

THE KING IV™ CODE IMPLEMENTATION REPORT 2020



METHODOLOGY AND APPLICATION OF KING IV™ GOVERNANCE CODE

Ethical leadership, sound corporate governance and sustainability are the fundamental elements of good corporate citizenship. As an important player in the South African economic landscape, AYO recognises its duty to set a stellar example of good corporate behaviour and continues to meaningfully apply the principles recommended in the King IV™ Code.

The main focus in 2020 has been on transparency and accountability. The Board's primary objective in terms of applying the King IV™ principles has been to ensure that the governance outcomes relating to ethical culture, effective control, good performance and legitimacy are firmly embedded within the organisation. Reporting practices are being continuously enhanced to demonstrate the effectiveness of our application of the principles; enable agile, ethical, strategically-aligned decision-making and improve transparency.

The Group governance framework clearly defines the roles and areas of accountability and recognises the independent roles and duties required to govern the Group effectively. It promotes strategic alignment and facilitates efficient decision making through all levels of the organisation. The governance framework is supported by a complete suite of policies and charter documents, including the Board Charter, Committee Charters, governance policies and behavioural codes, which provide the necessary guidelines to steer performance in a manner aimed at creating value. The Board Charter, Committee Charters and our governance policies and codes are available on our website at **www.ayotsl.com**



BOARD

LEFT TO RIGHT:

DR WALLACE MGOQI - CHAIRMAN

HOWARD PLAATJES - CHIEF EXECUTIVE OFFICER

TATENDA BUNDO - CHIEF FINANCIAL OFFICER

VANESSA GOVENDER - DIRECTOR OF CORPORATE AFFAIRS

KHALID ABDULLA - EXECUTIVE DEPUTY CHAIRMAN

PROFESSOR LOUIS FOURIE - NON-EXECUTIVE DIRECTOR



BOARD (cont.)

LEFT TO RIGHT:

AZIZA AMOD - NON-EXECUTIVE DIRECTOR

DR DENNIS GEORGE - NON-EXECUTIVE DIRECTOR

ISMET AMOD - NON-EXECUTIVE DIRECTOR

ROSEMARY MOSIA - NON-EXECUTIVE DIRECTOR

ADV NGOAKO RAMATLHODI - NON-EXECUTIVE DIRECTOR

SELLO RASETHABA - NON-EXECUTIVE DIRECTOR (ABSENT ON DAY OF SHOOT)

ETHICAL LEADERSHIP

The governing body should lead ethically and effectively.

As the custodian of ethical governance with collective responsibility for steering the organisation in an appropriate manner, the Board is committed to promoting the highest ethical standards of behaviour throughout all levels of the Group. Leading by example, Board members champion the evolution of culture and practices that enhance our brand reputation, build trust and ultimately, lead to the creation and protection of value for all stakeholders.

Our governance framework, including the Board Charter, Committee Charters, Group Policies and Code of Ethical Conduct, provides the context for effective and consistent application of King IV™ principles in the strategic and operational leadership of our organisation. The suite of charters, codes and policies is reviewed annually to ensure the documents adequately address legal and statutory applicable requirements as well as evolving needs within the Company.

The Board's objectivity and independence is continuously assessed by the Nominations Committee, which annually evaluates each Board member not only in terms of the 'independence' criteria recommended by the King IV™, but also takes into account the directors' demonstrated objective judgement in relation to matters affecting the Group and any interest, association or relationship he/she may have, which may unduly influence or cause bias in his/her decision making. Directors also pro-actively declare any changes to their interests or positions that may affect their independence at each Board meeting.

Where necessary, the Nominations Committee recommends new members to the Board to ensure the governing body's balanced composition reinforces its ability to lead the organisation in an ethical, responsible manner. Two directors were added to the Board in 2020, Khalid Abdulla and Prof Louis Fourie, which ensured the Board remained balanced in terms of executive and non-executive members as well as unbiased in its approach through majority independent members.

The Board participated in a self-evaluation process facilitated on the official King IV™ online governance tool with the main aim to establish the effectiveness of its leadership and governance and identify areas that need improvement. The consolidated results clearly demonstrate that the AYO Board is well-positioned to lead the Group ethically and effectively, emphasising the manner in which directors are held accountable for their leadership roles and associated execution.

OVERSIGHT

- BOARD
- NOMINATIONS COMMITTEE

ORGANISATIONAL ETHICS

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board is committed to providing effective leadership on an ethical foundation and acknowledges the positive spinoff of such leadership for enhancing the trust in and reputation of our brand and ultimately maximising the value we create for our stakeholders. The Board's approach to the governance of ethics is supported by a comprehensive list of governance and ethics policies, including code of ethical conduct, insider trading and dealings in securities and transactions policy, anti-corruption and bribery policy and acceptance of gifts and hospitality policy as well as an over-arching behavioural guiding document – The Way We Work. In addition to the code of ethical conduct, which is binding to all employees, directors and business associates, the Group has implemented a code of conduct for strategic partners, which ensures that even the business entities we work with, who are not directly associated to AYO, subscribe by the underlying King IV™ principles.

