

The register below details the principles set out in the King IV Report on Corporate Governance for South Africa 2016 (King IV) and includes comments regarding the application of each principle by Wescoal, for the financial year ended 31 March 2020.

Leadership		
Principle 1	<p>The board should lead ethically and effectively</p>	<p>The board of directors of Wescoal (“the board”) is committed to ethical and effective leadership. Directors diligently adhere to their duties and responsibilities, acting with due care and diligence and remaining informed of Wescoal activities and the mining industry in general to enable informed decision making.</p> <p>Adhering to the highest standards of corporate governance, and based on integrity, ethics, competence, responsibility, fairness and transparency, the board remains highly capable to set the strategic direction of Wescoal and to oversee the implementation of approved strategies by the executive, ensuring accountability for the group’s performance.</p> <p>Wescoal’s executive team is an accomplished and skilled unit that ensures the competent execution of strategy across the organisation.</p> <p>The board is alert to the impact of Wescoal’s activities on its stakeholders, the environment, society, and its communities, incorporate these factors when considering key risks and opportunities, and seeks to ensure sustained value creation for internal and external stakeholders continuously, and with renewed focus in a COVID-19 impacted world.</p> <p>Directors effectively discharge their duties by ensuring that they are sufficiently familiar with laws, rules, codes, and standards and by adhering to Wescoal’s values and moral principles of commitment and courage. Directors have adequate access to suitably experienced external advisors and furthermore adhere to Wescoal’s Code of Ethics and Conduct, which is monitored by the social and ethics committee.</p> <p>The social and ethics committee monitors compliance with Wescoal’s code of ethics and conduct.</p> <p>Conflicts of interests are appropriately addressed through annual declarations and on an ad hoc basis when applicable. Appropriate policies are adhered to with regard to price-sensitive information and dealing in securities by directors and senior employees.</p> <p>Directors undergo formal evaluation processes, either externally facilitated or through self-evaluation, at least every two years. The results of these evaluations are reviewed and appropriate actions in terms thereof are executed.</p>
Organisational ethics		
Principle 2	<p>The board should govern the ethics of the organisation in a way that supports</p>	<p>The board’s effective leadership is based on an ethical foundation. An ethical corporate culture is promoted and sustained through an organisation-wide ethics framework, endorsing the values set out in the Code of Ethics and Conduct. Additional internal policies on anti-bribery and corruption as well as an accessible and well promoted whistle-blowing hotline supports sustained ethical conduct.</p>

	<p>the establishment of an ethical culture</p>	<p>The social and ethics committee monitors, and reports on, the governance of ethics, whilst the board has mandated the executive to implement and execute the ethics framework, underpinned by Wescoal's values.</p> <p>The board acknowledges its ultimate stewardship and responsibility in respect of group values and ethics and sets the tone for an ethical culture where the Wescoal values and principles are constantly cultivated among employees and stakeholders.</p>
<p>Corporate citizenship</p>		
<p>Principle 3</p>	<p>The board should ensure that the organisation is and is seen to be a responsible corporate citizen</p>	<p>The board ensures responsible corporate citizenship through values and conduct congruent with the King IV standards.</p> <p>Through the social and ethics committee, the board assesses the consequences of the group's activities by monitoring performance against measures and targets in the following areas:</p> <ul style="list-style-type: none"> • <i>workplace</i> (the promotion of equality, employment equity and transformation, fairness of remuneration principles, and the maintenance of health and safety protocols); • <i>society</i> (the development of communities in the Wescoal's operational areas in terms of its social labour plans, COVID-19 incentives, and other corporate social investment programmes); • <i>environment</i> (the development of a comprehensive economic, social and governance strategy, including Wescoal's mine rehabilitation responsibilities in terms of various pieces of legislation and the Mining Charter); <p>The wellbeing of the communities in which Wescoal operates remains an integral part of Wescoal's objective of sustainable value.</p>
<p>Strategy and performance</p>		
<p>Principle 4</p>	<p>The board 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 evaluates group strategy against Wescoal's core purpose, oversees the implementation thereof, and measures the performance of executives against key strategic performance deliverables.</p> <p>The board ensures that –</p> <ul style="list-style-type: none"> • Strategy translates into measurable key performance and risk areas; • Strategic objectives are aligned with risk and performance goals; • The formal risk management process and organisational risk framework of the group encompasses all strategic and operational risks to support sustainability; • Business models, and solvency and liquidity, are reviewed regularly; • Performance is considered against sustainable outcomes and long-term planning, considering not only profit but also stakeholders, society, and the environment. <p>Risk, opportunities, and performance in terms of strategy are dealt with at each board meeting by way of reports received from board committees. An annual in-depth strategy meeting ensures that strategy evolves in accordance with circumstances, resources, and relationships.</p>

