No.	Principle	Response
1.1.	The Board should provide effective leadership based on an ethical foundation	Applied. Along with directing the strategy of the Group and being tasked with its performance, the responsibility for good corporate governance is that of the Board of Directors. Accordingly, management is required to make decisions that are strategically sound, are in compliance with the relevant legislation and Company policy, are cognisant of the interests of stakeholders, and encompass the principles of good corporate governance.
1.2.	The Board should ensure that the Company is and is seen to be a responsible corporate citizen	Applied. The Board acknowledges that it, in addition to Stellar Capital's economic performance, is also responsible for the Company's social and environmental performance. The Board has constituted the Audit and Risk Committee, Remuneration Committee, Nominations Committee and the Social and Ethics Committee to assist it with the discharge of its corporate governance responsibilities. Applicable corporate governance and committee reports are included in the integrated annual report.
1.3.	The Board should ensure that the Company's ethics are managed effectively	Applied. The Board has taken responsibility for creating and maintaining an ethical corporate culture and ensures that the ethical standards which have been set are adhered to in all aspects of the business. Ethical standards and expectations are clearly communicated to all employees and breaches of ethical conduct are viewed in a serious light. The Social and Ethics Committee is tasked with oversight of the Group's ethics and reports to the Board on such matters. The report of the Social and Ethics Committee is included in the integrated annual report.

No.	Principle	Response
2.1.	The Board acts as the focal point for and custodian of corporate governance.	Applied. The board meets regularly to fulfil its duties and responsibilities in terms of the adopted Board charter.
2.2.	The Board appreciates that strategy, risk, performance and sustainability are inseparable	Applied. Progress against the adopted Group strategic plan is monitored on a continuous basis.
2.3.	The Board provides effective leadership based on an ethical foundation.	Applied. The Board observes the highest standards of ethical conduct in discharging its responsibilities.
2.4.	The Board ensures that the Group is and is seen to be a responsible corporate citizen.	Applied. The Board considers the economic, social and environmental performance of the Group and its investees.
2.5.	The Board ensures that the Group ethics are managed effectively.	Applied. The Board observes the highest standards of ethical conduct in discharging its responsibilities. The Board has established a Social and Ethics Committee to monitor compliance.
2.6.	The Board ensures that the Group has an effective and independent Audit and Risk Committee.	Applied. The committee consist of 3 independent non-executive directors. The committee meets at least 3 times a year and also meets with the external auditors without management being present.
2.7.	The Board is responsible for the governance of risk.	Applied. The Audit and Risk Committee addresses and reports on risk matters to the Board.
2.8.	The Board is responsible for information technology (IT) governance.	Applied. The Audit and Risk Committee addresses IT governance matters in terms of its delegated authority. Given the nature of the business of the Group, no significant IT investments or expenses have been incurred to date, nor are any planned. The Board has implemented a formal IT governance framework mainly focused on business continuity.
2.9.	The Board ensures that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied. The Audit and Risk Committee is mandated to ensure that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards, as assisted and advised by the Company Secretary and external advisors to the extent required.
2.10.	The Board ensures that there is an effective risk-based internal audit.	Partly applied. The executive directors conduct an annual review of the Company's internal controls, and report their findings to the Audit and Risk Committee. This review covers financial, operational and compliance controls, as well as a review of the risk management policies and procedures of the Company. Internal audit functions are recommended and monitored at investee level and risks are reported on to the Audit and Risk Committee by way of quarterly risk report reviews or verbal feedback from Stellar Capital representatives who serve on investee sub-committees to the extent justified by the size and nature of investee operations.
2.11.	The Board appreciates that stakeholders' perceptions affect the Group's reputation	Applied. The Board monitors the gap between stakeholder perception and performance.
2.12.	The Board ensures the integrity of the Group's integrated annual report	Applied. The Board ensures that the integrated annual report fairly represents the Group's financial and non-financial performance.
2.13.	The Board reports on the effectiveness of the Group's system of internal controls	Applied. The Board reports on the effectiveness hereof in the integrated annual report.
2.14.	The Board and its directors act in the best interests of the Group	Applied. The directors exercise objective judgment on the affairs of the Group independently from management, but with sufficient information to enable proper and objective information to enable an objective assessment to be made.

