

# LEADERSHIP AND ETHICS

## THE BOARD

The group's corporate governance is a dual process, the first is regulated by statute, which is imposed by law, whilst the second is developed by the board and implemented as well as maintained by the management of the company. Trustco operates in a highly regulated environment. The board plays a pivotal role in the group's corporate governance structure. The board considers the environmental, social and governance (ESG) impact for all stakeholders when making decisions. The board's deliberations and approach to corporate governance is that of intellectual honesty and transparency. The board's mandate is to act in the best interest of the company, considering the interest of all stakeholders. 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 also advocates adherence to sound governance principles by all entities within the group. The structure within the group is constantly revisited and optimised to ensure that all unlisted subsidiaries and associated companies endorse the principles of the King IV report or the NamCode (Corporate Governance Code of Namibia). Subsidiary entities must further comply with the regulations and requirements of the Namibia Financial Institutions Supervisory Authority (Namfisa) and Bank of Namibia (BON).

Effective corporate governance forms part of Trustco's investment assessment criteria and risk management which are further monitored on a continuous basis by non-executive and executive board representation on investee companies' boards. Trustco acts as an investment entity and accordingly all references to the group refer to the company and its subsidiaries. All subsidiaries are operated and managed as independent entities with independent boards. Trustco, together with some of its other subsidiaries render management and support services to its businesses and recovers its costs through benchmarked fees for services rendered.

## 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 stakeholders inside and outside the group. The board and senior management openly communicate their values on an ongoing and transparent basis, using different platforms and distribution systems. While the board establishes core values and principles, management leads by example and actions are guided by either positive or negative reinforcement.

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 implementations are built. Failure to align ethics and values to business strategies and the execution of operating plans bears potential high risk. The board, management and employees of Trustco work together with common interests and shared values to achieve a common goal.

An objective of corporate governance remains to ensure that shareholders wealth is maximised and protected.

The group's strategy is considered, evaluated and agreed upon. Implementation is monitored at the board and executive meetings. The board also ensures that procedures and practices are in place that protect the group's assets and reputation. The risk appetite of the group is determined and considered with every investment. Further responsibilities of the board include the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals, operational and capital expenditure and overseeing the group's systems of internal control, governance and risk 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.

The group maintains a robust corporate governance structure with established board committees supporting the board in the execution of its duties, however the board remains ultimately responsible and accountable to all its stakeholders. Certain authorities have been delegated with specific authority to each board committee 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 (DOA) and the board charter establish a clear balance of power and authority at all levels. The company applies the four eyes principle to ensure that no director has unfettered powers of decision making.