Our ethical governance policies, charters and codes are reviewed regularly and updated where necessary to adequately reflect the changing business environment and needs. During the 2020 financial year, 21 policy documents were reviewed with 12 documents updated. Thus, the suite of policies and procedural guidelines facilitates and maintains a structured environment in which any concerns relating to wrongdoing can be safely and confidentially expressed and addressed without fear of punishment or unfair treatment. Employees and directors are introduced to the suite as soon as their relationship with the Group commences. Awareness and refresher training plans will be rolled out in 2021 to ensure ethical behaviour remains top of mind and is effectively implemented throughout the organisation.

The Board is assisted by the Social, Ethics and Transformation (SET) Committee in setting the tone for an ethical organisational culture, as well as to ensure Group-wide adherence to the implemented policies. During the 2020 financial year the SET committee met 4 times and believes that the suite of charters and policies provides an adequate ethical foundation for the organisation and that implementation of such policies and charters is well above satisfactory, resulting in an honourable and principled culture at AYO.

OVERSIGHT

- BOARD
- AUDIT AND RISK COMMITTEE
- SOCIAL, ETHICS AND TRANSFORMATION

RESPONSIBLE CORPORATE CITIZENSHIP

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

AYO's responsible corporate citizen image is a strategic focus area for The Board, as it is directly correlated to our brand image and impacts how we create value for our organisation, stakeholders and community. The Board is committed to the promotion of equality and inclusion and aims to eradicate discrimination, contribute towards the delivery of quality education, decent work and economic growth in South Africa. Therefore, the Company's strategic and operational decisions are guided by the United Nations Sustainable Development Goals (SDGs) and we report on our progress against our prioritised SDGs in our Annual Integrated Report. The SET committee oversees the business' social development activities and ensures they are aligned with AYO's objectives and priorities as well as the needs of the broader community.

We believe that greater impact can be achieved by concentrating on the promotion of several prioritised SDGs, rather than diluting resources and efforts across numerous objectives. Thus, the bulk of our social development initiatives focus on the promotion of quality education, particularly amongst marginalised groups such as disadvantaged girls and the disabled, which allows us to further promote SDGs pertaining to gender equality and reduced inequality. During 2020 financial year 5 social development projects were implemented with strategic partners such as QuadPara Association of South Africa and SA Medical and Education (SAME) Foundation to the value of R2.4 million. A project with Unicef-created Techno Girl campaign was deferred to 2021 financial year due to the nation-wide COVID-19 lockdown, which prevented the project's roll out.

Of course, the COVID-19 lockdown had much wider implications than this one project and significantly impacted not only our operations but all our communities. As expected of a responsible corporate citizen, AYO immediately altered its social development focus to assist communities in need by donating food vouchers, masks and thermometers to various charities and aid organisations. 28 integration projects between the NHLS and independent privately-owned laboratories were carried out by our subsidiary, Health System Technologies, to enable real time testing and reporting of PCR test statistics, free of charge, as our contribution to the nation's fight against the corona virus pandemic.

OVERSIGHT

- BOARD
- SOCIAL, ETHICS AND TRANSFORMATION

STRATEGY AND PERFORMANCE

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.

The Board acknowledges the interconnectedness of the Group's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development in the value creation process and ensures that all of the above elements receive the necessary attention in all components of the governance framework. This is clearly indicated in all our business directives, including our investment strategy and business model, which are described in depth in our Annual Integrated Report. Material risks and opportunities, arising from our operating context, and the needs and expectations of our stakeholders are continuously assessed and considered in the development and reviews of our strategic direction.

The main focus is on the agility of both our business and strategy to enable us to maximise opportunities, optimally mitigate adverse operating conditions and amplify the value AYO creates for its stakeholders and community. Thus, we have adopted an integrated and cohesive approach to risk management, enabled by internal and external audit checks, which provides a dynamic strategy review process and ensures sustainable growth for the Group. Evidence to the effectiveness of this approach is the Group's overall satisfactory business performance in the 2020 financial year, where AYO was one of the few companies globally to report growth in the midst of the COVID-19 black swan event.

OVERSIGHT

- BOARD
- EXECUTIVE MANAGEMENT
- NOMINATIONS COMMITTEE
- REMUNERATION COMMITTEE
- AUDIT AND RISK COMMITTEE
- INVESTMENT COMMITTEE
- SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

REPORTING

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.

