

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED - CORPORATE GOVERNANCE REGISTER

| Chapter | Principle | Principle Description | Practice | Applied | Evidence for applied | Explanation/Compensating Practices | Not Applied Commentary |
|---------|-----------|--|---|-------------------|---|------------------------------------|------------------------|
| | | | | Partially Applied | | | |
| 1 | 1.1 | The Board should provide effective leadership based on an ethical foundation. | The Board sets the values to which the company will adhere and these are formulated in the company's code of conduct | Applied | The Board comprises persons whose reputation and integrity are beyond reproach. The company plays a leading role in the print and media industry. The company is highly rated by its peers, customers, suppliers and readers. | | |
| 1 | 1.2 | The Board should ensure that the company is and is seen to be, a responsible corporate citizen. | The Board considers not only financial performance, but also the impact of the company's operations on society and the environment. | Applied | The group supports various charitable causes on a socio economic front and applies established environmental practices & employee wellness programs. Stakeholders are kept informed on the progress made through the annual integrated report. | | |
| 1 | 1.3 | The Board should ensure that the company's ethics are managed effectively. | The Board ensures that the ethical risks and opportunities are incorporated in the risk management process or ethics programme. | Applied | The Audit Committee addresses company risk and risks which are of concern are highlighted to the Board. A Social and Ethics committee has been established and is tasked by the Board to ensure the company's Ethics are managed effectively. | | |
| 2 | 2.1 | The Board should act as the focal point for and custodian of corporate governance | The Board has a well defined charter | Applied | The Board is responsible for the setting of corporate governance. A Board and audit charter has been adopted and remuneration policies have been set. The Board meets at least 4 times a year. | | |
| 2 | 2.2 | The Board should appreciate that strategy, risk, performance and sustainability are inseparable | The Board informs and approves strategy (as opposed to being a passive recipient of strategy proposed by management) | Partially Applied | The company is ultimately controlled by the Moolman & Coburn Partnership. Mr T.D Moolman is the Chief Executive Officer ("CEO") of the company. The executive directors of the company advise on, develop and implement the company's business strategy, in conjunction with the Board. By virtue of Mr Moolman's and his associates' control of the company and him being the CEO, Mr Moolman has a significant influence on the strategic direction of the company. | | |
| 2 | 2.3 | The Board should provide effective leadership based on an ethical foundation | The Board sets the values to which the company will adhere and these are formulated in the company's code of conduct | Applied | The majority of Board members have been with the company for a number of years, are all respected in their respective fields, and are highly regarded by the business community. The Board ensures it and management's conduct sets an example. | | |
| 2 | 2.4 | The Board should ensure that the company is, and is seen to be a responsible corporate citizen | The Board considers not only financial performance, but also the impact of the company's operations on society and the environment. | Applied | The Board constituted the Social and Ethics committee that comprises an independent non-executive director, an executive director and two directors of a major subsidiary company. Part of its duties are to ensure that employment equity, transformation and codes of best practice are adhered to. | | |
| 2 | 2.5 | The Board should ensure that the company's ethics are managed effectively. | The Board ensures that ethical risk and opportunities are incorporated in the risk management process or ethics programme. | Applied | The Social and Ethics committee has been delegated to fulfil this task, and it reports back to the Board via its chairman. The Ethics of the company are inculcated in senior management. | | |
| 2 | 2.6 | The Board should ensure that the company has an effective and independent Audit Committee | There is an independent Audit Committee | Applied | All three Audit Committee members are independent non-executives directors. | | |
| 2 | 2.7 | The Board should be responsible for the governance of risk | A policy and plan for a system and process of risk management have been developed | Applied | The Board has set out in the audit charter that it remains responsible for the governance of risk. A risk matrix is made use of to track risks and their severity. | | |
| 2 | 2.8 | The Board should be responsible for information technology (IT) governance | The Board receives independent assurance on the effectiveness of internal control. | Applied | The Board has delegated the responsibility to the Audit & Risk Committee. The relevant senior management reports at each Audit & Risk Committee meeting on progress made on all aspects of IT. | | |
| 2 | 2.9 | The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards | The company has a system in place to ensure compliance with all applicable laws | Applied | The Board constituted the Social and Ethics committee that comprises an independent non-executive director, an executive director and two directors of a major subsidiary company. The committee meets at least twice a year and is responsible for informing the Board of changing legislation. | | |

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| 2 | 2.10 | The Board should ensure that there is an effective risk-based internal audit | The company has established an internal audit function. | Applied | An Internal Audit (IA) function is in place and reports to the Chairman of the Audit Committee. IA also attends Audit Committee Meetings | | |