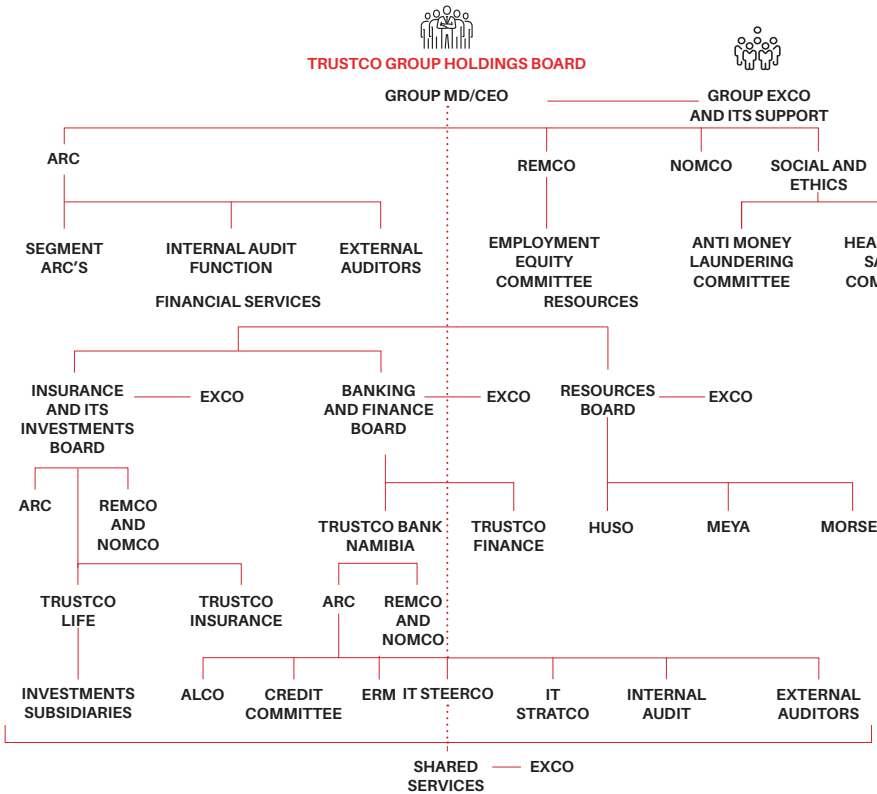
## THE BOARD OF DIRECTORS

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

- set and steer 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
- oversee and monitor implementation and execution by management and
- take independent and objective decisions.

An important role of the board is to define the purpose of the group – which is its strategic intent, investment considerations, investment decisions and objectives as a business enterprise – and its values, which constitute its organisational behaviours and the norms to achieve its purpose and create sustained value. Both the purpose and the values are considered clear and achievable.

- During the period under review the board:
- held strategic sessions
  - reviewed and maintained the COVID-19 policy and response plan
  - reviewed the remuneration of non-executive directors of the group
  - approved a new management agreement subject to shareholders' approval
  - approved the share repurchase programme and
  - changed the financial year-end of the company.



# LEADERSHIP AND ETHICS (CONTINUED)

## BOARD ASSESSMENT

The board of directors conducted an evaluation of its own performance, the performance of its committees, the chairperson, the individual board members, the CEO, FD and company secretary. The evaluations were conducted informally and were not facilitated externally, but in accordance with a generally accepted methodology adopted by the board. The formal evaluation process of the board is still ongoing. The evaluation concluded that the board is effective and that value and participation were considered satisfactory and positive in all material and compliance aspects. No remedial actions were required. The board is satisfied that the evaluation process is improving its performance and effectiveness and will continue to identify areas for improvement.

## DIRECTOR DEVELOPMENT

Ongoing training is provided to the board of directors of Trustco and its subsidiaries. The board and management engaged in an inclusive strategic session where the overall strategy of the group was debated, analysed and formalised. The combined expertise, advice, insight, knowledge and specialised skills of the individual directors, senior executives and invited specialist consultants shared during this strategic session and discussions on complex issues, serve as valuable ongoing training, skills transfer and development of all parties involved. The board members of Trustco and its subsidiaries together with senior management received formal board training during a session with Mr Tapiwa Njikizana from W Consulting, an independent JSE accredited, IFRS expert.

## 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, the board members collectively sought independent advice. The board of directors also has direct access to the group's external auditors, the external legal advisor, external compliance advisor, the company secretary, the CAE and the CEO at all times.

The group makes use of the technical and expert opinion of W Consulting, an independent JSE accredited IFRS advisor, for all material transactions. The board has access to all expert reports and professional opinions obtained from independent experts.

## BOARD OF DIRECTORS' 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.

As at the reporting date, three of the non-executive directors have served for longer than nine years. The board has considered whether the three directors continue to be independent in executing their fiduciary duties and is satisfied that they are and remain independent.

In light of the three non-executive directors who have been appointed for a period longer than nine years, Trustco deemed it prudent to restructure and redeploy directors throughout the group subsequent to the reporting period.

The board furthermore practices the review of director independence annually, conducted the assessment and has concluded that all non-executive directors are independent and meet the requirements for the test of independence.

The board considered the indicators set out in the King IV report holistically and on a substance over form basis when assessing the independence of each director for purposes of categorisation.

The majority of directors serving on the board are classified as independent non-executive directors.

The board has conducted an assessment and has concluded that the members exercise objective judgement and there is no interest, position, association or relationship that, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making.

In accordance with the company's memorandum and 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.

## BOARD COMPOSITION AND STRUCTURES

Directors are appointed through a formal process involving the whole board, with recommendations from the nomination committee. Appointments to the board are made based on the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. This selection criteria ensures a diversified, competent and balanced board.

