS A LEAD INDEPENDENT DIRECTOR OF THE BOARD

Resources segment

- Trustco Resources (Pty) Ltd (Trustco Resources) appointed Mr Richard Chetwode as independent non-executive director and Dr Quinton van Rooyen, Mr Quinton Zandre van Rooyen, Mr Floors Abrahams and Mr Jan Joubert serve as the executive directors of Trustco Resources.
- The board of Meya consisted of Mr Jimmy How Saw Keng and Mr Chok Yin Lo Kam Cheong as independent non-executive directors and Mr Quinton Zandre van Rooyen, Mr Floors Abrahams and Mr Ibrahim Sorie Kamara as executive directors. Subsequently the directors Mr Jimmy How Saw Keng and Mr Chok Yin Lo Kam Cheong resigned and were replaced with Mr Yuvrai Kumar Juwaheer and Mr Fareeddooddeen Jaubocus as independent non-executive directors as from 22 July 2018.

SUCCESSION PLANNING

The group benefits from having an extensive pool of directors with diverse experience and high levels of competence. The board is satisfied that it is able to identify suitable short, medium and long term replacements from within the group structure.

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 for acting as the link between the board and management. The MD acts as the chairman of the Top 6 and its support committee.

The MD is remunerated in accordance with a management agreement with the group (see annual financial statements for more information). During the year under review, the MD elected to waive his management and surety fees. The MD has no other professional commitments or directorship of governing bodies outside that of the group other than what was disclosed in terms of the Declaration of Conflict Policy of the group. The succession planning is in place for the position of MD.

The functions of the chairman of the board and the MD are clearly separated in the board charter.

THE CHAIRMAN

The chairman of the board was appraised and considered to be an independent non-executive director. 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.

The independence of the chairman was reviewed and evaluated as he has been serving on the board as chairman since September 2010. The chairman was found to be independent. The board appointed Professor Lana Weldon as a lead independent director of the board.

THE FINANCIAL DIRECTOR

During the year under review Mr Floors Abrahams served as the group financial director. The audit and risk committee has assessed the expertise, experience and performance of the group financial director, Mr Abrahams, and found his capabilities and performance satisfactory.

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 re-



INTERESTS

During the year under review, the MD elected to waive his management and surety fees.

CORPORATE GOVERNANCE

view. 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.

BOARD MEETINGS AND ATTENDANCE

Trustco Group Holdings main board meetings

| Board member | 23 Jun 2017 | 14 Aug 2017 (extra- ordinary) | 27 Sept 2017 | 24 Nov 2017 | 9 Mar 2018 |
|------------------------------|----------------|-------------------------------------|-----------------|----------------|---------------|
| Raymond Heathcote (Chairman) | ✓ | ✓ | X | ✓ | ✓ |
| Renier Taljaard | ✓ | ✓ | ✓ | ✓ | ✓ |
| Jabu Mahlangu | ✓ | X | ✓ | ✓ | ✓ |
| Winton Geyser | ✓ | ✓ | ✓ | ✓ | ✓ |
| Floors Abrahams | ✓ | ✓ | ✓ | ✓ | ✓ |
| Quinton van Rooyen | ✓ | ✓ | ✓ | ✓ | ✓ |

✓ Present X Absent

Trustco General Meetings (GM) and Annual General Meeting (AGM)

| Board member | 13 Jun 2016 GM | 19 Oct 2017 AGM | 27 Oct 2017 GM |
|------------------------------|----------------------|-----------------------|----------------------|
| Raymond Heathcote (Chairman) | ✓ | ✓ | X |
| Renier Taljaard | ✓ | ✓ | ✓ |
| Jabu Mahlangu | X | X | X |
| Winton Geyser | ✓ | ✓ | ✓ |

✓ Present X Absent

BOARD COMMITTEES

The board appointed an audit and risk committee (ARC), a remuneration (remco) and nomination (nomco) committee as well as a social and ethics committee to whom certain functions were delegated. The members of these standing committees are non-executive independent directors of the board, including the chairpersons of the individual committees.

CORPORATE GOVERNANCE

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 varied business segments and various regulatory compliance requirements, the group has four different ARCs. The ARC of Trustco Life, Trustco Insurance and Trustco Bank report to the group ARC of Trustco.

During the reporting period, the ARC of Trustco Life and Trustco Insurance comprised of a combination of independent non-executive and executive directors, the majority of which are independent non-executives. However, subsequently, the committees changed to consist only of independent non-executive directors. The ARC of Trustco Bank comprises only of independent non-executive directors.

The ARC confirmed that appropriate financial reporting procedures exist, are applied and functioning effectively throughout the group.

The internal auditors, the external auditors, the financial officer of each segment, the CAE and senior management attended the ARC meetings.

The ARC is well-informed of the responsibilities and duties of the external auditors and is satisfied 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 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

CORPORATE GOVERNANCE

- maintained oversight over the internal audit function
- nominated independent internal auditors and determined the fees to be paid as well as the terms of engagements and
- applied the auditors rotation policy throughout the group.