| 2 | 2.11 | The Board should appreciate that stakeholders' perceptions affect the company's reputation | The gap between stakeholders' perceptions and the performance of the company is managed and measured to enhance or protect the company's reputation. | Applied | The Board ensures that all stakeholders (shareholders, creditors, staff) are informed of any information relevant to them. Rules and regulations are complied with in an open and transparent manner. Stakeholders are also kept informed through the annual integrated report | | |
| 2 | 2.12 | The Board should ensure the integrity of the company's integrated report | The company has controls to enable it to verify and safeguard the integrity of its integrated report | Applied | The Audit Committee reports back on its recommendations on the annual report and the Board is afforded the opportunity to scrutinise and interrogate the information supplied. The annual report is approved by the Board before release. The directors prepare the other information included in the annual report and are responsible for both the accuracy and consistency with the financial statements. | | |
| 2 | 2.13 | The Board should report on the effectiveness of the company's system of internal controls | Refer to chapters 7 and 9 | Applied | The Board reports on the company's system of internal controls and its effectiveness to shareholders in its statement of responsibility and approval by the Board of directors in the annual report. | | |
| 2 | 2.14 | The Board and the directors individually should act in the best interest of the company | Directors are permitted to take independent advice in connection with their duties at company cost following a Board approved procedure. | Applied | The Board is responsible to all stakeholders of the company. It has access to the audit and Social and Ethics committee as well as the company secretary. Directors are allowed to take independent advice in connection with their duties at company cost approved by the chairman of the Board. | | |
| 2 | 2.15 | The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act, 71 of 2008. | The solvency and liquidity of the company is continuously monitored. | Applied | The solvency and liquidity of the company is continuously monitored before material expenses are approved. The company has significant cash balances. | | |
| 2 | 2.16 | The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the Board | The Chairman is an independent non-executive director. | Applied | The Chairman has been the independent non-executive chairman for the past four years. He is well respected and highly regarded. The CEO role is fulfilled by an executive director. | | |
| 2 | 2.17 | The Board should appoint the chief executive officer and establish a framework for the delegation of authority | The Board appoints the CEO | Applied | The CEO role is fulfilled by an executive director. The appointment of the next CEO will be a matter for determination by the Board and the controlling shareholder. | | |
| 2 | 2.18 | The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent | The Board comprises a majority of independent non-executive directors. | Applied | The Board presently comprises four independent non-executive directors, a non-executive director, an independent non-executive chairman and three executive directors. | | |
| 2 | 2.19 | Directors should be appointed through a formal process | Procedures for appointments to the Board are formal and transparent and are a matter for the Board as a whole, assisted by the nominations committee. | Applied | Appointments to the Board are done in a formal and transparent manner and are a matter of deliberation by the Board. The appointment of a nominations committee is not appropriate. | | |
| 2 | 2.20 | The induction of and on-going training and development of directors should be conducted through formal processes | The Board ensures that inexperienced directors are developed through mentorship programmes | Applied | Should any future appointments of an inexperienced directors occurs, they will be afforded access to training. | | |

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| 2 | 2.21 | The Board should be assisted by a competent, suitably qualified and experienced company secretary | The company secretary is empowered by the Board to effectively perform his/her duties. | Applied | All directors have unlimited access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are followed. All directors are entitled to seek independent professional advice, at the company's expense, concerning the affairs of the group, after obtaining approval from the chairman. The Board considers the skills, qualification and continued training of the company secretary on an annual basis. The company secretary is independent from the company, he has no investments in the company or relations within the company, Board, shareholders or management. | | |
| 2 | 2.22 | The evaluation of the Board, its committees and the individual directors should be performed every year | The Board determines its own role, functions, duties and performance criteria, as well as that for directors on the Board. The Board and Board committees serve as a benchmark for performance appraisals. | Applied | A system of review is in place for the executive directors of the Board. The Board members undertake a self review from time to time. | | |
| 2 | 2.23 | The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities | The Risk Committee's terms of reference are approved by the Board. | Applied | The responsibilities of the Risk committee are incorporated into the Audit Committee. | | |