The board continually analyses and reviews whether its governance structures are relevant and appropriate. There is a clear division of responsibilities at board level. Independent non-executive board members are rotated, deployed and allocated in line with their specific expertise to the various subsidiaries and board committees, as certain functions require different focus, skills and experience for effective oversight. The aim is to promote effective collaboration among committees with minimal overlap and fragmentation of duties. The delegation of power and authority promotes independent judgement and assists with effective discharge of duties.

The structure of quarterly board meetings continues to be inclusive. The board members together with all subsidiary board members, the internal and external auditors, the group executive committee (exco) and its support committee, as well as senior management of the different businesses, all engaged in an inclusive workshop where each business presented its budget, discussed material transactions, projected cash flow requirements and determined the risk appetite as well as strategic vision. The board and management openly share issues, challenge conclusions and debate strategic decisions in a constructive manner. This approach is also embraced and encouraged throughout the organisation.

## CHANGES TO THE BOARD

The following changes were made to the board:

- Mr Richard Marney was appointed as independent non-executive director on 25 March 2021.
- Ms Janene van der Heever was appointed as independent non-executive director on 1 November 2021.

## SUCCESSION PLANNING

The group benefits from having a pool of executive directors with diverse experience and high levels of competence. Succession planning makes provision for the identification, mentorship and development of future members. 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) AND CHIEF EXECUTIVE OFFICER (CEO)

The group MD, who is also the CEO of the group, is responsible for leading the implementation and execution of approved board strategies, policies, operational planning and for acting as the link between the board and management. The MD acts as the chair of the exco and its support committee.

The MD is remunerated in accordance with a management agreement with the group (see annual financial statements for more information). The MD has no other professional commitments or directorships 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. The functions of the chairman of the board and the MD are clearly separated in the board charter.

## THE CHAIRMAN

The independence of the chairman was reviewed and evaluated. The chairman was found to be independent. The chairman of the board also serves as the chairman of the nomination committee.

## THE FINANCIAL DIRECTOR

During the financial year under review, Mr Floors Abrahams continued to serve as the group financial director on a full-time basis. The audit and risk committee has assessed the expertise, experience and performance of 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 in the execution of its duties and responsibilities. Komada Holdings (Pty) Ltd serves

# LEADERSHIP AND ETHICS (CONTINUED)

as the company secretary. Komada is a subsidiary company of Trustco and provides secretarial services to the companies in the group. 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 its services, experience and competence to be satisfactory.

## NON-EXECUTIVE AND EXECUTIVE DIRECTORS ATTENDING THE TRUSTCO ANNUAL GENERAL MEETING (AGM)

BOARD MEMBER	29 APR ‘21 AGM
RAYMOND HEATHCOTE (CHAIRMAN)	✓
RENIER TALJAARD	x
WINTON GEYSER	x
RICHARD MARNEY	✓
QUINTON VAN ROOYEN	✓
FLOORS ABRAHAMS	✓

No general meeting was held during the reporting period.

## BOARD COMMITTEES

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

## 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, 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 investments and various regulatory compliance requirements, the group has two additional ARCs. The ARC of insurance and its investments and Trustco Bank Namibia report to the group ARC of Trustco.

The ARC confirmed that appropriate financial reporting procedures exist, are applied, maintained and functioning effectively throughout the group. The ARC and the external auditors, Nexia SAB&T, executed their duties and responsibilities pursuant to paragraph 22.15 of the JSE LR.

The internal auditors, the external auditors, the CEO, chief financial officer, the CAE and senior management attend 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 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 and the South African Companies Act, as far as it is required.

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

Subsequent to the resignation of two independent non-executive directors, on 25 March 2020, Trustco engaged the JSE on the composition of the ARC, whereafter the JSE provided a ruling to confirm that the chairman of the board can act as a member of the ARC until such a time that additional directors can be appointed. The composition of the ARC was changed with the appointment of Mr Richard Marney.

