



KING IV – 16 PRINCIPLES

Prin- ciple	Description	Compliance status	Extent of compliance
1	The governing body should lead ethically and effectively	Compliant	The governing body does lead ethically and effectively and complies with all of the JSE, IFRS and Companies act requirements. Minutes of all board meetings are kept and made available to the auditors upon request. The company has a hotline in order to motivate staff to report all unethical behaviour. The governing body considers all available information before making a decision to ensure that the decisions that are made are effective. From time to time the governing body uses external consultants in order to make appropriate decisions. The governing body considers social and environmental impacts regarding every decision that it makes and as such acts as an ethical corporate citizen. Should the individuals the governing body receive a complaint against them or be suspected of unethical behaviour an investigation into this matter will arise and disciplinary procedures will follow.
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Compliant	The governing body promotes the core values of Orion Real Estate Limited as published in the annual report of the company and is promoted and explained frequently by the HR department to all staff. The company publishes a booklet that is distributed to the staff that details the core values of the company and give explanations of each value and promotes each staff member living these values. Emails on a selected value are sent out every month to reinforce the value culture of the organisation. Every person in the organisation is required to attend monthly coaching where good values and ethics are promoted.
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Compliant	The governing body does place emphasis to its management and staff regarding the legal and statutory requirements of the company. The governing body also operates in a manner that takes into account the sustainability and financial health of the organisation as well as its social and environmental responsibilities in its decision making process. The governing body is currently looking into implementing solar stations on its buildings and in particular the promenade shopping centre to reduce the environment impact and reliance on power derived from fossil fuels. The governing body promotes corporate social responsibility projects and required staff to be involved in these which is monitored and assessed as part of the monthly mandatory coaching which each staff member is required to attend.

4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Compliant	A The CEO is required to present his strategy to the governing body which incorporates the risks and opportunities and is assessed by the governing body to ensure that it is aligned to the value creation process and is in line with the core business of the organisation. The governing body constantly looks at acquiring investment properties that fits in with the strategy or the organisation and which will ensure maximum value creation for the shareholders of the organisation. The organisation where necessary provides tenant installations that upgrade the white box normally provided to a tenant to suit their particular requirements which in turn adds value to the customers or the organisation. Staff coaching which is mandatory and includes monthly coaching as well as specialised coaching in management, stress management, time management etc adds value to staff and increases their value even after they have left the organisation.
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.	Compliant	The governing body ensures that the annual financial statements of the company complies with the International Financial Reporting standards as well as the JSE listing requirements which ensures that the information is in a format and of the quality that enables stakeholders to make informed decisions. These AFS are audited by a reputable audit firm to ensure that they correctly represent the financial position of the organisation. The organisation annual report contains a Chairman's Report as well as a CEO's report which details the reasons for the current performance of the organisation as well as some of the opportunities for future organisational development and ways in which the organisation will achieve its future goals. All reports are details and contains explanations for the movement in earnings, revenue, expenses such that the reader of the annual report can makes an informed decision/assessment into the health of the organisation.
6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Compliant	With the development and implementation of standard operating procedures within the organisation, good practices and compliance with corporate governance are embraced throughout the company. The governing body leads by example and constantly reviews SOPs and implements changes within the organisation to improve corporate governance compliance. The governing body balances the interests of the company's many stakeholders and assesses and takes into consideration the requirements of each stakeholder when approving its SOPs and company policies. All company policies are made available on the company intranet and is accessible to all staff members. The importance of stakeholder consideration is communicated to staff constantly and staff is required to practice this. "Betterways" are required for staff coaching every month where staff can suggest innovative ways to improve corporate governance as well as internal processes and staff members are rewarded for these suggestions once implemented.

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	Compliant	The governing body does comprise of the appropriate balance. This is something that is reviewed to ensure that the right balance of skills and experience is always present. This is done during the re-election process whereby the skills and experience of each director is reviewed to ensure fit with the organisational requirements. The governing body does comply with the companies act and JSE listing requirements for makeup and composition of the governing body. There are more non-executive directors than there are executive directors within the governing body and half of the governing body are independent non-executive directors. The qualifications and experience of each member of the governing body is detailed in the organisational annual report. Individuals comprising the governing body have diverse skills and experience from a legal, financial and other backgrounds and members have sufficient experience within the property industry.
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.	Compliant	The governing body does comply in this regard whereby the chairman of the body is an independent non-executive director. There are more non-executive directors making up the body than there are executive directors. Composition of the body complies with the companies act and JSE listings requirements. The non-executive directors are reported to on a continuous basis in terms of providing them with sufficient information about the operations of the organisation. This is done via submission to the non-executive directors the monthly management accounts as well as any other information required. The non-executive directors do not participate in the day to day operations of the organisation however they hold accountable the executive directors and through the executive directors delegate its duties. The governing body has also set up multiple sub committees such as the remuneration committee and social and ethics committees to enable it to carry out its tasks efficiently and effectively.
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	Compliant	The governing body does fill in performance valuations annually of all of its committees including itself. The performance of the members of the governing body is evaluated annually when each member stands for re-election onto the governing body. Each individual's skills, experience and performance over the last year is considered before re-election to ensure that they are still capable and able to carry out their duties.

