

BOWLER METCALF



KING IV APPLICATION REGISTER

This document has been prepared in terms of the JSE Listing Requirements and sets out the application of the corporate governance principles by Bowler Metcalf as recommended by the King IV Report on Corporate Governance ("King IV"). This report is to be read in conjunction with the Annual Integrated Report to ensure a holistic understanding of Bowler Metcalf's business, its environment and related information.

#	PRINCIPLE	APPLICATION OF THE PRINCIPLE	Evidence of compliance:
1	The governing body should lead ethically and effectively.	<p>Bowler Metcalf's Board subscribes to and promotes the highest standard of integrity and good corporate governance, setting the tone for an ethical organisational culture. Bowler Metcalf's Directors assume collective responsibility for defining how ethics and ethical behaviour should be implemented in the Group. A Social and Ethics Committee assists the Board by monitoring ethical practices across the Group.</p> <p>Disclosure of other directorships, personal financial interests and any other conflicts of interest is a board agenda item.</p> <p>The Board members are seasoned directors who understand their duty to act with due care, skill and diligence and take reasonable steps to become informed about matters requiring decisions. Once Board members have been appointed through a formal process, an orientation procedure is undertaken followed by appropriate continual development to ensure that directors remain up to date on relevant changes in risks, laws and the environment. The Company Secretary ensures that agendas with supporting documentation are circulated to each board member prior to each Board meeting, so that directors are able to make informed decisions.</p> <p>Directors assume collective responsibility for steering and setting the Group's direction, approving all material policy considerations and short, medium and long-term strategic planning. The Board oversees and monitors the execution of strategy by management and ensures accountability for organisational performance.</p>	<ul style="list-style-type: none">• Board Charter• Ethics Policy• Directors declaration of outside interests• Regular Board evaluations

		<p>The Board is ultimately responsible for risk governance and setting risk tolerance levels. The Board, assisted by the Audit & Risk Committee, aims to understand, mitigate and manage key risks while ensuring that opportunities are recognised in an integrated manner.</p> <p>The Board Charter stipulates the process and timing for Board evaluations.</p>	
2	<p>The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>Ethical governance is underpinned by a Board approved Ethics Policy, which aligns Bowler Metcalf’s culture with Board expectations. This policy is clearly communicated to all employees, who are familiarised with the high standards of integrity expected by the Group when dealing with suppliers, customers, business partners, stakeholders, government and society at large.</p> <p>The Board, with the assistance of the Social and Ethics Committee, exercises ongoing oversight of the management of ethics, monitoring the Bowler Group’s activities and ensuring ethics are integrated into business operations.</p> <p>Alleged breaches of ethical standards are immediately investigated, and disciplinary procedures are imposed as necessary. The Board reviews whistleblowing reports and the subsequent actions taken by management. All whistle-blowers are protected.</p>	<ul style="list-style-type: none"> • Social and Ethics Committee Terms of Reference • Ethics Policy • Anonymous whistleblowing hotline
3	<p>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The Board oversees Bowler Metcalf’s conduct as a good corporate citizen and considers societal and environmental factors when approving strategy and business priorities.</p> <p>Overall accountability for corporate citizenship rests with the Board. The Social and Ethics Committee assist the Board by monitoring the Group’s corporate citizenship responsibilities. The Committee is responsible for developing policies and guidelines to manage social and environmental matters, which are subsequently put forward to the Board for approval.</p> <p>Bowler Metcalf upholds the spirit and purport of South Africa’s Constitution, and is guided by the Bill of Rights, all applicable laws, leading standards and its own policies.</p> <p>The Board ensures that the Group's vision and strategy are aligned to its Community Social Investment initiatives and that these are congruent with being a responsible corporate citizen. Group strategy is value-based and takes stakeholder needs and expectations into account.</p> <p>The Board considers the impact of its business operations on the environment, including pollution and waste disposal. As a resource-hungry business, all feasible opportunities to reduce waste are</p>	<ul style="list-style-type: none"> • Social and Ethics Committee Terms of Reference • Annual Integrated Report