Communication and reporting is an important pillar in our stakeholder engagement and the Board places deliberate focus on the extent, materiality, accuracy and timeous delivery of our reporting. We continuously aim to improve our annual reporting suite to provide all relevant and material information to enable our stakeholders to make informed assessments and decisions and gain comprehensive understanding of the Group's strategy and operations.

The Company and Group Annual Financial Statements and Annual Integrated Report are prepared according to the applicable reporting frameworks and standards and strive to meet the information needs of diverse range of stakeholders. The suite of reports is prepared in accordance with global reporting standards, including Integrated Reporting Framework, International Financial Reporting Standards, the Companies Act, the JSE Listing Requirements, the King IV™ Code, the Global Reporting Initiative Guidelines and the B-BBEE Regulations. The 2020 Annual Integrated Report is SDG-referenced, bearing further testimony to the Group's commitment to responsible corporate citizenship.

Assurance on the disclosures in the Annual Financial Statements is provided by internal and external auditors. Select data and information in the Integrated Report is verified by external assurance providers, such as accredited B-BBEE assessors. The Audit and Risk Committee provides oversight of the reporting process and ultimately the Board endorses the integrity, accuracy and transparency of the Group's reporting.

The Group publishes its interim results and full suite of year-end reports in print and makes them available electronically on the Group's website. Announcements of the results are made on the Johannesburg Stock Exchange News Service (SENS) as well as in national media to ensure maximum accessibility of information to stakeholders. Regular performance updates are shared with national business media throughout the year and articles detailing the Group's performance are often seen in leading financial publications, such as Business Report.

OVERSIGHT

- BOARD
- EXECUTIVE MANAGEMENT
- REMUNERATION COMMITTEE
- AUDIT AND RISK COMMITTEE

ROLES & RESPONSIBILITIES OF THE GOVERNING BODY

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Board embraces its responsibility as the custodian of corporate governance for the Group and guides and directs the roles, responsibilities and conduct by means of the governance framework and related policies and charters suite. The suite comprises of the Board Charter, Committee Charters, Code of Ethical Conduct and a comprehensive list of operating and behaviour policies. The framework provides role clarity and areas of accountability to ensure strategic alignment across the Group and efficient and informed decision-making and behaviour at all levels of the organisation.

The Board Charter forms an integral part of the Group's governance framework and outlines the compositions, scope of authority, responsibilities, powers and functions of the Board. The document is reviewed annually and was found to be relevant, appropriate and in line with governance best practices at the last review in May 2020. Similarly, the Charters of the five Board Committees, namely Audit and Risk, Nominations, Investment, Remuneration and Social, Ethics and Transformation Committees were reviewed and updated as necessary during the reporting period.

The Board champions the Group's governance philosophy and discharges its implementation with the assistance of the five Board Committees. To effect this, the Board met four times in the 2020 financial year, undeterred by the disruption of the national COVID-19 lockdown. Board meetings were well-attended with over 90% attendance in all instances and quorum successfully achieved, although three of the four Board meetings were held during national lockdown. Additionally, the Chief Executive Officer provides the Board with monthly updates on

operations, general business performance and key strategic initiatives under way. The Board has unrestricted access to Group information, records, documents and facilities and communicates extensively with the executive team in between formal Board meetings, ensuring swift and agile strategic responses to newfound risks and opportunities. Detailed reports on the activities and meetings of the Board as well as the Board Committees can be found in the Annual Integrated Report.

OVERSIGHT

- BOARD
- EXECUTIVE MANAGEMENT
- COMPANY SECRETARY

GOVERNING BODY COMPOSITION

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.

The AYO Board, in alignment with the King IV™ principles, comprises of majority independent non-executive directors. In addition to ensuring that its membership comprises the necessary depth of skill and expertise to lead a prominent public listed company, the Board recognises the value of having a diverse range of geographical backgrounds, age, race and interests in its membership. The Board believes this facilitates richer debate and independent decision-making and promotes the entrenchment of good governance practices.

With the assistance of the Nomination Committee, the Board continues its mission to create and maintain a high functioning, resilient and diverse governing body with the capability and capacity to provide fresh perspectives and relevant strategic input, to act independently and to contribute to value-creation through their diverse experiences.

The Board has an approved Appointment of Directors Policy with which all Board members' appointments are aligned. The policy considers the appropriate skills and attributes of the incumbent as well as his/her background, independence, objectivity, performance, contribution to required levels of age and gender diversity and demands of other professional commitments. Board membership requires a considerable time commitment, hence members' independence and time availability is of critical importance.