Reporting	
Principle 5	<p>The board 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> <p>Reporting and information sharing to Wescoal's shareholders and other stakeholders takes place through Wescoal's integrated annual report, annual financial statements, annual and interim results reports, SENS announcements, its corporate website, presentations to investors and an annual general meeting. Regular stakeholder interaction ensures that stakeholders remain informed on current operations and proposed initiatives.</p> <p>The board ensures that all reports issued by Wescoal contain accurate, relevant, and transparent information and allow for informed assessments of Wescoal's performance. The Board acknowledges its accountability to shareholders for the group's performance and considers the interests and expectations of stakeholders and intended audiences when providing information pertaining to Wescoal through reports and other channels of communication.</p> <p>The board oversees the integrated annual report and consolidated financial statements in the final instance, once mandated committees, such as the audit, risk and compliance, remuneration and social and ethics committees, have reviewed the statements and narratives contained in the report.</p> <p>The board approves the executive's determination of the group's reporting framework and standards in advance, considering legal requirements and the intended audience and purpose of each report.</p> <p>A full synopsis of short, medium, and long-term prospects, sustainability and strategy is provided in the integrated annual report, ensuring the ability to make informed assessments of Wescoal's performance.</p>
Role and responsibilities of the board	
Principle 6	<p>The board should serve as the focal point and custodian of the corporate governance in the organisation</p> <p>As confirmed in its charter, the board is the focal point and custodian of corporate governance in Wescoal.</p> <p>The board is committed to apply the principles and recommendations of King IV, and to comply with the JSE Listings Requirements, the Companies Act, and standards of best practice, allowing the board to act in the best interests of the company. The board has established a suitable and effective compliance framework to enable adherence to the applicable legislation, codes, standards, and sound corporate governance practices.</p> <p>The board's annually reviewed charter ensures that its roles, responsibilities, and accountability in respect of corporate governance are documented and adhered to. The board is supported by various board committees which have delegated responsibilities to assist in fulfilling specific corporate governance functions. The board committees report to the Wescoal board at every board meeting.</p> <p>As custodian of corporate governance, the board interacts with the executive, shareholders, and other stakeholders in terms of sound corporate governance principles. The board approves policies and planning that give effect to its sound corporate governance direction, monitors implementation by the executive, and ensures accountability for organisational adherence through reporting and disclosure. Governance principles are further entrenched through governance structures, processes, and procedures.</p>

		<p>The board is satisfied that it has fulfilled its responsibilities in accordance with its charter during the reporting period. The number of meetings held and attendance thereof are contained in the integrated annual report.</p>
<p>Composition of the board</p>		
<p>Principle 7</p>	<p>The board 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>The Wescoal board comprises 11 directors, 3 of whom are executive directors. Of the balance of 8 non-executive directors, 4 are independent. A lead independent director has been appointed.</p> <p>Directors are appointed through a formal process. The nomination committee, assisted by a professional recruitment firm, identify suitable candidates for final approval by the board.</p> <p>In determining the composition of the board, the nomination committee specifically considers the diversity requirements contained in the board’s diversity policy. The policy aims to achieve voluntary targets of 50% female representation and 80% black representation by 2023.</p> <p>The composition of the board encompasses the optimal mix of knowledge, skills (including business, financial and industry experience), diversity and independence to objectively, and effectively, discharge the board’s role and responsibilities. The size of the board also corresponds with the size and complexity of the company.</p> <p>The three executive directors on the board ensure direct interaction with the executive and management and efficient translation of board requirements into operational execution.</p> <p>For rotation purposes, at least a third of the non-executive directors resign annually at the annual general meeting in terms of Wescoal’s MOI. The nomination committee recommends re-election of the directors based on performance, succession planning and other relevant factors.</p> <p>The independence and performance of non-executive directors who have served on the board for more than 9 years are subjected to a rigorous review.</p> <p>A formal induction programme exists for all new directors.</p> <p>The roles and responsibilities of the Chair and the group CEO are separated.</p>
<p>Committees of the board</p>		
<p>Principle 8</p>	<p>The board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the</p>	<p>The board has delegated particular roles and responsibilities to board committees, to assist the board in discharging its responsibilities. The committees function under Board-approved Terms of Reference (reviewed annually), setting out the nature and extent of the responsibilities delegated.</p> <p>The committees of the board comprise the audit, risk and compliance committee, the nomination committee, the remuneration committee, the social and ethics committee and the project and investment committee.</p>