## BOARD AND COMMITTEES MEETINGS AND ATTENDANCE

### GROUP MAIN BOARD MEETINGS

MEMBER	19 OCT ‘20 EXTRAORDINARY MEETING	3 DEC ‘20	17 MAR ‘21	29 JUN ‘21	24 AUG ‘21 STRATEGIC SESSION
RAYMOND HEATHCOTE (CHAIRMAN)	✓	✓	✓	✓	✓
RENIER TALJAARD	✓	✓	✓	✓	✓
WINTON GEYSER	✓	✓	✓	✓	✓
RICHARD MARNEY (APPOINTED 25 MAR ‘21)	x	x	INVITEE	✓	✓
FLOORS ABRAHAMS	✓	✓	✓	✓	✓
QUINTON VAN ROOYEN	✓	✓	✓	✓	✓

## ARC MANDATE

The duties of the ARC include those assigned to it by the board and which have been documented in its charter.

The ARC has, in the period under review, fulfilled its mandate which includes:

- 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 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
- engaged the JSE on proactive monitoring
- considered the proactive monitoring issued by the JSE
- ensure that the auditor reports on its responsibilities pursuant to paragraph 22 of the LR
- ensure that the committee has access to all financial information of the company to allow it to effectively evaluate and report on annual financials and
- oversee effective financial reporting for the group and its subsidiaries.

LEADERSHIP AND ETHICS (CONTINUED)

GROUP ARC MEETINGS AND ATTENDANCE

MEMBER	3 DEC '20	17 MAR '21	29 JUN '21	24 AUG '21 STRATEGIC SESSION
WINTON GEYSER (CHAIRMAN)	✓	✓	✓	✓
RENIER TALJAARD	✓	✓	✓	✓
RICHARD MARNEY (APPOINTED 25 MAR '21)	x	INVITEE	✓	✓

The committee held four meetings during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

THE GROUP REMUNERATION AND NOMINATION COMMITTEE (REMCO AND NOMCO)

The remco and nomco have dual responsibilities. The remco comprises of independent non-executive directors and assists the board to set and monitor the remuneration policies and makes 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.

REMCO MANDATE

The duties of the remco include those assigned to it by the board and which have been documented in its charter. The remco has fulfilled its mandate which includes *inter alia*:

- to ensure the company remunerates fairly, equitably and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term
- assume responsibility for the governance of remuneration by setting the direction of how remuneration practices should be addressed throughout the group and
- approve policies that articulate and give effect to its direction on fair, equitable, responsible and transparent remuneration and consider, recommend and review remuneration policies for the group.

GROUP REMCO MEETINGS AND ATTENDANCE

MEMBER	3 DEC '20	29 JUN '21
RENIER TALJAARD (CHAIRMAN)	✓	✓
WINTON GEYSER	✓	✓
RICHARD MARNEY (APPOINTED 25 MAR '21)	x	✓

The committee held two meetings during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

NOMCO MANDATE

The duties of the nomco include those assigned to it by the board and which have been documented in its charter. The nomco has fulfilled its mandate which includes *inter alia*:

- making recommendations to the board on the appointment of new executive and non-executive directors through a formal process
- monitoring the composition of the board, its structure, size and diversification and
- initiating and managing performance evaluations of the board.

GROUP NOMCO MEETINGS AND ATTENDANCE

MEMBER	3 DEC '20
RAYMOND HEATHCOTE (CHAIRMAN)	✓
WINTON GEYSER	✓
RENIER TALJAARD	✓

The committee held one meeting during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

THE SOCIAL AND ETHICS COMMITTEE

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.

GROUP SOCIAL AND ETHICS COMMITTEE MEETINGS AND ATTENDANCE

MEMBER	3 DEC '20
RENIER TALJAARD (CHAIRMAN)	✓
WINTON GEYSER	✓
ELMARIE JANSE VAN RENSBURG (EXECUTIVE)	✓

Subsequent to the appointment of Mr Richard Marney as director of the Trustco board, Mr Marney was appointed chairman of the social and ethics committee and Mr Winton Geyser was redeployed.

The committee held one meeting during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

COMPLIANCE STATEMENTS  
PRIMARY, SECONDARY AND OTCQX LISTINGS

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.