A new Diversity at Board Level policy was tabled for adoption to the Board during the 2020 financial year aiming to formalise the diversity targets and ambitions of the governing body. The Board acknowledges the potential benefits of diversity implementation not only in terms of providing wider and richer perspective for strategic decision-making,

but also with regards to promoting the country's female and black empowerment objectives, and as a responsible corporate citizen aims to set an example for aspirational diversity targets and best practices. As Board composition has been fully aligned with best practice targets since the inception of the AYO Group, the governing body has committed to maintain its diverse representation in the future and remain a stellar example of diversity implementation in South Africa.

Non-executive directors are expected to exercise high levels of independent thinking and objective judgement and their performance in this regard is assessed annually by the Nominations Committee. The independence assessment is framed against the criteria recommended by the King IV™ Code and takes into account whether the non-executive director has demonstrated an independent state of mind and objective judgement in relations to matters affecting the Group. The assessment also considers whether the non-executive director has an interest, position, association or relationship which, when considered from the perspective of a reasonable and informed third party, is likely to influence the director unduly or cause bias in his/her decision-making.

During the reporting period, the Board acting on the recommendation of the Nominations Committee has elected two new members – one executive and one non-executive director – to enable the Group to optimally exercise its mandate as a technology-focused investment organisation. The added diversity in terms of background, skills, experience and expertise as well as demographic indicators is viewed as a powerful enabler to AYO's strategic investment direction.

BOARD MEMBERS



EXECUTIVE MANAGEMENT



OVERSIGHT

- BOARD
- NOMINATIONS COMMITTEE



COMMITTEES OF THE GOVERNING BODY

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.

The governance framework, comprising the Board, the five Board Committees, subsidiary company boards and their appointed committees; the respective Board Charters, Committee Charters and the Decision-making frameworks have been designed to enable effective and agile strategic leadership.

Board Committees are constituted to achieve a balanced distribution of power to prevent undue reliance being placed on any one individual member and so that no individual has the ability to dominate decision-making. Each committee's composition is reviewed annually by the Nominations Committee which considers factors such as diversity at committee level, directors' skillset and experience and ability to make meaningful contribution to the mandate of the committee, directors' individual performance and independence, directors' tenure in the said committee and the Board's succession requirements.

Each committee has a duly appointed competent and experienced non-executive chair and an optimal number of directors to ensure diverse perspective and encourage healthy debate. Each committee is responsible for reviewing its own charter annually, ensuring appropriate interface of its responsibilities with levels of authority, updating the governing document ensuring alignment with best practices and current legislative requirements and reporting to the Board on the outcomes of the review. This enables the Board to assess the performance and effectiveness of the committees, levels of engagement with executive management and to ensure the alignment of the overall governing structure of the organisation.

Cross-membership of directors between Board committees ensures effective collaboration between them and prevents duplication or fragmented functioning in cases where more than one committee has jurisdiction over a similar matter. Members of the executive team attend and participate in committee meetings by invitation, which ensures alignment of the strategic directives and operational implementation. Members of the Board are entitled to attend committee meetings outside of their individual mandates as observers, which further entrenches the alignment of the various committees and the Board, but are not granted voting rights and do not receive remuneration for their attendance.

OVERSIGHT

- BOARD
- NOMINATIONS COMMITTEE
- REMUNERATION COMMITTEE
- AUDIT AND RISK COMMITTEE
- INVESTMENT COMMITTEE
- SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

PERFORMANCE EVALUATION OF THE GOVERNING BODY

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.

The Board Charter stipulates that the Board is responsible for the annual assessment of its chair, the Group CEO, CFO, non-executive and executive directors, Group executives and Board committees. An independent non-executive director is nominated annually to lead the assessment process. In addition, the Nominations Committee performs a separate evaluation of individual directors and has the authority to take steps to remove directors who do not make an appropriate contribution to the Board, which serves as a secondary failsafe mechanism in the evaluation of Board members and the governing body as a whole.

During the 2020 financial year the performance assessment was based on self and peer evaluation questionnaire facilitated by the approved King IV™ online tool, which allowed for legislative alignment, as well as a more objective approach to the process. It is envisioned that an external service provider will be appointed in the next financial year to facilitate a Board assessment workshop with the objective of getting an independent outside view of the effectiveness of the Board and identifying opportunities for improvement in the governance processes.

Performance evaluation of the executive management team is conducted by the Remuneration Committee against certain financial and non-financial KPIs and reported back to the Board annually. The Company Secretary performance is also evaluated to ensure that there is an arm's length relationship between the Board and the Company Secretary, in that the objectivity and independence of the Company Secretary is not unduly influenced. The Chief Financial Officer is additionally evaluated by the Audit and Risk Committee to ensure he has the relevant skills and knowledge to fulfil the requirements of the position.