	<p>effective discharge of its duties</p>	<p>The committees are appropriately constituted and the chairs of the committees are all independent non-executive directors. The committee members are all skilled in the required fields of expertise required per committee. Committee members are appointed by the board, with the exception of the audit, risk and compliance committee, whose members are nominated by the board and approved by shareholders.</p> <p>The board is satisfied that the current composition of the board committees contributes to effective collaboration as well as a balanced distribution of power, ensuring that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual.</p> <p>Cross-committee meetings are arranged when an overlap of responsibilities occurs.</p> <p>The delegation of responsibilities by the board to board committees does not constitute a discharge of the board's accountability.</p> <p>Additional information on the committees is disclosed in the Integrated Annual Report.</p>
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Evaluations of performance

<p>Principle 9</p>	<p>The board 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, board committees, its chairs, the company secretary and its individual members are subject to a formal evaluation process, either externally facilitated or through self-evaluation at least every two years.</p> <p>The nomination committee leads the board evaluation process. Each director is required to comment on the board structure and responsibilities, processes, practices and culture of the board, overall performance, and the structure, resources and performance in respect of statutory duties of the committees.</p> <p>The lead independent director facilitates the evaluation process of the Chair of the board. The results of the evaluation are discussed with the board as a whole and suggested changes and comments are actioned.</p> <p>The Chair's ability to add value, and his performance against what is expected of his role and function, is assessed during this process.</p>
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Appointment and delegation to management

<p>Principle 10</p>	<p>The board 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 relies on the group CEO to lead the operational execution of the board-approved strategy. The group CEO leads the executive committee, comprising business unit and function heads, who are further responsible to execute the strategy, monitor its implementation, and discharge all duties and functions delegated by the board.</p> <p>The board has approved and implemented delegation of authority matrixes in this regard, detailing the powers and matters to be delegated to the executive via the group CEO. The board therefore ensures that key management functions are led by competent and appropriately authorised individuals.</p>
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Risk governance

Principle 11	<p>The board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<p>The board's governance of risk is detailed in its charter and risk framework and policies. While the board has ongoing oversight of risk management, the risk governance function has been delegated to the audit, risk and compliance committee, based on specified terms of reference, with the responsibility for implementing and executing effective risk management, as delegated to the executive.</p> <p>The audit, risk and compliance committee makes recommendations on risk matters to the board for its consideration and final approval. The committee oversees the implementation of Wescoal's risk management policy and assesses risks, which supports sustainable value creation for the company.</p> <p>Wescoal treats risk as integral to the way it makes decisions and executes its duties. The group's risk governance encompasses both opportunities and associated risks in developing strategy and the potential positive and negative effects of these risks on achieving its organisational objectives.</p> <p>The board sets the levels of risk tolerance, which relates to the risk matrix reported on to the audit, risk and compliance committee. In the matrix, risks are prioritised</p>
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		<p>and ranked to focus responses, mitigations and interventions. The board assesses the company's key risks regularly.</p> <p>The board's risk assessment considers risks affecting Wescoal's income streams, critical dependencies, sustainability and the legitimate interests and expectations of stakeholders. Significant risks that may threaten the long-term sustainability of the company are disclosed in the integrated annual report.</p> <p>Detail on the role and mandate of the audit, risk and compliance committee is available in its terms of reference, available on the website and further detail on risk management is contained in the integrated annual report.</p>
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Technology and information governance

Principle 12	<p>The board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</p>	<p>The board acknowledges its responsibility for the governance and ongoing oversight of technology and information and ensures that processes are in place to ensure timely, relevant, accurate and accessible reporting, communication and data storage.</p> <p>The responsibility to implement and execute effective technology and information management has been delegated to the executive, with oversight from the audit, risk and compliance committee.</p> <p>The board considers information and technology ("IT") governance an integral part of Wescoal's approach to governance. Acknowledging that IT-related opportunities and risks may affect value creation, the board prioritises the importance of safeguarding company information and intellectual capital and ensures that technology architecture is maintained to protect that information.</p> <p>Wescoal's IT governance framework effectively manages resources in supporting its strategic objectives, deliver value and mitigate IT risk. The board reviews and identifies possible opportunities for improved efficiencies and value creation that technology can add to business. The board also remains conscious of risks that may arise in protecting classified information and intellectual capital.</p> <p>The designated group IT manager is responsible for IT and has the appropriate levels of knowledge and experience. He reports to the CFO on IT-related matters and interacts regularly with the audit, risk and compliance committee and executive management on IT governance matters.</p>
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Compliance governance