<p>10</p>	<p>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.</p>	<p>Compliant</p>	<p>The governing body does ensure this through job profiling and ensuring that each member of its management teams has an updated and relevant job description which they are aware of and are required to execute within certain levels of authority which is established. Management and all staff below them are held to a performance evaluation and appraisal process annually and staff are also evaluated via their monthly coaching sessions. The executive directors are each required to coach and mentor at least one of their direct reports and develop the skills of their subordinates. Each member of management before being appointed goes through strict interviews where their skills are tested. Staff are also profiled via handwriting and tree analysis to determine their suitability to the role for which they are being hired to ensure that there is a fit for the role and that their personalities, skills and experience will contribute to the organisation achieving its goals. Each member of management and its supporting staff below are required to produce a set of at least 5 goals monthly which is assessed and signed off by their superiors. These goals are also monitored via the mandatory monthly coaching and if a staff member does not provide proof of completing these goals then the incomplete goals are added onto the new goals for the following month and this is continuously monitored to ensure that management and staff are productive and achieve their set goals.</p>
<p>11</p>	<p>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>Compliant</p>	<p>The governing body does review the risks facing the organisation. As a requirement the CEO is required to present to the governing body the top ten risk facing the organisation and the mitigating factors to be implemented are then discussed by the governing body. The risks identified has been submitted to the auditors for review and the documentation of the discussion of the risks is in the minutes of the meetings of the board of directors and/or audit committee meeting. This is reported on in note 28 of the annual financial statements. The risks outlined then further form in part the basis of the strategic plan that is drawn up for the organisation and presented to the governing body for approval. From this as part of the normal delegations to management and staff the tasks that needs to be complete in order to mitigate the risks are done. Where risks are of a higher level in nature these are addressed by the board of directors and the mitigating action is executed by the executive directors.</p>

12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	Compliant	The governing body does review the information and technological requirements of the organisation and upgrades and updates the systems as required in order to achieve strategic objectives. A risk analysis and discussion is discussed to determine the backup requirements of the organisation and a decision was taken to reduce the time between backups. The decision was taken to implement pastel evolution, to implement a higher speed fibre connection, house the new system on the cloud, and to implement a reporting tool to streamline financial reporting in the 2018 financial year. The governing body has agreed on implementation of solar power in the promenade shopping centre. The governing body is currently considering a replacement for its CRM tool with one that cheaper but that has more features including the use of apps on individual's cell phones and tablets. These are just a few of the technological considerations of the governing body in order to assist the organisation achieve its strategic objectives.
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.	Compliant	The governing body does promote the compliance with relevant laws and statutory requirements as well as implementing a code of conduct and other company policies within the organisation that is also accessible to all staff via the company intranet. The governing body constantly reviews and updates the standard operating procedures within the organisation in order to determine where there is non-compliance with rules and laws and takes corrective action when it is determined that we are non-compliance. The governing body makes use of a company secretary as well as a company sponsor to assist them in determining where the organisation falls short in terms of its statutory compliance as well as its JSE, and companies act requirements. The governing body goes beyond the relevant laws that needs to be complied with and further looks at its social and environmental responsibility. This is done via one of its sub-committees which is the social and ethics committee which was implemented to ensure that the governing body considers all stakeholders and acts in a manner that is ethical and considerate.
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.	Compliant	The governing body has a remuneration committee which sets the remunerations of the executive directors and non-executive directors which is approved at the annual general meeting for non-executive directors and at the remuneration committee meetings for executive directors. Directors remunerations are disclosed in the annual financial statements of the company to promote transparency and the remunerations policies are set in order to promote the achievement of strategic objectives and outcomes. The governing body considers the market in setting the salaries of its staff but also considers the internal dynamics of the organisation and its requirements from its staff in setting the remuneration.

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.	Compliant	The governing body makes use of an audit committee which appoints the internal and external auditors of the organisation. The controls and integrity of information is reviewed by the auditors and reported to management and the governing body for effective decision making. The governing body also considers all management letter points received from the auditors of the organisation and takes necessary action to mitigate the risk and/or lack of control that has been identified. The organisation makes use of an internal auditor that further identifies any breakdowns in controls and risks within the organisation and reports this to management so that corrective action can be taken.
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.	Compliant	The governing body takes a stakeholder inclusive approach to its corporate governance role. Meetings are held whereby the governing body actively identifies its stakeholders in order to determine the focus and direction it should be looking towards to maximise value. Some of the stakeholders identified include the Shareholders, the clients/tenants, the suppliers of the organisation, and its staff within the organisation. In every decision made by the governing body the stakeholders are considered, in terms of which buildings should be targeted for sale and are past their sell buy date, should the organisation move towards retail, office or industrial space or residential space, which of its current buildings should be developed as well as future buildings to be considered for purchase. This will maximise the value created for the shareholders as well as add value to current tenants in that some buildings receive renovations and refurbishments. The staff is always considered when decisions are made as the staff is the ones that makes the organisation tick. Some considerations include staff welfare, the remuneration of staff, and the location of organisation's offices both within a building and as a whole. Feng Shui is adopted within the Orion offices to make for a more pleasant environment. Staff coaching is held monthly to provide staff with a means of self-development.