OVERSIGHT

- BOARD
- NOMINATIONS COMMITTEE
- REMUNERATION COMMITTEE
- AUDIT AND RISK COMMITTEE



APPOINTMENT AND DELEGATION TO MANAGEMENT

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.

Appointment of executives is a strictly formalised process at AYO, clearly defined in the Board and the Nominations Committee Charters. The Chief Executive Officer is appointed by the Chairman of the Board with the mandate to lead the implementation and execution of the approved strategy, policy, operational planning and serving as the chief link between Company management and the Board.

The Decision Making Framework, adopted in May 2020, provides clarity with regards to roles and areas of accountability and recognises the independent roles and duties required to effectively govern and manage the Group. In addition, the Board Charter clearly delineates the roles of the Board, the Chairman, the Chief Executive Officer and the Board Committees who are accountable back to the Board for their respective performance in terms of their reference of responsibility.

Succession planning for the CEO, CFO, the executive management team and other key positions is overseen by the Nominations Committee with the view of providing continuity of leadership in the long-term, as well as in unforeseen situations.

The Company Secretary, whose role is also formally stipulated in the Board Charter, provides professional and independent guidance to the Board, executive management and the Board Committees on matters relating to corporate governance, discharging of responsibilities and legal obligations. The Board has assessed the competence and expertise of the AYO Company Secretary, Mr Wazeer Moosa, and is satisfied that Mr Moosa has the appropriate qualifications, experience and competence to carry out the duties on behalf of a leading public

JSE-listed company. In accordance to the King IV™ Code, Mr Moosa is not a director, is deemed to be suitably independent and maintains an arm's-length relationship with directors of the Company.

The Board is satisfied that role clarity and delegation of authority is suitably addressed in the Group's governance framework and authority, delegation and decision-making are exercised effectively on Company and Group level. It is envisioned that the newly adopted Decision-Making Framework, which now forms part of the Group governance framework, will be reviewed annually and adjusted in accordance with latest legislative and regulatory requirements.

OVERSIGHT

- BOARD
- NOMINATIONS COMMITTEE
- REMUNERATION COMMITTEE

RISK GOVERNANCE

The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

As the ultimate custodian of risk governance, the Board sets the direction for the manner in which risk management is approached and addressed by the Group and grants final approval to the recommended levels of risk appetite and tolerance to be adopted in the operations of the Company. The Audit and Risk Committee, which comprises of five independent non-executive directors, oversees and directs management's implementation of an effective risk management framework. Risk management is seen as a critical success factor at the AYO Group and risk considerations are observed as an integral part of decision-making at both strategic and operational levels, in full alignment with the Group's Risk Appetite and Risk Tolerance Statement. Approach to risk management is formally stipulated in the Risk Management Policy which was updated during the reporting period, while the Audit and Risk Committee Charter sets out the Committee's obligations in terms of risk management and compliance, as well as management's duty to provide the committee with regular feedback on all risk-related activities. To further strengthen the Group's risk governance, an internal audit department was formally established at the beginning of the financial year (1 March 2020) mandated to, amongst other functions, test the Group's risk management process, provide recommendations for improvement of the process and report regularly directly to the chair of the Audit and Risk Committee.

AYO's risk approach has a dedicated focus on trending risks and opportunities in the rapidly changing environment of technology and investments. Sound risk management enables us to anticipate and respond to changes in the operating context, as well as make well-considered decisions under conditions of uncertainty. Thus, the Risk Management Policy is reviewed regularly to ensure it remains fully aligned with evolving business needs and governance responsibilities.

Risk review is carried out by internal audit and subsequently deliberated by the Audit and Risk Committee and the Board. Risks are reviewed in terms of the likelihood of their occurrence and the potential business impact following a rigorous process of establishing meaningful context, identification, assessment, analysis, scenario planning, treatment and value creation and protection strategies. Risk perspectives are then combined to create a consolidated Group risk profile which facilitates oversight over the Group's material risks. Risk appetite and tolerance are core considerations for our risk response plans. Thus, our risk exposures are measured against the formalised Risk Appetite and Tolerance Statement. AYO's key risks for the 2020 financial year are described in depth in the Annual Integrated Report.

OVERSIGHT

- BOARD
- AUDIT AND RISK COMMITTEE

TECHNOLOGY AND INFORMATION

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board exercises ongoing oversight of the governance of technology and information, as it views information as an asset to sustain and enhance the Group's intellectual capital and competitive advantage in the marketplace. The authority for setting the approach for technology governance is delegated to the Audit and Risk Committee, which has adopted the appropriate framework and manages related information and technology risks, assisted by internal audit. Emphasis is placed on continual monitoring of security of information and protection of the integrity of information, particularly following identification of suspected access breaches in the previous reporting period. More recently, due to the effects of the national COVID-19 lockdown and associated adopted remote working protocols, this focus has been extended to include access to information management and more stringent user-identification protocols.