2.15.	The Board considers business rescue proceedings or other turnaround mechanisms as soon as the Group is financially distressed as defined in the Companies Act, 71 of 2008	Applied. The Board continuously monitors the solvency and liquidity of the Group.
2.16.	The Board elects a Chairman of the Board who is an independent non-executive director. The Chief Executive Officer of the Group does not also fulfil the role of Chairman of the Board	Applied. The role of the Chairman of the Board is fulfilled by Mr DD Tabata, who is an independent non-executive director. The Group CEO, Mr CE Pettit, fulfils his role separate from the Chairman of the Board.
2.17.	The Board appoints the Chief Executive Officer and establishes a framework for the delegation of authority	Applied. The Board appoints the CEO on recommendation of the Nominations Committee.
2.18.	The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied. The majority of directors are non-executive and independent.
2.19.	Directors are appointed through a formal process	Applied. The appointment of directors is a matter considered by the Board as a whole, as assisted by the Nominations Committee. A formal Appointments to the Board Policy has been adopted by the Board.
2.20.	The induction of and ongoing training, as well as the development of directors, is conducted through a formal process	Applied. The Board has an induction programme to familiarize incoming directors. Ongoing director development is encouraged.
2.21.	The Board is assisted by a competent, suitably qualified and experienced Company Secretary	Applied. The board, assisted by the Nominations Committee, is satisfied with the competence, qualifications and experience of the Company Secretary.
2.22.	The evaluation of the Board, its committees and the individual directors is performed every year	Applied. Evaluation procedures are adopted and performed annually.
2.23.	The Board should delegate certain functions to well-structured committees without abdicating its own responsibilities	Applied. The terms of reference of committees are reviewed at least annually and the committees are appropriately constituted considering the relevant legislation and objectives of the Group.
2.24.	A governance framework is agreed between the Group and its subsidiary Boards	Applied. Senior management represent the Company on investee boards and report to the Group Board regularly. Each investee company operates within its own established governance framework which is aligned with the Authority Levels Framework adopted by the Stellar Capital Board.
2.25.	The Group remunerates directors and executives fairly and responsibly	Applied. The remuneration policies and practises aim to create value for the Group over the long term. The Remuneration Committee assists the board in its responsibility for setting and administering remuneration policies.
2.26.	The Group discloses the remuneration of each individual director and prescribed officer	Applied. The Group provides full disclosure of each individual executive and non-executive director' remuneration in the integrated annual report. There are no Prescribed Officers in the Group other than the Chief Executive Officer and Chief Financial Officer during the 2016 financial year.
2.27.	Shareholders have approved the Group's remuneration policy	Applied. The Group's remuneration policy is presented to shareholders as a non-binding advisory vote at each Annual General Meeting.

No.	Principle	Response
3.1.	The board should ensure that the Company has an effective and independent audit committee	Applied. The Audit and Risk committee meets at least 3 times a year and reports to the Board. The Committee also meets with the external auditors without management being present. The terms of reference of the Audit and Risk Committee has been approved by the Board. A report of the Audit and Risk Committee is included in the Group's integrated annual report.
3.2.	Audit committee members should be suitably skilled and experienced independent non-executive directors	Applied. The committee consists of 3 independent non-executive directors. The Nominations Committee and the Board evaluates whether collectively the Audit and Risk Committee has an understanding of: - integrated reporting, including financial reporting; - internal financial controls; - internal financial review; - external audit process; - corporate law; - risk management and - sustainability issues.
3.3.	The audit committee should be chaired by an independent non-executive director	Applied. The Audit and Risk Committee is chaired by an independent non-executive director who understands the function of the Audit and Risk Committee and is able to lead constructive dialogue with management, the external auditors, other external assurance providers and the Board.
3.4.	The audit committee should oversee integrated reporting	Applied. In its consideration of the integrated annual report, the Audit and Risk Committee considers any factors that may influence management to present an incomplete or misleading picture of the Group's position, performance or sustainability. The Audit and Risk Committee is responsible for evaluating the significant judgments and reporting decisions made by management affecting the integrated annual report, including changes in accounting policies, decisions requiring a major element of judgement and the clarity and completeness of the proposed financial and sustainability disclosures.
3.5.	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied. The Audit and Risk Committee has ensured a combined assurance model is followed and is satisfied with the level of combined assurance obtained from management internal reviews, Board and committee oversight and the external auditors.
3.6.	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied. The Audit and Risk Committee has considered and is satisfied as to the appropriateness of the expertise and adequacy of resources of the finance function and the experience of the Chief Financial Officer. The result of this review are included as part of the report of the Audit and Risk Committee in the Group's integrated annual report.
3.7.	The audit committee should be responsible for overseeing the company's internal audit function	Partly applied. Due to the nature of the Company's operations as an investment holding company, no internal audit function has been established by Stellar Capital at a head-office level. To the extent that circumstances dictate, investee companies establish internal audit functions with quarterly feedback provided to the Stellar Capital Audit and Risk Committee.
3.8.	The audit committee should be an integral component of the risk management process	Applied. The responsibility for the Group's risk management function, specifically implementing risk management processes, is that of management. The Board has assigned oversight of the Group's risk management function to the Audit and Risk Committee. The Board ensures that there is effective communication and coordination of its oversight activities so as to enable the Audit and Risk Committee to be informed of all

		significant actual or potential financial and non-financial risks that may impact the Group.
3.9.	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied. The Audit and Risk Committee recommends to shareholders the appointment, reappointment and removal of the external auditors as contained in the notice of the annual general meeting. The Audit and Risk Committee considers and approves the external auditors' terms of engagement, remuneration, independence and the provision of any non-audit services.
3.10.	The audit committee should report to the board and shareholders on how it has discharged its duties	Applied. The report of the Audit and Risk Committee is included in the Group's integrated annual report.

