

Chapter 1: Ethical leadership and corporate citizenship

Principle	How principle is applied	Reason for non-compliance
1.1. The board should provide effective leadership based on an ethical foundation	The management team is experienced and effective in the management of Greenbay Properties Ltd ("Greenbay"). The board of directors also endorses the code of corporate practices and conduct as set out in the King III report and confirms that the group is compliant with the provisions thereof. Independent consultants have been made available to members of the board to ensure that all directors are fully conversant with best practice and current thinking regarding corporate governance. The board provides effective leadership based on an ethical foundation. The board ensures that the company is and is seen to be a responsible corporate citizen.	
1.2. The board should ensure that the company is and is seen to be a responsible corporate citizen		
1.3. The board should ensure that the company's ethics are managed effectively		

Chapter 2: Board and Directors

Principle	How principle is applied	Reason for non-compliance
2.1. The board should act as the focal point for and custodian of corporate governance	The board of directors also endorses the code of corporate practices and conduct as set out in the King III report and confirms that the group is compliant with the provisions thereof. Independent consultants have been made available to members of the board to ensure that all directors are fully conversant with best practice and current thinking regarding corporate governance. The board acts as the focal point for and custodian of corporate governance.	

<p>2.2. The board should appreciate that strategy, risk, performance and sustainability are inseparable</p>	<p>The board acknowledges its responsibilities as set out in the following areas:</p> <ol style="list-style-type: none"> 1. the adoption of strategic plans and ensuring that these plans are carried out by management; 2. monitoring of the operational performance of the business against predetermined budgets; 3. monitoring the performance of management at both operational and executive level; 4. ensuring that the group complies with all laws, regulations and codes of business practice; and 5. ensuring a clear division of responsibilities at board level to ensure a balance of power and authority in terms of group policies. <p>The board appreciates that strategy, risk, performance and sustainability are inseparable.</p>	
<p>2.3. The board should provide effective leadership based on an ethical foundation</p>	<p>The board is committed to effective leadership based on an ethical foundation</p> <p>The board of directors form the core of the values and ethics subscribed to by the company through its various committees. These values and ethics are sustained by the directors' standing and reputation in the business community and their belief in free and fair dealings in utmost good faith and respect for laws and regulations.</p> <p>Greenbay has a code of ethics communicated to all staff. The code of ethics stipulates, among other things, that all stakeholders are expected to act in good faith, that bribery in any form is not tolerated, all conflicts of interest need to be declared and that compliance with all legislation is</p>	

	<p>of utmost importance. The code of ethics is reviewed by the social and ethics committee on an annual basis. The board is not aware of any transgressions of the code of ethics during the period. No issues of non-compliance, fines or prosecutions have been levied against Greenbay. The board provides for effective leadership based on an ethical foundation.</p>	
<p>2.4. The board should ensure that the company is and is seen to be a responsible corporate citizen</p>	<p>The board is committed to ensure that the company is and is seen to be a responsible corporate citizen. The board ensures that the company is and is seen to be a responsible corporate citizen.</p>	
<p>2.5. The board should ensure that the company's ethics are managed effectively</p>	<p>The board of directors also endorses the code of corporate practices and conduct as set out in the King III report and confirms that the group is compliant with the provisions thereof. The boards ensures that the company's ethics are managed effectively.</p>	
<p>2.6. The board should ensure that the company has an effective and independent audit committee</p>	<p>Greenbay has appointed an effective and independent audit committee. The audit committee is satisfied that the external auditors are independent of the group. The audit committee considered information pertaining to the balance between fees received by the external auditors for audit and non-audit work for the group in 2015 and concluded that the nature and extent of non-audit fees do not present a threat to the external auditors' independence. The board ensures that the company has an effective and independent audit committee.</p>	
<p>2.7. The board should be responsible for the governance of risk</p>	<p>The board acknowledges that it is responsible for ensuring the following functions as set out in the board charter:</p> <ul style="list-style-type: none"> • good corporate governance and implementation 	