Trustco established a sponsored Level 1 ADR program in the United States of America (USA) in 2014. The purpose of the ADR was to facilitate access to Trustco shares (TTO) in the USA and to enhance the international presence of the emerging markets vision of the group. Trustco upgraded its Level 1 ADR program to a real-time Level 2 ADR program. The Trustco share has commenced trading on the OTCQX Best Market under the symbol TSCHY. The company's listing on the OTCQX means the company is subject to the requirements of the OTCQX International and must comply with its US disclosure obligations under the Exchange Act Rule 12g3-2(b) and the OTCQX standard for international companies.

The board satisfied itself that the group has complied with all enforceable JSE and NSX LR as well as the OTCQX standard.



# LEADERSHIP AND ETHICS (CONTINUED)

## ANNUAL COMPLIANCE CERTIFICATE

The annual compliance certificate confirming the company's compliance with the JSE LR was completed and submitted to the JSE. The ARC considered the applicable report from the JSE and ensured that the company took the appropriate action.

## KING IV REPORT AND REGISTER

The board accepted and embraced the implementation of the King IV report and has adopted the principles of the King IV report 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 <https://tinyurl.com/yImu3v17>

## BROAD DIVERSITY POLICY

The board considered and applied the principles of the Broad Diversity Policy. Should replacement opportunities for directors arise, the balance of skills required to enable the board to properly perform its duties and meet its responsibilities will be taken into account. Although no voluntary targets have been set, the board will apply the Broad Diversity Policy with the envisaged new appointments of independent non-executive directors. In accordance with the JSE LR, the board approved policy on the promotion of broad diversity is available on the company's website at <https://tinyurl.com/yImu3v17>

## DEALING IN SECURITIES

Trustco is a highly regulated entity and operates within strict rules and guidelines. Trustco always 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 trades in Trustco securities of directors.

## DIRECTORS' DEALINGS AND CONFLICTS OF INTEREST

Policies and procedures are in place to recognise, respond to and manage any actual, potential or perceived conflicts of interest. Directors are required to disclose their personal financial interests and those of persons related to them, in contracts or other matters in which Trustco has a material interest or which are to be considered at a board meeting. All directors are required to assess any potential conflict of interest and report such instances to the attention of the chairperson of the board. Where a potential conflict of interest exists, directors are expected to recuse themselves from relevant discussions and decisions.

Declarations of interest and conflict of interest of directors are done annually as per the Declaration of Interest and Conflict of Interest Policy of the group. All information acquired by directors in the performance of their duties, which is not disclosed publicly, is treated as confidential. Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties. All directors of the company are required to comply with the relevant board policies of the group and the requirements of the JSE regarding insider information, dealings in securities and the disclosure of such dealings.

The activities and conduct of executive directors and senior management who act in an executive capacity on the boards of investee companies are governed by formal guidelines as approved by the board.

## SPONSOR

Vunani Ltd through Vunani Corporate Finance remains the company's JSE equity sponsor. Merchantec (Pty) Ltd remains the company's debt sponsor. Simonis Storm Securities (Pty) Ltd remains the company's NSX sponsor for the reporting period. J P Galda remains the company's OTCQX sponsor.