Initial assessment performed by internal audit during the reporting period indicated that the current technology and information security system may be susceptible to being compromised which may result in critical data vulnerability and potentially, business interruptions. This was brought about by the urgent adoption of remote working protocols without sufficient time available for necessary access and security updates of the Group's data management systems, which were deemed adequate under normal working conditions. Thus, internal audit undertook to source an IT audit specialist who could evaluate the effectiveness of the systems and processes deployed and make recommendations for improvement, if necessary.

Outcomes of such assessment will be communicated directly to the chair of the Audit and Risk Committee once the evaluation process has been completed and recommendations will be made to the Board, should system or process upgrades be deemed necessary.

The Board, as well as the Audit and Risk Committee, consider their respective duty in terms of protecting the privacy and integrity of information as extremely important and commit to giving the matter the required level of consideration and attention.

OVERSIGHT

- BOARD
- AUDIT AND RISK COMMITTEE

COMPLIANCE GOVERNANCE

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.

The Board oversees the Group's compliance with applicable laws as well as non-binding rules, codes and standards adopted in South Africa, to ensure the Group maintains its good corporate citizenship and operates in an ethically exemplar manner. Responsibility for compliance management and assurance is delegated to the Audit and Risk Committee, which ensures that the Group's compliance framework provides the appropriate level of oversight and confirms the observance of all laws, regulations, non-binding rules, codes and standards applicable to the business.

Legislative and regulatory compliance is monitored by management, internal audit and the Company Secretary and a consolidated regular report is provided to the Audit and Risk Committee by the head of internal audit. Regulatory complaints are escalated to the Board who determines the appropriate measures to be taken to ensure compliance and delegates the implementation thereof as well as the responsibility for communication with the grieved regulatory body.

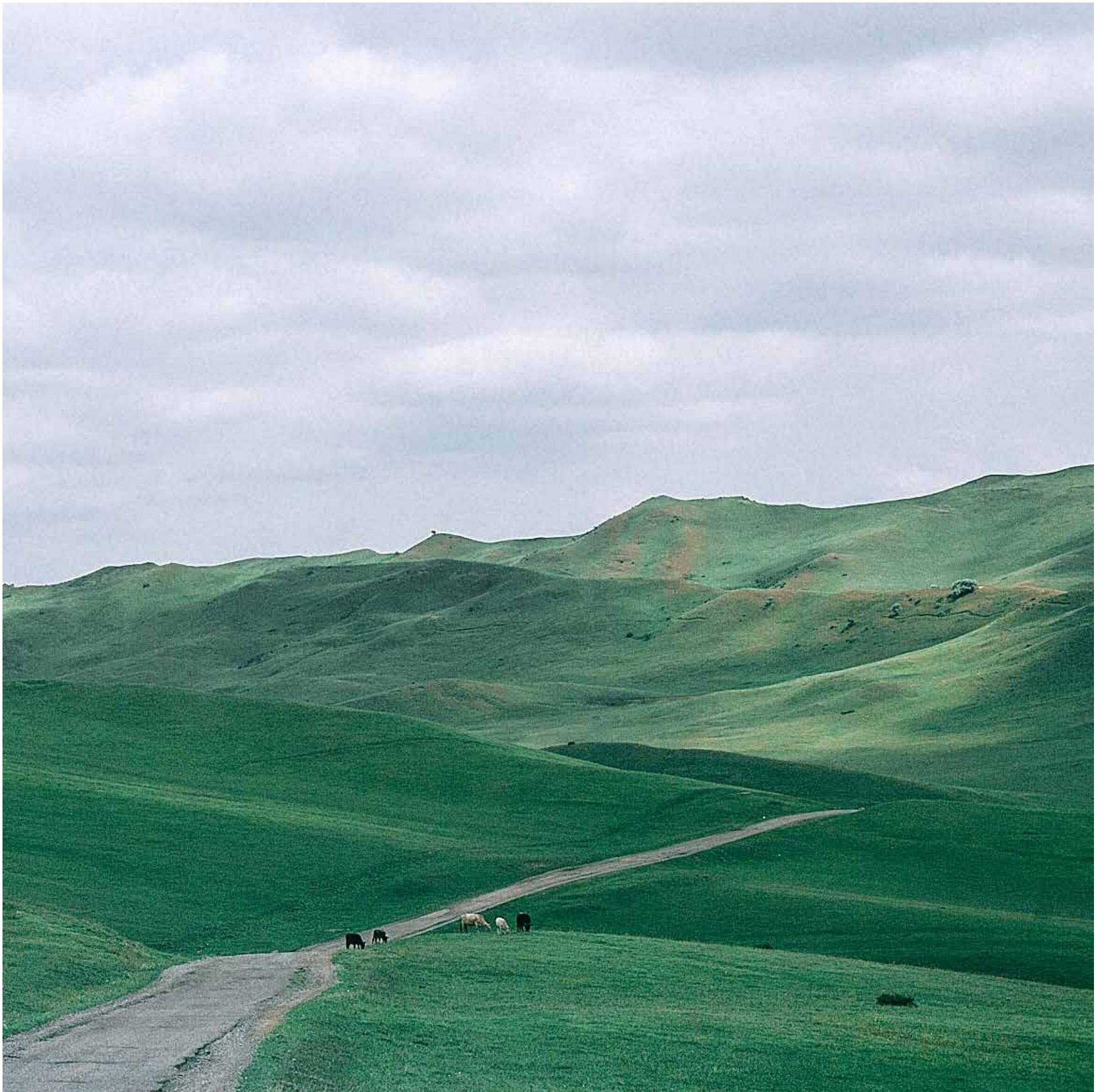
At the end of the reporting period the JSE imposed a public censure and a fine in the sum of R6,5 million on AYO as it deemed the Company in breach of certain provisions in the Listing Requirements with regards to the 2018 and 2019 interim financial results. In 2019 financial year, subsequent to sustained negative media attention, the Company was instructed by the JSE to conduct an agreed-upon procedures engagement and subsequently audit of the previously published unaudited interim financial statements for the six months ended 28 February 2018 and 28 February 2019. Due to variations in the interpretation of certain IFRS rules, the auditor's view differed from