	<p>of the code of corporate practices and conduct as set out in the King III report;</p> <ul style="list-style-type: none"> • that the group performs at an acceptable level and that its affairs are conducted in a responsible and professional manner; and • the board recognises its responsibilities to all stakeholders including governance over risk. <p>The board is responsible for the governance of risk.</p>	
2.8. The board should be responsible for information technology (IT) governance	The board is responsible for the IT governance	
2.9. The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The board acknowledges its responsibilities in ensuring that the group complies with all laws, regulations and codes of business practice	
2.10. The board should ensure that there is an effective risk-based internal audit		The company does not have a formalised internal audit department. This is primarily since most the property management functions are outsourced to external property managers who are subjected to annual external audits. The audit committee continually examines the appropriateness of utilising independent internal auditors to periodically review activities of the company and service providers.
2.11. The board should appreciate that stakeholders' perceptions affect the	The board acknowledges reputational risk relating to stakeholders' perceptions.	

company's reputation		
2.12. The board should ensure the integrity of the company's integrated report	In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the audit committee has reviewed accounting principles, policies and practices adopted in the preparation of financial information and has examined documentation relating to the annual integrated report. The clarity of disclosures included in the financial statements was reviewed by the audit committee, as was the basis for significant estimates and judgements. It is the function of the committee to review and make recommendations to the board regarding interim financial results and the integrated report prior to approval by the board. The board ensures the integrity of the company's integrated report.	
2.13. The board should report on the effectiveness of the company's system of internal controls	The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The board reports on the effectiveness of the company's internal controls.	
2.14. The board and its directors should act in the best interests of the company	The board and its directors act in the best interests of the company. The board and its directors act in the best interests of the company.	
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 Act	Greenbay has a business continuity plan which includes the daily backup of data which is tested regularly. The board will consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Company's Act, 71 of 2008.	

<p>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</p>	<p>The Chairman of the board is an independent non-executive director. The roles of the CEO and Chairman are separate and not fulfilled by the same person.</p>	
<p>2.17. The board should appoint the chief executive officer and establish a framework for the delegation of authority</p>	<p>The CEO is appointed by the board with the requisite delegation of authority. Board appointments are made in terms of the policy on nominations and appointments, and such appointments are transparent and a matter for the board.</p>	
<p>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</p>	<p>The board comprises a majority non-executive directors and the majority of non-executive directors are independent.</p>	
<p>2.19. Directors should be appointed through a formal process</p>	<p>Board appointments are made in terms of the policy on nominations and appointments, and such appointments are transparent and a matter for the board.</p>	
<p>2.20. The induction of and ongoing training and development of directors should be conducted through formal processes</p>	<p>Directors are encouraged to attend director and industry related training.</p>	
<p>2.21. The board should be assisted by a competent, suitably qualified and experienced company secretary</p>	<p>The board considered the competence, qualifications and experience of the company secretary, Intercontinental Trust Limited (“ITL”), and deemed it fit to continue in the role as company secretary for Greenbay. ITL is independent of Greenbay and the relationship with the board has been assessed and is considered to be at arm’s length. The board has considered and has concluded that Teddy Lo Seen Chong’s role as both director of ITL as well as non-executive director of Greenbay does not impact on the independence of the company secretary. In reaching this conclusion the board</p>	

	has, amongst other things, considered the following factors:	
2.22. The evaluation of the board, its committees and the individual directors should be performed every year	The board and the individual directors are evaluated annually	
2.23. The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Although certain responsibilities are delegated to committees or management executives, the board acknowledges that it is not discharged from its obligations regarding these matters.	
2.24. A governance framework should be agreed between the group and its subsidiary boards	Good corporate governance and implementation of the code of corporate practices and conduct as set out in the Code;	
2.25. Companies should remunerate directors and executives fairly and responsibly	The remuneration committee is mandated by the board to set the remuneration and incentivisation of all employees, including executive directors. In addition, the remuneration committee recommends directors' fees payable to non-executive directors and members of board subcommittees.	
2.26. Companies should disclose the remuneration of each individual director and prescribed officers	Remuneration of each individual director and prescribed officer is detailed in the company's annual report.	
2.27. Shareholders should approve the company's remuneration policy	The company's remuneration policy is approved by shareholders at the annual general meeting.	

