

KING IV REGISTER
FOR TEXTON WEBSITE

OUR APPROACH TO GOVERNANCE

Introduction

Texton Property Fund Limited (“Texton” or “the Company”) is committed to high standards of corporate governance and it endorses the four governance outcomes set out in the King IV Report on Corporate Governance for South Africa, 2016 (King IV) namely an ethical culture, good performance, effective control and legitimacy.

King IV register

The register set out below provides an overview of Texton’s application of the principles contained in King IV. The register should be read in conjunction with the 2022 Texton Integrated Annual Report.

Leadership	
<p>Principle 1 The governing body should lead ethically and effectively.</p>	<p>The board has ultimate responsibility for the company's ethical behaviour and considers good business conduct to be a vital engine for long-term expansion. We are devoted to acting ethically as a corporation acting as a responsible citizen criterion of moral conduct in general times. When managing the business of the board of directors supports the fairness, responsibility, and other values openness and responsibility supported by King IV.</p> <p>Disclosure of interests is a standard agenda item at Board and committee meetings and there is an annual declaration by all directors. Further, there is a Code of Conduct in place which applies to all directors and all employees. Further, various aspects of Principle 1 are covered in Texton’s Board Charter and other key documents. Information on the Code of Ethics and the Board Charter are provided in Texton’s Integrated Annual Report (IAR). The Company has a policy to guide directors on dealing in Company securities and no director or employee may buy or sell the Company’s shares during a closed period</p>
Organisational ethics	
<p>Principle 2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The ethical tone at Texton is set by the Board and applies throughout the organisation. Texton’s Code of Ethics applies to all directors, employees and suppliers. Texton has also implemented a whistle-blowing line on its website, available to all stakeholders, to report perceived cases of unethical or corrupt behaviour anonymously. In respect of any ethical breaches discovered by staff and the external auditors, the relevant laws and regulations are applied.</p>
Responsible corporate citizen	
<p>Principle 3 The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The Board’s approach to being a responsible corporate citizen is supported by various policies and the work done by the Social and Ethics Committee. Various safety, health, environmental and community aspects are covered in the IAR.</p>
Strategy and performance	

<p>Principle 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>	<p>The Board recognises that all these elements are inseparable, and Texton follows the Six Capitals approach as described in the Integrated Annual Report..</p> <p>This integrated approach is taken by the Board at its meetings, strategy sessions and committee meetings. All budgets and strategic plans (medium and longer-term) are approved by the Board. Risks and opportunities are covered in strategy sessions and meetings of the Audit and Risk Committee and the Board.</p>
<p>Reporting</p>	
<p>Principle 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 longterm prospects.</p>	<p>The Board is responsible for the integrity of the information contained in the IAR and other reports, including the annual financial statements and interim and year-end results presentations. It is assisted in this regard by the Board committees which review and recommend their respective reports to the Board in accordance with their terms of reference. Reports are provided in printed (available on request) and online form. Matters material to Texton are reflected in the IAR.</p>
<p>Primary role of the Board</p>	
<p>Principle 6 The governing body should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The Board is the focal point and custodian of corporate governance in the Company. Various key policies supporting the Company's strategy are in place. The Board has an annual strategy session and performance is measured against agreed targets. The Board oversees the implementation and execution of the strategy by management. The Board has a Board Charter which is reviewed annually against best practices. The Board is satisfied that in respect of the 2022 financial year, it has discharged its duties as set out in the Board Charter.</p>
<p>Composition of the Board</p>	
<p>Principle 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>	<p>Assisted by the Nomination and Remuneration Committee, the Board reviews its knowledge, skills, experience, diversity and independence annually, or as circumstances change. The Company has a diversity policy and is taken into account when there is a vacancy and when the composition of the board is reviewed. This policy has been updated to take account of the changes to the JSE Listings Requirements, where further diversity criteria, namely race, culture, age, field of knowledge, skills and experience, have been prescribed. The composition of the Board in terms of race and gender is set out in the IAR. The Board comprises a majority of non-executive members, most of whom are independent. The King IV recommendations for director independence, board composition, chair, induction and training, managing conflicts and nomination and appointments of directors are met.</p>
<p>Committees of the Board</p>	
<p>Principle 8</p>	<p>Texton has four standing Board committees (as described in the IAR), to which specific duties and responsibilities have been delegated. They</p>