ARC MEETINGS AND ATTENDANCE

| Committee member | 14 Jun 2017 | 11 Aug (extra-ordinary) | 20 Sep 2017 | 15 Nov 2017 | 9 Mar 2018 |
|--------------------------|-------------|-------------------------|-------------|-------------|------------|
| Winton Geyser (Chairman) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Renier Taljaard | ✓ | ✓ | ✓ | ✓ | ✓ |
| Jabu Mahlangu | ✓ | X | ✓ | ✓ | ✓ |

✓ Present X Absent

THE REMUNERATION AND NOMINATION COMMITTEE (REMCO AND NOMCO)

The remco and nomco have dual responsibilities. The remco is comprised 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, including 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 remco is satisfied that incentives are based on stretched targets that are verifiable, measurable and relevant.

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

| Committee member | 7 Jun 2017 | 8 Nov 2017 |
|----------------------------|------------|------------|
| Renier Taljaard (Chairman) | ✓ | ✓ |
| Winton Geyser | ✓ | ✓ |

✓ Present X Absent

The mandate of nomco includes *inter alia*:

- makes recommendations to the board on the appointment of new executive and non-executive directors through a formal process
- monitors the composition of the board, the board structure, size and diversification and
- initiates and manages performance evaluations of the board.

The nomco met once during the year under review and committee members attendance were as follows:

CORPORATE GOVERNANCE

| Committee member | 23 Jun 2017 |
|---------------------------------|-------------|
| Raymond Heathcote (Chairman) | ✓ |
| Renier Taljaard | ✓ |
| Winton Geysler | ✓ |

✓ Present X Absent

SOCIAL AND ETHICS COMMITTEE

The committee was established, held an introductory meeting and the first formal meeting was held on 13 June 2018. The social and ethics committee consists of Ms Kristin van Niekerk (chairperson) and Mr Renier Taljaard as the independent committee members and Ms Elmarie Janse van Rensburg as the executive committee member.

The mandate of the social and ethics committee includes monitoring and oversight of the group's activities concerning:

- ethical leadership
- responsible corporate citizenship
- sustainable development
- stakeholder inclusivity and
- social and economic development.

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 and submitted to the JSE.

King IV

The board accepted and embraced the implementation of the King IV report and has adopted the principles of King IV insofar as the application thereof is in the best interest of the group. Where it was not possible 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 <http://bit.ly/2A6Bzwj>

Gender diversity policy

In accordance with the JSE LR and the formal policy on the promotion of gender diversity, as approved by the board, and available on the company's website at <http://bit.ly/2LojwBY>

CORPORATE GOVERNANCE

PERCENTAGE FEMALE REPRESENTATION ON THE BOARD

| Board | Position as at 31 March 2017 | Position as at 31 March 2018 and subsequent to the reporting period |
|--------------------------------|------------------------------|---|
| Trustco Group Holdings Limited | 0% | 28% |
| Trustco Life Limited | 0% | 42% |
| Trustco Insurance Limited | 0% | 42% |
| Trustco Bank Namibia Limited | 20% | 16% |

Although the policy did not include set voluntary targets, the group achieved its objective by appointing female directors to the board.

Dealing in securities

Trustco is a highly regulated entity and operates within strict rules and guidelines. Trustco at all times adheres to the highest standards of corporate governance, transparency and ethical behaviour and has sufficient policies and procedures in place to ensure that any trading in securities is done in accordance with the rules and regulations. The company secretarial department authorises all directors, associates of directors and all employee trades in Trustco securities.

It is important to note that any investigation by the Financial Sector Conduct Authority (the FSCA) is into trading activities of TTO Securities, trading on the JSE and not into the operations of the company or the affairs of the company. This is confirmed by the FSCA press release of 29 March 2018 as published on their website <https://www.fsca.co.za>

Trustco also reported incidents to the JSE, through its JSE sponsor, where it identified possible suspicious trading activities and will continue to do so in future. Trustco believes this to be its responsibility towards all shareholders.

Sponsor

Sasfin Capital, a division of Sasfin Bank Limited (Sasfin), remained the company's JSE equity and debt sponsor on the JSE, while Simonis Storm Securities (Pty) Ltd acted as the company's NSX sponsor for the reporting period.

Whistle-blowing

The ARC is satisfied that adequate and appropriate provision is made for whistle-blowing processes. No material 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 is reliable and consistent with the financial results and other information within the knowledge of the directors of the ARC.

CORPORATE GOVERNANCE

JUNIOR BOARD MENTORSHIP PROGRAM

Trustco received 63 applications for the board director position during the campaign. Most of the applications received were from a large number of young successful Namibian individuals with strong leadership qualities, impressive curriculum vitae *et al*, but who lacked essential boardroom experience. Trustco, as a result, therefore identified the need amongst the youth whereby young Namibian people are given the opportunity to grow, gain experience and be empowered for such positions. The group subsequently implemented a Junior Board mentorship program to empower young individuals with potential who will receive training, guidance and mentorship on all aspects of good corporate governance and all aspects entailed by a position as a director on any board.



Junior board