Chapter 3: Audit Committees

Principle	How principle is applied	Reason for non-compliance
3.1. The board should ensure that the company has an effective and independent audit committee	Greenbay has appointed an effective independent audit committee.	
3.2. Audit committee members should be suitably skilled and experienced independent non-executive directors	Audit committee members have the requisite skills and experience to perform their functions adequately.	
3.3. The audit committee should be	The Chairperson of the Audit committee	

chaired by an independent non-executive director	is Karen Bodenstein, an independent non-executive director.	
3.4. The audit committee should oversee integrated reporting	The audit committee oversees the integrated reporting function.	
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 oversees and coordinates all audit assurance activities	
3.6. The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	The audit committee oversees and is satisfied by the expertise, resources and experience of the company's finance function.	
3.7. The audit committee should be responsible for overseeing of internal audit		The company does not have a formalised internal audit department. This is primarily since the majority of the property management functions are outsourced to external property managers who are subjected to annual external audits. The audit committee continually examines the appropriateness of utilising independent internal auditors to periodically review activities of the company and service providers.
3.8. The audit committee should be an integral component of the risk management process	The audit committee is an integral component of the risk management process	
3.9. The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The Audit committee recommends and appoints the external auditor.	
3.10. The audit committee should report to the board and shareholders on how it has discharged its duties	The audit committee reports to the board and shareholders on how it has discharged its duties.	

3.11. Gender diversity policy	<p>The board recognises and embraces the benefits of having a diverse board, and sees increasing diversity at board level as an essential element in maintaining a competitive advantage. A truly diverse board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the board and when possible should be balanced appropriately. All board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the board as a whole requires to be effective.</p> <p>The board's nominations committee reviews and assesses board composition on an ongoing basis on behalf of the board and recommends the appointment of new directors. The nominations committee also oversees the conduct of the annual review of board effectiveness.</p>	
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Chapter 4: The governance of risk

Principle	How principle is applied	Reason for non-compliance
4.1. The board should be responsible for the governance of risk	The risk committee is mandated by the board to ensure that a sound risk management system is maintained, to assist the board in discharging its duties relating to the safeguarding of assets and	

	<p>to ensure that the company has implemented an effective plan for risk management that will enhance the company's ability to achieve its strategic objectives. The risk management plan, which is in line with industry practice, is reviewed annually and the risk matrix is reviewed by the committee at each meeting. The risk committee is satisfied that the company has complied, in all material respects, with its risk management policy. The risk committee consists of one independent non-executive director, one non-independent non-executive director and one executive director. The risk committee's responsibilities and duties are governed by a charter that was reviewed by the board in 2016.</p>	
4.2. The board should determine the levels of risk tolerance	The board determines and monitors the levels of risk tolerance.	
4.3. The risk committee or audit committee should assist the board in carrying out its risk responsibilities	The risk committee assists the board in carrying out its risk responsibilities	
4.4. The board should delegate to management the responsibility to design, implement and monitor the risk management plan	The board has delegated the responsibility for developing and monitoring the group's risk management policies to the risk committee. The committee reports to the board of directors on its activities. The group risk committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.	

4.5. The board should ensure that risk assessments are performed on a continual basis	Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.	
4.6. The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.	
4.7. The board should ensure that management considers and implements appropriate risk responses	The board ensures that management considers and implements appropriate risk responses	
4.8. The board should ensure continual risk monitoring by management	The board ensures continual risk monitoring	
4.9. The board should receive assurance regarding the effectiveness of the risk management process	As part of the audit process, the board receives assurance regarding the effectiveness of the risk management process.	
4.10. The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The board ensures that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders. These are disclosed as part of the annual report.	

Chapter 5: The governance of information technology (IT)

Principle	How principle is applied	Reason for non-compliance & action items, if any
5.1. The board should be responsible for IT governance	The board is ultimately responsible for IT governance. The Greenbay IT function is outsourced to a third-party service provider and is governed by a service level agreement. Compliance with the service level agreement is monitored by management and the terms	

	are reviewed on a regular basis. There is a dedicated member of the Greenbay management team who oversees the IT function, attends the executive committee meetings and reports thereat. The risks and controls over IT assets and data are considered by the risk committee.	
5.2. IT should be aligned with the performance and sustainability objectives of the company	IT is aligned with the performance and sustainability objectives of the company	
5.3. The board should delegate to management the responsibility for the implementation of an IT governance framework	The board is ultimately responsible for IT governance. The Greenbay IT function is outsourced to a third-party service provider and is governed by a service level agreement.	
5.4. The board should monitor and evaluate significant IT investments and expenditure	The board evaluates and monitors significant IT investments and expenditure	
5.5. IT should form an integral part of the company's risk management	IT forms an integral part of the company's risk management and regular back-up is performed and information is stored in the cloud	
5.6. The board should ensure that information assets are managed effectively	Information assets are regularly backed up and stored in the cloud	
5.7. A risk committee and audit committee should assist the board in carrying out its IT responsibilities	The risk committee and audit committee assists the board in carrying out its IT responsibilities.	