<p>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>	<p>operate under written terms of reference which are reviewed annually and are on our website. The composition of the Board and committees are in line with King IV, the Companies Act and the JSE Listings Requirements, as applicable.</p>
<p>Board performance evaluation</p>	
<p>Principle 9 The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>The performance and effectiveness of the Board and its committees are reviewed at least every two years in line with King IV. This process comprises a self-evaluation questionnaire and is co-ordinated and reported on by the Company Secretary. Areas for improvement are documented and actioned. An evaluation was carried out in February 2021. Where areas for improvement were identified, plans have been put in place. The performance review conducted post year-end indicated the board is applying sound corporate governance principles and is working cohesively with executive management.</p>
<p>Appointment and delegation to management</p>	
<p>Principle 10 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 Board Charter sets out matters reserved for the Board and is reviewed annually. In addition, there is a Delegation of Authority (approved by the Board and reviewed annually) which sets out matters delegated to management and those reserved for the Board. The Board appoints the CEO and the incumbent is accountable to the Board for leading the implementation of strategy, policy and running the day-to-day business of the Company. The King IV recommendations for the CEO in respect of appointment, roles and responsibilities, succession and performance evaluation are complied with. As regards the Company Secretary, this function is covered in the IAR.</p>
<p>Risk governance</p>	
<p>Principle 11 The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.</p>	<p>The Board governs and is responsible for risk. It is assisted by the Audit and Risk Committee, which evaluates risk and guides the Board. Texton has a Risk Management Policy and Framework, a detailed Risk Register and also a Tax Risk Register. Risk matters are a standard agenda item at every Audit and Risk Committee. In this regard we refer you to the IAR for details of Material Issues and the approach to Risk Management. Opportunities flowing from risk assessments form part of the overall approach to risk governance. Emerging risk trends are identified and monitored regularly.</p>
<p>Technology and information governance</p>	
<p>Principle 12 The governing body should govern technology and information in a way</p>	<p>IT governance is a standard agenda item at meetings of the Audit and Risk Committee. Texton has a small head office but is reliant on technology. These services are provided by an external vendor. Various IT-related policies are in place and due to the small head office,</p>

that supports the organisation setting and achieving its strategic objectives.	integration of IT and business occurs. Texton has limited investment in technology but is aware of its importance and also the need to protect information. Texton regularly assesses the vulnerability of its IT environment. All shortcomings arising from these reviews are addressed
Compliance governance	
<p>Principle 13</p> <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 governs compliance, which is monitored by a combination of management controls, compliance via external audit, sponsors and the Company Secretary. There is no dedicated in-house compliance function nor is one required, given Texton’s size and structure. Compliance is a standard agenda item for the Audit and Risk Committee, which reports to the Board. During the year, the Board and the relevant committees took note of the three King IV guidance papers, namely “Corporate failures and lessons learnt”, “Responsibilities of governing bodies in responding to climate change” and “Effective stakeholder engagement within the context of remuneration”. Changes to the Board Charter and the committees’ terms of reference will be made as required. The Board and committees also considered the draft Companies Amendment Bill, 2021. The JSE Consultation Paper “Cutting red tape” was noted by the Audit and Risk Committee.</p>
Remuneration governance	
<p>Principle 14</p> <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 Board takes responsibility for remuneration governance. It is assisted by the Nomination and Remuneration Committee, which oversees that the organisation remunerates fairly, responsibly and transparently so as to promote the delivery of strategic objectives and the creation of value in a sustainable manner. It makes recommendations to the Board in this regard. The Remuneration Report is set out in the IAR.</p>
Assurance	
<p>Principle 15</p> <p>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.</p>	<p>Texton follows a combined assurance model, with assurance being provided by management, Texton’s external auditors. Oversight on assurance is provided by the Audit and Risk Committee which reports to the Board. For more information, please see the IAR.</p>
Stakeholders	
<p>Principle 16</p>	<p>The Board has identified its key stakeholders and material issues and risks that could impact the stakeholders of Texton, as set out in the</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>IAR. The methods of engaging with stakeholders and issues arising from these engagements are set out in a table in the 2022 IAR. There is ongoing engagement with shareholders via various mechanisms, including interim and year-end reports, the Integrated Annual Report, presentations, quarterly reports, shareholder meetings and the annual general meeting. A stakeholder framework is in place.</p>
---	---