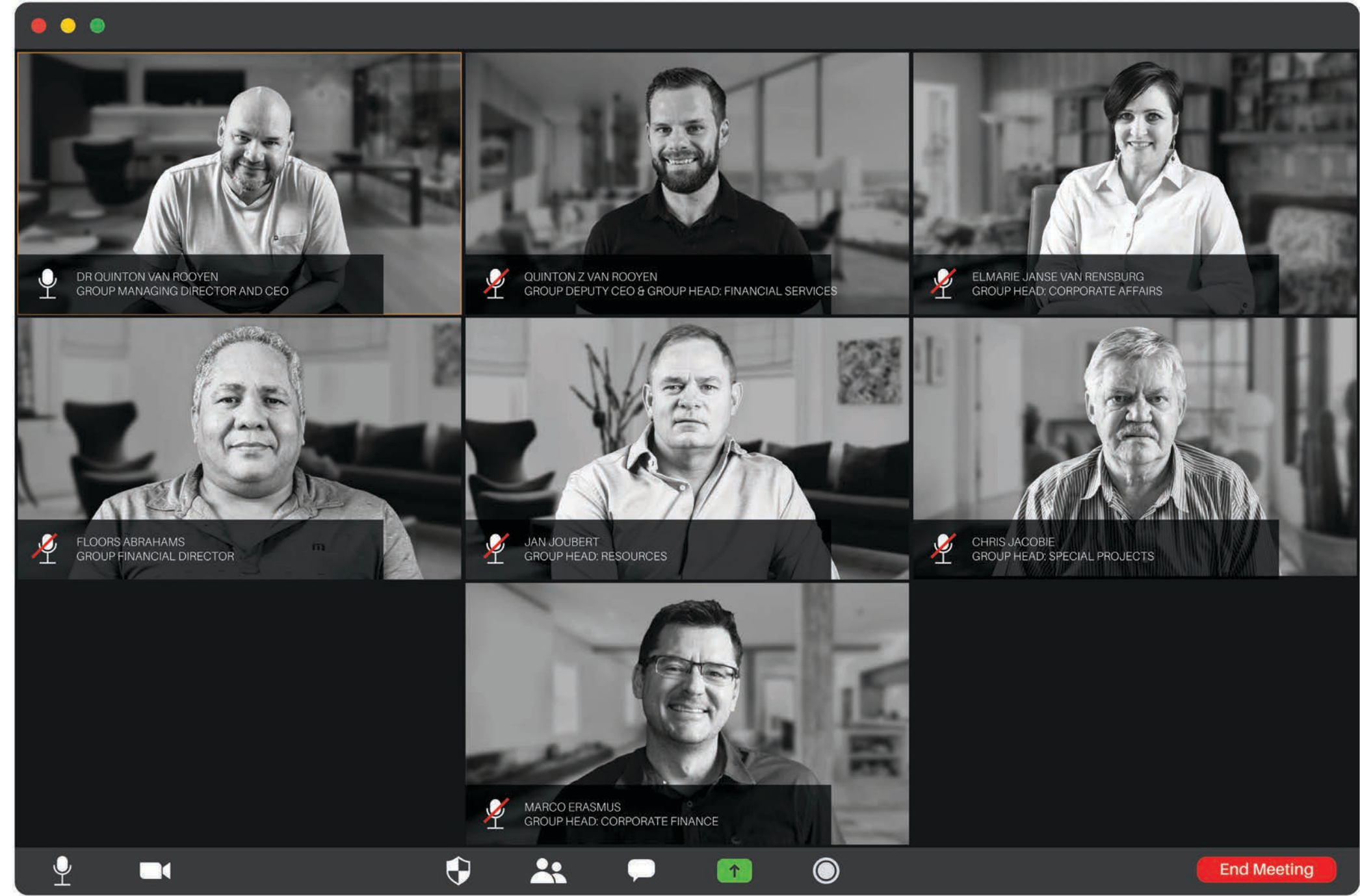
## WHISTLE BLOWING

The ARC is satisfied that adequate and appropriate provision is made for whistle blowing processes. No material instances requiring action were encountered during the financial period under review. Trustco has an established anonymous reporting facility for whistle blowing. This facility encourages employees and other stakeholders to report fraudulent, corrupt or unethical behaviour related to any of the group's activities without fear of victimisation and retribution. There were no cases of significant fraud or theft that were reported during the period 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 members of the ARC.

