

APPLICATION OF THE KING IV CODE PRINCIPLES

MANUAL

Emkei Holdings (Pty) Ltd
("Emkei Holdings" or "The Group")

The Board is committed to complying with the requirements of the Companies Act, 71 of 2008, as amended, and the King Report on Corporate Governance for South Africa 2016 (King IV).

The principles of King IV are adopted and applied by Emkei Holdings as disclosed in this document.

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<p>Principle 1:</p> <p>LEADERSHIP</p>	<p>The board is led ethically and effectively.</p>	<p>1.1 The Board is held accountable for ethical and effective leadership through adherence to the Board Charter and annual performance evaluations administered by the Company Secretary. The Board and its committees demonstrate ethical and effective leadership through a robust governance framework strongly embedded in the Group’s strategy and performance. Board members have a legal obligation to avoid conflicts of interest and make full and timely disclosure of potential conflicts.</p> <p>1.2 Directors have been appointed to ensure the appropriate mix of skills, experience and independence within the business. During the 2022 financial year, the Board undertook a review of its composition and functioning with a view to improving its independence, skills and succession plan. The Board is satisfied it has the right mix of skills, experience and talent.</p> <p>Further references in this regard can be found in official Emkei Holdings documents such as our Business plan, under "Management" section.</p>
<p>Principle 2:</p> <p>ORGANIZATIONAL ETHICS</p>	<p>The board should govern the ethics of the organization in a way that supports the establishment of an ethical culture.</p>	<p>2.1 The Group has a code of ethics in place that is applicable to all employees, including the Board of Directors.</p> <p>2.2 The Audit and Risk Committee (ARC) and Social and Ethics Committee (SEC) assist the Board with monitoring and reporting on social, ethical and transformational practices that support the establishment of an ethical culture across the Group. Ethical standards are incorporated into the various functional policies and procedures, the implementation of which is monitored by the ARC and SEC.</p> <p>2.3 The Group provides an independently managed mechanism, Tip-offs Anonymous, to enable employees and third parties to report any perceived or alleged irregular and unethical behaviour in a confidential and controlled manner. Allegations are monitored and managed, and regular feedback is provided to the SEC.</p>
<p>Principle 3:</p> <p>RESPONSIBLE CORPORATE CITIZENSHIP</p>	<p>The board should ensure the organization is seen to be a responsible corporate citizen.</p>	<p>3.1 We have implemented various initiatives and programmes to ensure we promote and protect the environment and maintain the health and safety of our people, suppliers and customers.</p> <p>3.2 Further references in this regard can be found in official Emkei Holdings documents.</p>

<p>Principle 4:</p> <p>STRATEGY AND PERFORMANCE</p>	<p>The board should appreciate that the organization's core purpose, it's risks, it's opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.</p>	<p>4.1 The Board, in accordance with the Board Charter, is responsible for aligning the Group's strategic objectives, vision and mission with performance and sustainability considerations</p> <p>4.2 Our material matters are: Changes in socio-political and economic conditions Application of technology and digitisation Impact of talent war The impact of a responsible and sustainable value chain Continuously increasing regulatory requirements Embedding an ethical culture Building brand loyalty through customer centricity</p> <p>4.3 The Group has a formalised risk management process in place, which considers the full range of material risks, including strategic and operational risks, that might affect its performance and sustainability. The ARC provides risk governance oversight by continuously monitoring risks and ensuring appropriate controls are in place</p>
<p>Principle 5:</p> <p>REPORTING</p>	<p>The governing body should ensure reports issued by the organization enable stakeholders to make informed assessments of the organisation's performance, and it's short, medium -and long-term prospects.</p>	<p>5.1 The Group publishes an Integrated Report and Sustainability Report that presents the material information on Emkei Holdings (Pty) Ltd and its subsidiaries in an integrated manner. Sustainability reporting and disclosure are integrated with the Group's financial reporting.</p> <p>5.2 This provides stakeholders with a balanced and holistic view of the Group's financial, social, environmental and economic impacts and an understanding of its short, medium and long-term prospects.</p> <p>5.3 The Board delegates the governance and approval of the Integrated Report to the ARC.</p>
<p>Principle 6:</p> <p>PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD</p>	<p>The governing body should serve as the focal point and custodian of corporate governance in the organization.</p>	<p>6.1 The Board is the highest governing authority and through its Charter, it carries the ultimate responsibility for governance of the Group. The Charter is reviewed annually.</p> <p>6.2 The Board has adopted the principles of King IV, and where the recommendations are not applied, reasons for an alternative approach have been explained.</p>