| 2 | 2.24 | A governance framework should be agreed between the group and its subsidiary Boards | There is a governance framework between the group and its subsidiary Boards. | Applied | Executive directors of the company participate on the Boards of subsidiaries and associates and report to the Board of the company | | |
| 2 | 2.25 | Companies should remunerate directors and executives fairly and responsibly | Remuneration policies exist that address base pay and bonuses, employee contracts, severance and retirement benefits and share-based and other long term incentive schemes. | Applied | The Board mandated the remuneration committee to review and set fair remuneration packages. | | |
| 2 | 2.26 | Companies should disclose the remuneration of each individual director and certain senior executives | The company has disclosed the remuneration of each individual director and prescribed officer. | Applied | The remuneration details of each director are disclosed in the annual report. | | |
| 2 | 2.27 | Shareholders should approve the company's remuneration policy | Shareholders pass a non-binding advisory vote on the company's remuneration policy each year | Applied | Shareholders approve the non-executive directors' remuneration via a special resolution at the annual general meeting each year. | | |
| 3 | 3.1 | The Board should ensure that the company has an effective and independent Audit Committee | There is an Audit Committee | Applied | All three Audit Committee members are independent non-executive directors. | | |
| 3 | 3.2 | Audit Committee members should be suitably skilled and experienced independent non-executive directors | The role of the Audit Committee is summarised in the integrated report | Applied | The Audit Committee comprises of three independent non-executive directors. They come from various backgrounds that cover most aspects of corporate governance. The Audit Committee members are re-appointed each year at the AGM. The members evaluate their own independence and skills set and are also reviewed by the Board for independence and performance. | | |
| 3 | 3.3 | The Audit Committee should be chaired by an independent non-executive director | The chairperson of the Audit Committee is an independent non-executive director and not the chairperson of the Board | Applied | The Audit Committee is chaired by an independent non-executive director who is not the chairman of the Board and this is disclosed in the annual report. | | |
| 3 | 3.4 | The Audit Committee should oversee integrated reporting | The Audit Committee arbiters between the management and the external auditors when there is a disagreement and auditing and accounting matters. | Applied | The Audit Committee reviews the annual report. It receives feedback from the auditors and also interrogates management on the disclosure in and compilation of the annual report. | | |
| 3 | 3.5 | The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities. | The Audit Committee ensures that the combined assurance received is appropriate to address all significant risks facing the company. | Applied | The Audit Committee works closely with the independent auditor in ensuring that risks are identified before the audit commences and that sufficient comfort has been obtained to satisfy the auditors and the Audit Committee that the risk has been addressed. | | |
| 3 | 3.6 | The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function | The Audit Committee performs a review of the finance function every year. | Applied | The Audit Committee satisfies itself of the expertise, skills and experience of the financial director on an annual basis. It also considers the appropriateness of the expertise and adequacy of the resources of the finance function and experience of the senior members of management responsible for the financial function on an annual basis. | | |

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| 3 | 3.7 | The Audit Committee should be responsible for overseeing the internal audit | The Audit Committee is responsible for the appointment, performance assessment and/or dismissal of the chief audit Executive or outsourced internal audit provider. It is responsible for the approval of the audit plan. | Applied | Internal Audit reports to the Chairman of the Audit Committee | | |
| 3 | 3.8 | The Audit Committee should be an integral component of the risk management process | There is a Risk Committee consisting of Board members. | Applied | The audit and risk components are integrated into one committee | | |
| 3 | 3.9 | The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process | The Audit Committee approves the external auditor's terms of engagement and remuneration | Applied | The Audit Committee meets with the auditor at the planning stage and receives feedback once the audit is completed. The Audit Committee reviews the independence of the auditor with reference to the services performed by them and the responsible senior staff responsible for planning and executing the audit. The Audit Committee will re-appoint the auditor should they be of the opinion that all criteria have been met. | | |
| 3 | 3.10 | The Audit Committee should report to the Board and shareholders on how it has discharged its duties | The Audit Committee reports internally to the Board on its statutory duties assigned to it by the Board. | Applied | The Audit Committee reports on its duties and the results of decisions made in the annual report. The Audit Committee also reports back to Board meetings | | |
| 4 | 4.1 | The Board should be responsible for the governance of risk | A policy and plan for a system and process of risk management have been developed | Applied | Neither the appointment nor the duties of any of the Board subcommittees reduce the functions and duties of the Board or the directors of the company. All charters are approved by the Board of directors before they are implemented. | | |