Chapter 6: Compliance with laws, rules, codes and standards

Principle	How principle is applied	Reason for non-compliance
6.1. The board should ensure that the company complies with applicable laws and considers adherence to	Greenbay engages both in-house and external legal advisors. Training is provided where relevant new legislation	

<p>nonbinding rules, codes and standards</p>	<p>is introduced. Management and the auditors monitor compliance with the legal requirements. Greenbay is a member of various industry organisations. The group's employees regularly attend conferences and training specific to their area of responsibility within the group which would assist in the identification of new and relevant legislation.</p>	
<p>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</p>	<p>The board and each individual director have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business</p>	
<p>6.3. Compliance risk should form an integral part of the company's risk management process</p>	<p>Compliance risk forms an integral part of the company's risk management process.</p>	
<p>6.4. The board should delegate to management the implementation of an effective compliance framework and processes</p>	<p>The board of directors forms the core of the values and ethics subscribed to by the company through its various bodies and committees. These values and ethics are sustained by the directors' standing and reputation in the business community and their belief in free and fair dealings in utmost good faith and respect for laws and regulations. Greenbay has a code of ethics communicated to all staff. The code of ethics stipulates, among other things, that all stakeholders are expected to act in good faith, that bribery in any form is not tolerated, all conflicts of interest need to be declared and that compliance with</p>	

	all legislation is of utmost importance. The code of ethics is reviewed by the social and ethics committee on an annual basis.	
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Chapter 7: Internal audit

Principle	How principle is applied	Reason for non-compliance
7.1. The board should ensure that there is an effective risk based internal audit		The company does not have a formalised internal audit department. This is primarily because the majority of the property management functions are outsourced to external property managers who are subjected to annual external audits. The audit committee continually examines the appropriateness of utilising independent internal auditors to periodically review activities of the company and service providers.
7.2. Internal audit should follow a risk based approach to its plan		
7.3. Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management		
7.4. The audit committee should be responsible for overseeing internal audit	The audit committee continually examines the appropriateness of utilising independent internal auditors to periodically review activities of the company and service providers	
7.5. Internal audit should be strategically positioned to achieve its objectives		The company does not have a formalised internal audit department. This is primarily because the majority of the property management functions are outsourced to external property managers who are subjected to annual external audits

Chapter 8: Governing stakeholder relationships

Principle	How principle is applied	Reason for non-compliance & action items, if any
8.1. The board should appreciate that stakeholders' perceptions affect a company's reputation	The board appreciates that stakeholder's perceptions affect a company's reputation.	
8.2. The board should delegate to management to proactively deal with stakeholder relationships stakeholders and the outcomes of these dealings.	The board acknowledges that it is responsible for ensuring the following functions as set out in the board charter: <ol style="list-style-type: none"> 1. good corporate governance and implementation of the code of corporate practices and conduct as set out in the King III report; 2. that the group performs at an acceptable level and that its affairs are conducted in a responsible and professional manner; and 3. the board recognises its responsibilities to all stakeholders. 	
8.3. The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	The board strives to achieve the appropriate balance between its various stakeholder groupings in the best interests of the company	
8.4. Companies should ensure the equitable treatment of shareholders	Shareholders are treated equitably.	
8.5. Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Transparent and effective communications with stakeholders is performed by the board of directors including timely disclosure of detailed information in the annual report.	
8.6. The board should ensure that disputes are resolved as effectively, efficiently and	The board ensure that processes are in place to effectively, efficiently and	

expeditiously as possible	expeditiously resolve any disputes that may arise.	
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Chapter 9: Integrated reporting and disclosure

Principle	How principle is applied	Reason for non-compliance
9.1. The board should ensure the integrity of the company's integrated report	The board ensures the integrity of the company's integrated report which is audited by an independent external auditor	
9.2. Sustainability reporting and disclosure should be integrated with the company's financial reporting	Sustainability reporting is integrated into the company's financial reporting. Greenbay's emphasis in relation to sustainability is on the maintenance and enhancement of environmental, social and economic resources, to meet the needs of current and future generations. This is founded in a commitment to being a good corporate citizen and operating in a commercially sensible and socially responsible manner.	
9.3. Sustainability reporting and disclosure should be independently assured	Sustainability reporting is independently assured as part of the external audit process.	