		considered. The Board ensures, through regular feedback from the Social and Ethics that the Group keeps focused on good corporate citizenship practices.	
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.	<p>The Board Charter states that a primary Board responsibility is to approve Group strategies and ensure that strategy, risk, performance and sustainability considerations are appropriately balanced and effectively integrated.</p> <p>While executive management formulates strategy, the Board ensures that the strategy is aligned with the Group's purpose, value drivers and the legitimate interests of its stakeholders. The Board also considers timelines, resources and the relationships connected to the various forms of capital before approving the strategy. The Board therefore informs and approves strategy, as opposed to being a passive recipient of strategy as proposed by management.</p> <p>Strategy is translated into key performance and risk areas such as finance, ethics, compliance and sustainability. The Board and Remuneration Committee review performance against strategy before allocating awards.</p>	<ul style="list-style-type: none"> • Board Charter • Corporate Governance Report • Comprehensive Risk Report
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.	<p>The Board accepts its obligation to ensure the integrity of the Annual Integrated Report, as imposed on it by the Board Charter. The Annual Integrated Report provides stakeholders with information regarding Bowler Metcalf's current performance, material matters and prospects and is available on the company's website.</p> <p>Bowler Metcalf's integrated report is prepared in line with recognised local and international guidelines including the International Financial Reporting Standards (IFRS), King IV requirements, the Johannesburg Stock Exchange's Listings Requirements and the Companies Act, 2008. The Board, through the Audit and Risk Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the annual report and any other disclosures.</p> <p>Bowler Metcalf's Annual Financial Statements are audited by a JSE-accredited external auditor.</p>	<ul style="list-style-type: none"> • Annual integrated report • SENS announcements
6	The governing body should serve as the focal point and custodian of corporate	<p>The Board Charter articulates Bowler Metcalf's governance responsibilities, including the role, responsibilities, membership requirements and procedural conduct for Directors.</p> <p>The Board oversees and monitors management's implementation and execution of the strategy. Directors may request documentation from, and set up meetings with, management as and when</p>	<ul style="list-style-type: none"> • Board Charter • Corporate Governance Report

	governance in the organisation.	<p>required. The Board, Directors or Board Committees may obtain independent, external professional advice at the Group's expense concerning matters within the scope of their duties.</p> <p>The Board reviews its charter annually and is satisfied that it has fulfilled its responsibilities as set out in the charter.</p>	
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.	<p>The Board considers its size, demographics, gender and skills requirements when determining the application of its diversity policy. Directors are appointed through a formal and transparent process to ensure that candidates meet the fit and proper criteria as per the Companies Act, the JSE Listings Requirements and King IV.</p> <p>Bowler Metcalf has committed itself to transforming its Board and has adopted a Gender and Race Diversity Policy to give effect to its intentions.</p> <p>Due to the size of the Bowler Group and the limited number of directors there is no separate Nomination Committee. This function has been delegated to the Remuneration Committee as and when the need arises, with ultimate responsibility still residing with the Board as a whole.</p> <p>The majority of directors are non-executive, all of whom are also classified as independent.</p> <p>The Chief Executive Officer and Chief Financial Officer are members of the Board, providing more than one point of direct interaction with management. The Remuneration Committee is assisting the Board in developing a succession plan to fill key executive positions as and when necessary.</p>	<ul style="list-style-type: none"> • Board Charter • JSE Listings Requirements • Gender and Race Diversity Policy
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.	<p>As per the Board Charter, the Board delegates certain of its functions to well-structured Committees, without abdicating its own responsibilities. These Committees include:</p> <ul style="list-style-type: none"> • The Audit and Risk Committee • The Remuneration Committee • The Social and Ethics Committee. <p>Due to the size of the company and limited number of directors there is no separate Nomination Committee.</p> <p>The Chairman of each Committee reports back to the Board at each board meeting on a general principle of transparency and full disclosure.</p>	<ul style="list-style-type: none"> • Sub-Committee Terms of Reference • JSE Listings Requirements • Board Charter • Delegation of authority framework

		<p>All Board Committee's terms of references deal with: composition; objectives, purpose and activities; delegated authorities - including the extent of power to make decisions; tenure; and reporting mechanism to the Board.</p> <p>The Board is satisfied with the allocation of roles and associated responsibilities and reviews these when each Committee Charter is reviewed.</p>	
9	<p>The governing body should ensure that the evaluation of its own performance and that of its Committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>The Board undertakes an evaluation every second year. This evaluation includes an assessment of the Board as whole, each director, and Board Committees. This is done through a formal self-assessment and peer review processes, managed by the Company Secretary.</p> <p>The lead independent non-executive director performs the evaluation of the Chairman.</p> <p>The appraisal process of the Board, Board Committees, individual directors and the results thereof are discussed by the Board and corrective actions taken if necessary.</p>	<ul style="list-style-type: none"> • Board Charter
10	<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>The Chief Executive Officer, appointed by the Board, is responsible for the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the Board.</p> <p>Delegation limits have been established in response to risk profiles and expectations. The Board Charter outlines specific categories or business decisions that should be approved by the Board, one of its sub Committees or the Chairman. The Board is satisfied that the Delegation of Authority Framework contributes to role clarity and effective exercising of authority and responsibilities.</p> <p>The appointment of executive team members is delegated to the CEO. The Board has oversight of senior executive appointments and reviews these to ensure that the appropriate skills, expertise, competency and authority is in line with the Group's strategy.</p> <p>A formal Group succession plan, which includes all senior executive positions, is being prepared for review by the Remuneration Committee.</p>	<ul style="list-style-type: none"> • Delegation of authority framework