<p>Principle 7:</p> <p>COMPOSITION OF THE BOARD</p>	<p>The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>7.1 The Board comprises of 2 Non-executive and three Executive Directors. Two of the Non-executive Directors are independent. The Chairman is independent.</p> <p>7.2 Directors are appointed through a formal process. The Nomination Committee (NomCo) assists in identifying suitable candidates, but final approval of appointments resides with the Board. All effort is taken to ensure the composition of the Board comprise the appropriate mix of knowledge, skills and experience (business, commercial and industry) sufficient to deliver on strategies and create long-term shareholder value.</p> <p>7.3 The Group has adopted a Promotion of Gender and Race Diversity policy at Board level that seeks to achieve a target for female representation.</p> <p>7.4 The Nomination Committee makes recommendations regarding the re-election of the retiring Directors considering matters such as performance and meeting conduct. The independence and performance of Non-executive Directors who have served on the Board for more than nine years is subjected to a rigorous review</p> <p>7.5 A formal induction programme exists for all new Directors. Upon their appointment, new Directors receive an induction pack consisting of, inter alia, agendas and minutes of the previous Board and sub-committee meetings, the latest Integrated Report, relevant insurance information, strategic documents, relevant policies and charters, and are informed of their fiduciary duties in terms of the Companies Act. They visit various sites and distribution centers and have meetings with Executive management.</p> <p>7.6 The roles and responsibilities of the Chairman and the Chief Executive Officer (CEO) are separated. The CEO and Chief Financial Officer (CFO) are Executive members of the Board.</p>
<p>Principle 8:</p> <p>COMMITTEES OF THE BOARD</p>	<p>The Board should ensure its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>8.1 In discharging its duties, the Board has delegated certain functions to five sub-committees.</p> <p>8.2 The composition of the Board and its committees are in line with the Companies Act and King IV requirements. There is a clear balance of power within the Board and its committees to ensure no individual has undue decision-making powers. (For the different committees at the company, please request on the contact form)</p>

<p>Principle 9:</p> <p>EVALUATIONS OF THE BOARD</p>	<p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>9.1 A formal external assessment was conducted on the effectiveness and activities of the Board and committees during the year under review.</p> <p>9.2 The board is found to be effectively operated.</p>
<p>Principle 10:</p> <p>APPOINTMENT AND DELEGATION OF MANAGEMENT</p>	<p>The Board should ensure the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	<p>10.1 The Board has a clear Delegation of Authority policy and framework, according to which roles are carried out and authority is exercised, both within the Board structures and the management team.</p> <p>10.2 The Board has delegated to the CEO, CFO and other Executive management, the authority to run the day-to-day business subject to an approval framework established by the Board.</p> <p>10.3 The Executive Committee comprises the CEO, CFO and nominated business unit and departmental heads responsible to implement and execute the approved strategy and discharge all duties and functions as delegated by the Board. The Executive Committee meets on a regular basis.</p> <p>10.4 Emkei Holdings (Pty) Ltd has an appointed Company Secretary who is responsible for corporate governance and plays a vital role at Board level. The Board believes the Company Secretary is suitably skilled, qualified and experienced to fulfil the role competently, that he is independent and maintains an arm's length relationship with the Directors.</p> <p>10.5 The Board is satisfied that it and the Group are appropriately resourced for these roles and that delegation of certain roles and responsibilities to management supports effective governance.</p>
<p>Principle 11:</p> <p>RISK GOVERNANCE</p>	<p>The Board should govern risk in a way that supports the organization in setting and achieving its strategic objectives.</p>	<p>11.1 The Board is ultimately responsible for the governance of risk and has assigned oversight of the Group's risk management function to the ARC.</p> <p>11.2 The Board has an approved risk management policy that defines the objectives and governance of risk management. The policy involves continuous risk and opportunity identification at both a strategic and</p> <p>11.3 Management is accountable to the Board for designing, implementing and monitoring the processes of risk management and integrating them into the day-to-day activities of the Group.</p>