| 4 | 4.2 | The Board should determine the levels of risk tolerance | The Board sets the levels of risk tolerance every year | Applied | The Board sets the risk parameters in an on-going process of identifying risk and assessing its impact on the group. This process starts at Board level and filters down to all levels of management. The Board has adopted a conservative approach within the available resource constraints. | | |
| 4 | 4.3 | The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities | The Risk Committee considers the risk policy and plan | Applied | The Audit Committee is responsible to identify and report risks and their possible impact and measures that have been taken to address these risks, to the Board. This is done in a formal report-back session at main Board level. | | |
| 4 | 4.4 | The Board should delegate to management the responsibility to design, implement and monitor the risk management plan | Management is responsible for integrating risk in the day-to-day activities of the company. | Applied | The Board filters down its risk policies to management, management reports back to the Board on all aspects of its business including risk via quarterly Board packs. | | |
| 4 | 4.5 | The Board should ensure that risk assessments are performed on a continual basis | The Board ensures that effective and on-going risk assessments are performed. | Applied | Risk assessment forms part of the quarterly reports provided by management | | |
| 4 | 4.6 | The Board should ensure that frameworks and methodologies are implemented to increase the profitability of anticipating unpredictable risks | The Board ensures that a framework and processes are in place to (remove) anticipate unpredictable risks. | Applied | The Board sets standards for internal control aimed at reducing the risk for error or loss in a cost effective manner. The standards include the proper delegation of responsibility within a clearly defined framework, and effective accounting procedures. | | |
| 4 | 4.7 | The Board should ensure that management considers and implements appropriate risk responses | Management identifies and notes in the risk register the risk responses decided upon | Applied | The Board sets standards for internal control aimed at reducing the risk for error or loss in a cost effective manner. The standards include the proper delegation of responsibility within a clearly defined framework and effective accounting procedures. These are constantly monitored. | | |
| 4 | 4.8 | The Board should ensure continual risk monitoring by management | The Board ensures effective and continuous monitoring of risk management takes place. | Applied | Risk assessment forms part of the quarterly reports provided by management | | |
| 4 | 4.9 | The Board should receive assurance regarding the effectiveness of the risk management process | Management provided assurance to the Board that the risk management plan is integrated in the daily activities of the company | Applied | Management reports back to the Board on the effectiveness of the controls | | |

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| 4 | 4.1 | The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders | There is disclosure of any material losses and their causes that the company has suffered for the period under review, the effect that these losses have had on the company and the steps taken by the Board and management to prevent a recurrence. | Applied | Such processes are monitored on an on-going basis. Management reports these to the Board on a quarterly basis. | | |
| 5 | 5.1 | The Board should be responsible for information (IT) governance | The Board receives independent assurance on the effectiveness of the IT controls | Applied | The Board has delegated the responsibility to the Audit & Risk Committee. The relevant senior management reports at each Audit & Risk Committee meeting on progress made on all aspects of IT. | | |
| 5 | 5.2 | IT should be aligned with the performance and sustainability objectives of the company | The Board ensures that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of the company through the use of IT | Applied | Business strategies and objectives and the role of IT in achieving them are clear. | | |
| 5 | 5.3 | The Board should delegate to management the responsibility for the implementation of an IT governance framework | Management is responsible for the implementation of all the structures, processes and mechanisms for the IT governance framework. | Applied | Individuals responsible for IT are suitably qualified and experienced persons who report on IT governance issues through reports submitted to the Board and executive management. | | |
| 5 | 5.4 | The Board should monitor and evaluate significant IT investments and procedures | The Board oversees the value delivery of IT and monitors the return on investment from significant IT projects. | Applied | The Board will evaluate any IT projects that may be deemed significant by executive management. | | |
| 5 | 5.5 | IT should form an integral part of the company's risk management | IT risks form an integral part of the company's risk management activities | Applied | IT reports on risk form part of the monthly reports to management and the quarterly report to the Board. | | |
| 5 | 5.6 | The Board should ensure that information assets are managed effectively | The Board ensures that all personal information is treated by the company as an important business asset and is identified. | Applied | All aspects of information technology are formalised and documented and are reviewed on an on-going basis. | | |
| 5 | 5.7 | A Risk Committee and Audit Committee should assist the Board in carrying out IT responsibilities | The Risk Committee assists the Board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes. | Applied | The Audit Committee ensures that the audit processes cover the IT environment each year. | | |