the one adopted in the initial preparation of the financial statements and resulted in the re-statement of the previously published unaudited results. The regulator concluded that whilst no fraud was perpetrated, the Company was in breach of certain provisions and issued the above-mentioned sanctions.

AYO remains of the opinion that IFRS rules are somewhat open to interpretation but concurred that errors may have been made in the financial reporting procedures, due to the complexity of some acquisition transactions, and accepted that the previously published results did not comply with IFRS. The Company is also of the view that since the appointment of new management in 2019, significant remedial steps have been taken to prevent the recurrence of such errors in its financial reporting and remains committed to the highest standards of accuracy, materiality and compliance.

OVERSIGHT

- BOARD
- AUDIT AND RISK COMMITTEE



REMUNERATION GOVERNANCE

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board, with the assistance of the Remuneration Committee, approves the Remuneration Policy, which articulates and gives effect to fair, responsible and transparent remuneration that promotes the Group's strategic objectives and adequately attracts, motivates, retains and rewards employees and executive management. The policy is aligned with the Group's Rewards Philosophy and Strategy and was reviewed and updated during the reporting period to ensure it remains appropriate for the Group's revised business model and operations. It is the Board's view that specialised knowledge and skills are of particular importance in the technology sector as they offer tangible competitive advantage in the industry and therefore exceptional deliberation is applied in the preparation of the Group's Reward Philosophy and Strategy.

A comprehensive remuneration report is published as part of the Annual Integrated Report, detailing a background statement, the Remuneration Policy and an implementation report. The above information is additionally furnished to shareholders through the Notice of the Annual General Meeting. The remuneration report provides full details of all remuneration awarded to executive management and non-executive directors during the financial year. The Group continues to apply the King IV™ recommendation to provide shareholders with the opportunity to exercise non-binding advisory votes on both the policy and the implementation report at the Company's Annual General Meeting and takes all necessary steps to engage with shareholders who disagree with the relevant resolutions and considers amendments to the documents as deemed appropriate.

The Remuneration Committee is responsible for ensuring that the Remuneration Policy is regularly reviewed and updated to accurately align with the organisation's strategic direction and business model as well as effectively promote the organisation's needs in terms of talent management and retention. In addition, the Committee is responsible for bench-marking non-executive directors' fees with industry-specific national best practices.

OVERSIGHT

- BOARD
- REMUNERATION COMMITTEE

ASSURANCE

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.

The Board has adopted a combined assurance model that has been designed and implemented to effectively cover material risks and significant matters through a combination of assurance service providers and functions appropriate to the Group. Oversight of the combined assurance model is delegated to the Audit and Risk Committee to enable an effective internal control environment, ensure the integrity of information used for strategic decision-making by the Board, its committees and management and to ensure the integrity of information included in officially published reports. The combined assurance model covers the line functions that manage and own risk, specialist functions that facilitate and oversee risk management and compliance and internal and external audit.

Internal audit forms an integral part of the combined assurance model as an independent assurance provider. Specifically, internal audit provides a detailed assessment of the design, implementation and effectiveness of the Group's system of internal controls and internal financial controls, as well as the effectiveness of the risk management function.