		<p>The Board recognises the pivotal role played by the Company Secretary in implementing and ensuring good corporate governance and coordination of the function of the Board and its Committees. The Board evaluates the Company Secretary on an annual basis and is of the opinion that he is competent to perform this function and maintains an arm’s length relationship with the Board and its members.</p>	
11	<p>The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.</p>	<p>The Board is ultimately responsible for setting the risk appetite of the Group, identifying strategic risks and opportunities and managing these. This responsibility for risk governance is expressed in the Board Charter and is executed through Bowler Metcalf’s Risk Policy which provides for a constant review of risks at hand, prioritises the management thereof and if relevant, issues policies to formalise specific risk mitigating actions.</p> <p>The Board's risk policy and plan is implemented by management, by means of risk management systems. Internal controls are in place to assure the Board that risk management plans are integrated into daily operations.</p> <p>The Audit and Risk Committee, on behalf of the Board, periodically reviews risks reported by management to determine the material risks to which the Group may be exposed to and to consider the strategy for managing those risks.</p>	<ul style="list-style-type: none"> • Risk Policy • Audit and Risk Committee Charter • Independent audit processes • Comprehensive Risk Report
12	<p>The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>The Bowler Group utilises IT primarily for administration, along with engineering software. The Board, through the Audit and Risk Committee, is responsible for IT governance. An IT Charter is currently being drafted for review by the Audit and Risk Committee.</p> <p>The Group has appointed a suitably qualified and experienced IT manager, who provides reports and evidence of compliance for consideration by the Audit and Risk Committee. Management has demonstrated to the Board that the Bowler Group has adequate business resilience arrangements in place for disaster recovery.</p> <p>IT Security is continually monitored, and any major security incidents are reported to the Audit and Risk Committee.</p>	<ul style="list-style-type: none"> • Audit and Risk Committee Charter

13	<p>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.</p>	<p>The Board ensures that Bowler Metcalf operates in compliance with all applicable laws and regulations and where appropriate, it continues to strive towards recommended best practices that further enhance such compliance.</p> <p>The Audit and Risk Committee, in consultation with the external auditors, reviews legal matters that could materially impact the Group and the Group's legal compliance procedures.</p> <p>Bowler Metcalf's legal and regulatory compliance procedures were found to be adequate for the period under review.</p>	<ul style="list-style-type: none"> • Risk Management Matrix • King IV Register
14	<p>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.</p>	<p>The main purpose of the Remuneration Committee is to assist the Board in establishing transparent remuneration policies that are aligned with Group strategies and linked to its performance in the short and long term.</p> <p>The Group's Remuneration Policy reflects Bowler Metcalf's intention to attract and retain critical talent while motivating current employees to continually perform to their best ability.</p> <p>All components of the Remuneration Policy, including the fixed pay and variable pay for performance, are aligned to the strategic direction of the business and business-specific value drivers. Full disclosure on the Group's remuneration policy and application is contained in the Annual Integrated Report.</p> <p>The remuneration policy and implementation report are tabled for non-binding shareholder approval at the AGM. Non-executive fees, which comprise a base fee only and no additional attendance fee per meeting, are approved by shareholders in advance by special resolution.</p> <p>Processes to ensure an appropriate corrective response in the event that 25% or more shareholders vote against the Remuneration Policy or Implementation Report are being reviewed.</p>	<ul style="list-style-type: none"> • Remuneration Committee Terms of Reference • Remuneration Policy • Remuneration Report
15	<p>The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the</p>	<p>The Audit and Risk Committee, on behalf of the Board, oversees the assurance process which is aimed at providing information of the highest integrity for internal decision-making.</p> <p>The Board has, to date, not established an Internal Audit Function due to the small size of the administration and intimate involvement of senior management. The Board reviews the need for an internal audit function on an on-going basis.</p>	<ul style="list-style-type: none"> • Audit and Risk Committee Terms of Reference • Combined assurance model • External audit

	<p>integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>Bowler Metcalf obtains assurance on its risk management processes from the audits conducted on the Group by certain large customers. While internal assurance activities are combined with those of external service providers (i.e. insurance, quality and other verification agencies) to collectively represent an assurance model, the development of a formal model for the collation of their activities is now the next step.</p> <p>The Board is satisfied that the Group's assurance model is currently effective for risk management and the integrity of the Group's external reports. Assurance is considered for various material risks, including financial, environmental, internal controls, compliance (regulatory), governance process and others in line with the intended audience of the report.</p>	
<p>16</p>	<p>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.</p>	<p>The Social and Ethics Committee reviews the Group's interaction with stakeholders and is responsible for setting the direction for stakeholder relationships. Management develops a strategy and formulates policies for managing relationships with each stakeholder grouping.</p> <p>The Sustainability Report in the Annual Integrated Report contains more information on key stakeholder engagements during the reporting period.</p> <p>The Board ensures that shareholders are equitably treated, and that the interests of minority shareholders are protected. Members of the Board, executive management and the external auditors are available at the AGM, should shareholders wish to engage with them. The AGM minutes are available to the public on request from the Company Secretary.</p>	<ul style="list-style-type: none"> • Social and Ethics Committee Terms of Reference • AGM