| 6 | 6.1 | The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards | The company has a system in place to ensure compliance with all applicable laws | Applied | The Social and Ethics committee is tasked with overseeing legislation changes as well as compliance with applicable laws. | | |
| 6 | 6.2 | The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business | The induction or on-going training programmes of directors incorporate an overview of and changes to applicable laws, rules, codes and standards. | Applied | Training programmes are made available to directors as required. | | |
| 6 | 6.3 | Compliance risk should form an integral part of the company's risk management process | The risk of non-compliance is identified, assessed and responded to through the risk management process. | Applied | Compliance to JSE Listings Requirements, Companies Act, Labour Relations Act and other statutory regulations is assessed through various processes such as Board reviews and annual audits. | | |
| 6 | 6.4 | The Board should delegate to management the implementation of an effective compliance framework and process | Management has established the appropriate structures; it educates, trains and communicates and measures compliance. | Applied | Management is responsible for the training, continued education, professional development of staff relating to risk and the compliance with regulations. | | |
| 7 | 7.1 | The Board should ensure that there is an effective risk based internal audit | The company has established an internal audit function | Applied | An internal audit function is in place and reports to the Chairman of the Audit Committee. IA also attends Audit Committee Meetings | | |
| 7 | 7.2 | Internal audit should follow a risk based approach to its plan | | Applied | Internal audit assesses each entity's risk when planning its audit. However each entity will be subjected to an audit in a given cycle. | | |
| 7 | 7.3 | Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management | | Applied | Written reports are provided to management for comment before presentation to the Audit Committee | | |
| 7 | 7.4 | The Audit Committee should be responsible for overseeing internal audit | | Applied | The Audit Committee oversees the internal audit function. | | |

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| 7 | 7.5 | Internal audit should be strategically positioned to achieve its objectives | | Applied | The internal audit function reports to the Audit Committee and has standing invitation to Audit Committee meetings. The internal audit function is skilled and resourced as is appropriate for the complexity and volume of risk and assurance needs. | | |
| 8 | 8.1 | The Board should appreciate that stakeholder' perceptions affect a company's reputation | The gap between the stakeholders' perception and the performance of the company is managed and measured to enhance or protect the company's reputation | Applied | The managing director is responsible for managing the stakeholder relations at Group level. | | |
| 8 | 8.2 | The Board should delegate to management the responsibility to proactively deal with stakeholder relationships | Management develops a strategy and formulates policies for the management of relationships with each stakeholder grouping. | Applied | The executive directors and senior management are responsible for and manage their stakeholder relations independently with learning experiences shared across the group. | | |
| 8 | 8.3 | The Board should strive to achieve the appropriate balance between its stakeholder groupings, in the best interests of the company | The Board takes account of the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the company | Applied | The company serves the interests of all stakeholders appropriately. | | |
| 8 | 8.4 | Companies should ensure the equitable treatment of shareholders | There is equitable treatment of all holders of the same class of shares in issue | Applied | There is only one class of share in issue and the Board ensures that minority shareholders are protected | | |
| 8 | 8.5 | Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence | The Board has adopted communication guidelines that support a responsible communication programme | Applied | The Board communicates with its stakeholders as and when required through the mediums available to them, i.e. SENS, publications and posted correspondence. Complete, timely, relevant, accurate, honest and accessible information is provided by the company to its stakeholders, whilst having regard to legal and strategic considerations. | | |
| 8 | 8.6 | The Board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible | The Board has adopted a formal dispute resolution process for internal and external disputes | Applied | Internal disputes are dealt with in terms of human resources policy. External disputes are dealt with appropriately based on the exigencies of the matter. | | |
| 9 | 9.1 | The Board should ensure the integrity of the company's integrated report | The company has controls to enable it to verify and safeguard the integrity of its integrated report | Applied | The Audit Committee is responsible for oversight of the preparation of the integrated report and recommends approval of the report to the Board. The Board reviews the integrated report and approves the report after satisfying itself on the accuracy and validity of the information contained therein. | | |
| 9 | 9.2 | Sustainability reporting and disclosure should be integrated with the company's financial reporting | The Board includes commentary in the company's financial results in the integrated report | Applied | The integrated report includes a report on sustainability and commentary on the financial results | | |
| 9 | 9.3 | Sustainability reporting and disclosure should be independently assured | | Not Applied | | | Sustainability reporting is in the process of being formalised. At this stage it will not be beneficial to have the report independently assured. |