The scope and approach of internal audit plan is informed by the strategy and the risks facing the Group. It is presented by internal audit and approved by the Audit and Risk Committee. The head of internal audit works closely with and regularly attends the meetings of the Committee. The Committee reviews the resources and skills of the internal audit function annually to ensure they are adequate to provide the necessary assurance requirements. During the financial year the Committee recommended to the Board that the internal audit capacity was strengthened to enable it to adequately address its

adjusted scope due to changing business operating environment. The recommendation was viewed favourably and internal audit proceeded to work with the CFO to secure new specialist recruits to the team.

Ultimately, the Board assumes responsibility for the integrity of information included in AYO's Annual Integrated Report and ensures that it fairly represents the performance of the Group. The Annual Integrated Report includes information from the Group's Annual Financial Statements, including commentary to provide sufficient information on the key issues affecting and activities of the Group, developed to afford stakeholders the opportunity to make well-informed decisions.

The Board is satisfied that the combined assurance model is effective and sufficiently robust for it to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of AYO's external reports.

OVERSIGHT

- BOARD
- AUDIT AND RISK COMMITTEE

STAKEHOLDERS

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.

The Board assumes responsibility for the governance of stakeholder relationships, which is carried out with the assistance of the Social, Ethics and Transformation (SET) Committee. The Board recognises that a wide range of stakeholders has an interest in the Group, its activities and initiatives and that these simultaneously have an impact on stakeholders. Furthermore, the Board embraces AYO's duty, as a good corporate citizen, to create value for all stakeholders who may have an association with or influence on the Group and its operations.

The SET Committee is responsible for the Group's stakeholder engagement strategy and works closely with the management team in the implementation of a formal stakeholder engagement framework across the Group. Executive management is expected to proactively deal with stakeholder relationships as part of their day-to-day operations in a manner that ensures maximum value creation for the Group and the stakeholders. The team executes this responsibility by establishing and maintaining authentic, open and inclusive long-term relationships. This approach fosters a conducive environment for the growth and prosperity of the Group and enables us to better understand stakeholders' insights and concerns, mitigate risks and build mutual trust and respect. Information is provided to all stakeholders equally in a timely, accurate and accessible manner.

The degree of transparency in AYO's corporate communications is considered with reference to the relevant legal requirements and the maintenance of the Group's confidential information. The Board acknowledges that stakeholder engagement practices have material impact on the Group's image and reputation and also significantly affects the performance of the Company and its subsidiaries. Thus, the

Group strives to establish amicable relationships with all stakeholders, particularly governing and regulatory bodies and media, in order to create and maintain open lines of communication and engagement.

The operating subsidiaries of the Group are separate legal entities, each with its own Board of Directors and governance framework. AYO's governance framework makes provisions for the extent to which policies and best practices adopted by the Board are implemented by subsidiary companies, as well as the reporting arrangements within the Group. This aims to promote strategic alignment across all Group companies and facilitate efficient decision-making and synergy at the appropriate levels.

OVERSIGHT

- BOARD
- SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE





NOMINATIONS COMMITTEE

LEFT TO RIGHT: **CHAIR: DR WALLACE MGOQI** | AZIZA AMOD | ROSEMARY MOSIA



AUDIT AND RISK COMMITTEE

LEFT TO RIGHT: **CHAIR: ROSEMARY MOSIA** | DR DENNIS GEORGE

AZIZA AMOD | ADV NGOAKO RAMATLHODI

SELLO RASETHABA (ABSENT ON DAY OF SHOOT)



SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

LEFT TO RIGHT: **CHAIR: DR DENNIS GEORGE** | AZIZA AMOD | ISMET AMOD

VANESSA GOVENDER | ROSEMARY MOSIA



INVESTMENT COMMITTEE

LEFT TO RIGHT: **CHAIR: DR WALLACE MGOQI** | AZIZA AMOD | ROSEMARY MOSIA

ISMET AMOD | PROF LOUIS FOURIE | KHALID ABDULLA



REMUNERATION COMMITTEE

LEFT TO RIGHT: **CHAIR: AZIZA AMOD** | DR WALLACE MGOQI | ISMET AMOD

SELLO RASETHABA (ABSENT ON DAY OF SHOOT)



EXECUTIVE MANAGEMENT

LEFT TO RIGHT: **CEO** | **HOWARD PLAATJES** | TATENDA BUNDO | KHALID ABDULLA | VANESSA GOVENDER



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As the custodian of ethical governance with collective responsibility for setting an ethical tone at the top, the Board steers the evolution of culture and governance, ensuring the mindful application of King IV™ principles to achieve the governance outcomes relating to an ethical culture, effective control, good performance and legitimacy. The Board is satisfied with the Group's application of the King IV™ principles during the 2020 financial year.

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