<p>Principle 12: TECHNOLOGY AND INFORMATION GOVERNANCE</p>	<p>The Board should govern technology and information in a way that supports the organization setting and achieving its strategic objectives</p>	<p>12.1 The overall responsibility for information and technology (IT) governance lies with the Board, which has delegated the day-to-day management of IT and tasked management with the implementation of an IT Governance Framework.</p> <p>12.2 IT risk is integrated into the Group's risk management processes and is considered by the ARC as part of its oversight of IT risk.</p> <p>12.3 IT is fully integrated into the Group strategic planning process, which ensures alignment with the Group's business objectives.</p> <p>12.4 The ARC has mandated IT governance within the Group via an approved IT charter</p> <p>12.5 An IT projects approval committee monitors and evaluates significant IT investments and expenditure. The Chief Information Officer's (CIO) report is presented to the ARC, which covers various aspects including compliance with relevant governance frameworks.</p> <p>12.6 The IT Risk Management Framework includes the assessment and management of all significant IT risks, including disaster recovery and other IT practices. Reports in this regard are presented to the risk forum and ARC</p> <p>12.7 An information management strategy has been implemented that monitors the management of assets, including the management of information security.</p> <p>12.8 The CFO represents various IT steering committees at the ARC meetings. The CIO may attend meetings on a standing invitation.</p>
<p>Principle 13: COMPLIANCE GOVERNANCE</p>	<p>The Board should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organization as an ethical and good corporate citizen.</p>	<p>13.1 The Board ensures compliance with applicable legislation and regulations through the establishment of legal frameworks within the business.</p> <p>13.2 The ARC assists the Board with reviewing the effectiveness of the system for monitoring compliance with laws and regulations as well as any follow-up of instances of non-compliance, based on the results of an investigation by management.</p> <p>13.3 The Company Secretary is responsible for providing guidance to the Board collectively and to the Directors about their responsibilities and powers, making them aware of legislation and regulations relevant to the business and providing Board orientation and training when appropriate.</p>

<p>Principle 14:</p> <p>REMUNERATION GOVERNANCE</p>	<p>The Board should ensure the organization remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>14.1 The Group’s remuneration policy is designed to attract, develop, motivate and retain talented employees who enable it to pursue and achieve the strategic objectives and thereby enhance value for all stakeholders.</p> <p>14.2 The remuneration policy is transparent and is based on the principles of market competitiveness, internal equity and pay for performance. It ensures no discrimination occurs and recognises exceptional and value-adding performance.</p> <p>14.3 The Board, through the Remuneration Committee, oversees that the implementation and execution of the remuneration policy achieves the set objectives. The Remuneration Committee fulfils the important function of ensuring remuneration is responsible and fair across the Group, and ensures disclosures are accurate, complete and transparent.</p>
<p>Principle 15:</p> <p>ASSURANCE</p>	<p>The Board should ensure 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.</p>	<p>15.1 The Board has adopted a combined assurance model that identifies the risk areas affecting the Group and maps the level of assurance being provided by the different lines rolled out into the business to improve the assessment of the levels of assurance provided.</p> <p>15.2 Assurance services are overseen by the ARC, which considers the risks and the assurance provided through the Combined Assurance Framework, and periodically advises the Board on the state of risks and controls in the Group’s operating environment.</p> <p>15.3 The Combined Assurance Framework is integrated into the Group’s risk management approach. Risks facing the Group are identified, evaluated and managed through the implementation of various risk mitigation strategies.</p>
<p>Principle 16:</p> <p>STAKEHOLDER RELATIONSHIPS</p>	<p>The governing body should serve as the focal point and custodian of corporate governance in the organization.</p>	<p>16.1 The Board strives to achieve the appropriate balance between the various stakeholder groups, in the best interest of the Group. Every effort is made to ensure transparent and effective communication with stakeholders that is essential for building and maintaining confidence.</p> <p>16.2 The Board has delegated the governance of stakeholder relationships to the SEC. A formal, inclusive Stakeholder Engagement Framework is in place, which has been approved by the Board.</p> <p>16.3 Priority stakeholder groups have been identified and the legitimate and reasonable requirements, interests and expectations of these stakeholders are actively balanced.</p>