Principle 13	<p>The board 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 audit, risk and compliance committee, as delegated by the board, monitors the process implemented by the executive to ensure legal compliance.</p> <p>The regulations to the Companies Act require the social and ethics committee to monitor the implementation of a series of good corporate governance obligations, including the Organisation for Economic Cooperation and Development (OECD) recommendations on reducing corruption as well as the United Nations Global Compact Principles.</p> <p>Wescoal's compliance governance is approached and addressed through the following:</p>
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Remuneration governance

<p>Principle 14</p>	<p>The board 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>In achieving its responsibilities regarding fair, responsible and transparent remuneration, in respect of executive directors, non-executive directors, executives, senior managers and other employees, the board applies the following key principles, on advice from the nomination and remuneration committees:</p> <ul style="list-style-type: none"> • Ensure that remuneration policies and practices are aligned with Wescoal’s company strategy and values; • Attract and retain talented, experienced and motivated individuals who can execute the business strategy • Link salary structures and policies to performance objectives that support sustainable value creation over the short, medium and long term • Align long-term incentives with the strategic objectives of the company and the creation of long-term shareholder value • Apply a fair and reasonable remuneration structure across the company. <p>The board has adopted a remuneration policy that achieves a reasonable balance between guaranteed pay, short-term incentives and long-term incentives, and is aligned with the group’s objectives. The remuneration policy and remuneration implementation report are put to separate non-binding advisory votes by shareholders at the annual general meeting. If 25% or more of shareholders vote against the non-binding resolutions, the board will formally engage with dissenting shareholders to understand and address all legitimate and reasonable concerns.</p> <p>The board annually reviews the remuneration structures to ensure that they are performance based, are linked to realistic performance objectives that support sustainable long-term growth and are representative of best practice in the industry.</p> <p>The full remuneration report is available in the integrated annual report.</p>
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Assurance	
Principle 15	<p>The board 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>The board has adopted a combined assurance model to obtain assurance from various assurance providers that internal controls are efficient and effective, including internal and external audit, regulatory authorities and line functions.</p> <p>Assurance services are overseen by the audit, risk and compliance committee. The committee is responsible for, amongst others:</p> <ul style="list-style-type: none"> • reviewing the adequacy and effectiveness of the financial reporting process and system of internal control; • approving Wescoal's integrated annual report, annual financial statements, and interim reports, and recommending them to the board for final approval; • overseeing the internal audit function and approving the annual work plan; • making recommendations to the shareholders for the appointment of the external auditors and confirming their independence; • confirming the expertise of the CFO and finance department; and • ensuring that the financial reporting procedures are appropriate and that those procedures are effective. <p>Where compliance issues are identified, they are reported and rectified timeously. The audit, risk and compliance committee and the board are satisfied that control systems and procedures are suitably implemented, maintained and monitored by qualified personnel, with appropriate segregation of authority, duties and reporting lines.</p>
Stakeholders	
Principle 16	<p>In the execution of its governance role and responsibilities, the board 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 board is committed to providing timely, relevant and transparent information on corporate strategy and financial performance to Wescoal's stakeholders.</p> <p>The board governs stakeholder relationships, communication and reporting and delegates the responsibility for execution to the executive. The CEO in particular is mandated to achieve effective stakeholder relationships with material stakeholders and to identify their needs, interests and expectations of the company.</p> <p>The group manages communications with its key financial audiences, including institutional shareholders and financial analysts, through regular engagement, and information sessions following the publication of interim and final results.</p> <p>A broad range of public communication channels are also used to disseminate information, including the website and electronic media.</p> <p>Shareholders are encouraged to attend and actively participate in the annual general meeting. The board ensures that the chairpersons of the group's audit, risk and compliance, social and ethics, remuneration and nomination committees and the designated external auditor are present at the annual general meeting to questions from shareholders.</p> <p>Shareholders are treated equitably and the minority shareholders enjoy the protection afforded to them in terms of the Companies Act.</p>