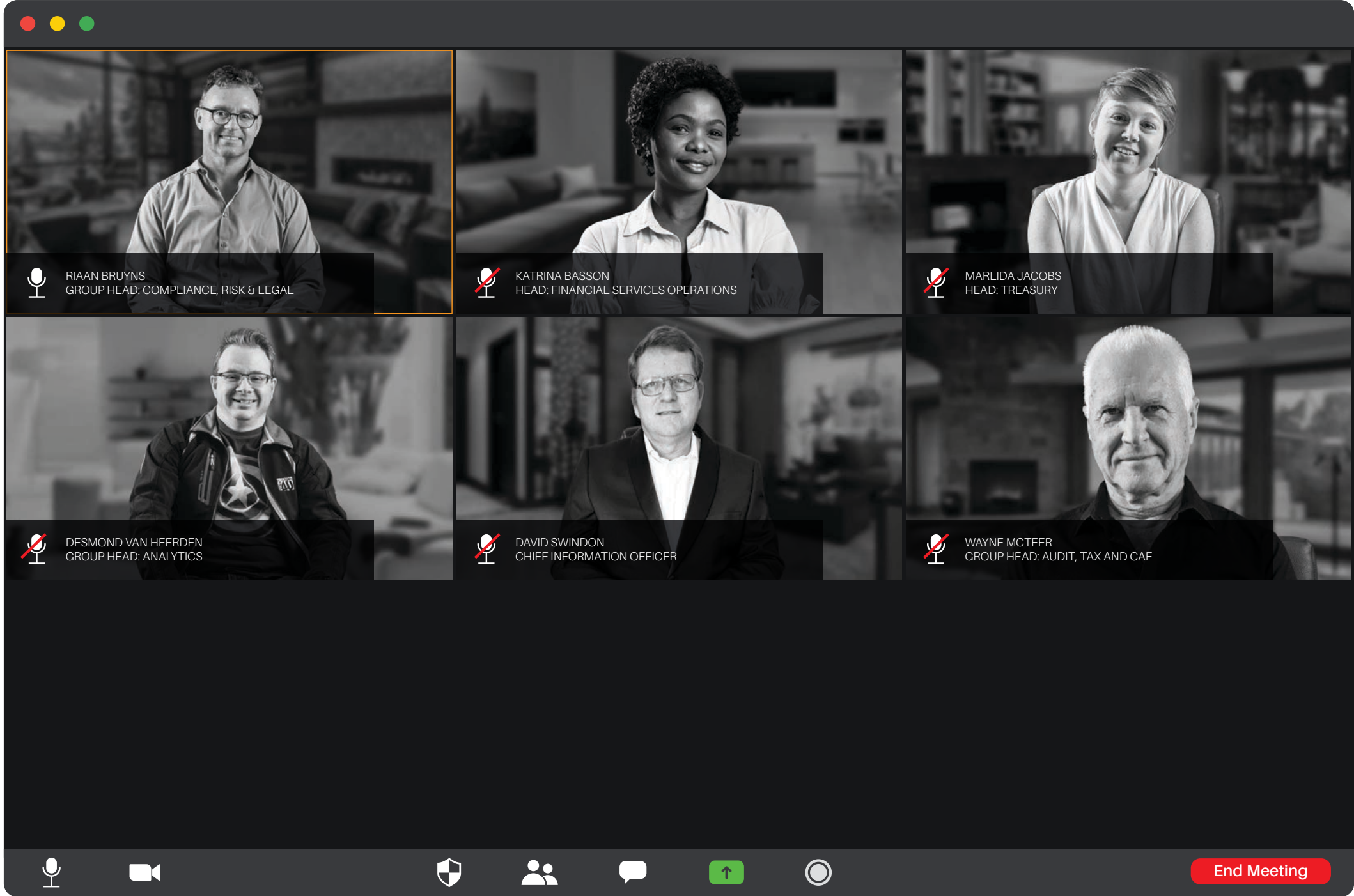
LEADERSHIP AND **ETHICS** (CONTINUED)



**GROUP EXECUTIVE COMMITTEE**

The group executive committee (exco) is chaired by the group MD/CEO and is responsible for the implementation and execution of operations in accordance with strategy approved by the board. The exco with its support executives meet daily to monitor targets and progress to ensure that objectives and policies remain relevant as well as to discuss operational matters which are material to sustainable growth and ongoing risk management. New initiatives are continuously recommended to the board for consideration and approval. The exco comprises selected executives heading business investments and group functions.

LEADERSHIP AND **ETHICS** (CONTINUED)



**GROUP EXCO SUPPORT EXECUTIVES**

The exco support executives are carefully handpicked and offered special guidance, mentorship and support by the exco. These support executives are earmarked to join the exco and provide essential support and advice as well as enhance the skills pool of the exco.