No.	Principle	Response
4.1.	The Board should be responsible for the governance of risk	Applied. The Board, supported by the Audit and Risk Committee, ensures the continuous monitoring of financial and non-financial risks facing the Group. Given the size of the strategic stakes acquired by the Group in its investees, Stellar Capital is represented on investee boards and is able to influence and monitor decision-making in this regard, with quarterly feedback to the Group Board and its sub-committees as required.
4.2.	The Board should determine the levels of risk tolerance	Applied. As part of the risk management process, levels of risk tolerance are individually considered in respect of each type of identified risks. Mitigating responses to the risks identified are then determined as appropriate within the determined level of risk appetite.
4.3.	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities	Applied. The Audit and Risk Committee operates within its authority as set out in the terms of reference, which have been approved by the Board. The Committee considers the risk management policies and monitors the whole risk management process. The Committee reviews the effectiveness of management's approach to risk management, the key risks facing the group, and the responses to these key risks.
4.4.	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	Applied. Management is accountable to the board for designing, implementing and monitoring the system and process of risk management and its integration into the daily activities of the Group. The Board provides management with necessary support to enable it to execute its duties and responsibilities.
4.5.	The Board should ensure that risk assessments are performed on a continual basis	Applied. The Audit and Risk Committee meets at least three times a year, which assists the Board in maintaining an ongoing risk assessment process.
4.6.	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied. The Board ensures that the risk identification process implemented by management follows an approach that increases the probability of anticipating unpredictable risks. As part of this approach and where necessary, management will consult with external experts.
4.7.	The Board should ensure that management considers and implements appropriate risk responses	Applied. Management's mitigating responses to identified risks as are reviewed by the Board, assisted by the Audit and Risk Committee. In certain instances, an identified risk will require various mitigating responses to be considered by management.
4.8.	The Board should ensure continual risk monitoring by management	Applied. The Audit and Risk Committee assists the Board in ensuring that management provides continual feedback on the risk management process.
4.9.	The Board should receive assurance regarding the effectiveness of the risk management process	Partly applied. The executive directors conduct an annual review of the Company's internal controls, which covers financial, operational and compliance controls, as well as a review of the risk management policies and procedures of the Company. Given the size and nature of the operations of the Company, an internal audit function is not considered to be necessary and the Board is satisfied as to the appropriateness of the annual review for the purposes of obtaining sufficient assurance over the integrity of financial information and the risk management of the Group. The Board receives assurance regarding the effectiveness of the risk management process at an investee level through its representation on the various boards.
4.10.	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied. The Board discloses its assessment of the effectiveness of the Group's risk management processes in the statement of responsibility by the Board of Directors in the Group's integrated annual report. Also included in the integrated annual report is the risk management report which gives stakeholders an understanding of the risks faced by the Group and the

		mitigating plans that have been implemented to either reduce the probability of the event occurring or to lessen the impact thereof.

No.	Principle	Response
5.1.	The Board should be responsible for information technology (IT) governance	Applied. IT governance is the responsibility of the Board. IT matters are also monitored by the Audit and Risk Committee and includes relevant structures, processes and mechanisms to mitigate IT risk.
5.2.	IT should be aligned with the performance and sustainability objectives of the Company	Applied. Given the nature of the business of the Group and the relatively minimal IT infrastructure required, the focus of the governance of IT is on risk management, specifically the mitigation of risks relating to loss or destruction of information and relating to business continuity.
5.3.	The Board should delegate to management the responsibility for the implementation of an IT governance framework	Applied. Management are responsible for the monitoring, implementation and rectification of IT related matters and issues, which responsibility is overseen by the Audit and Risk Committee. Given the nature of the business of the Group, no significant IT investments or expenses have been incurred to date, nor are any planned. The Board has implemented a formal IT governance framework that is appropriate and that allows for oversight to investee IT governance.
5.4.	The Board should monitor and evaluate significant IT investments and expenditure	Applied. As per 5.3. no significant IT investments or expenses have been incurred to date, nor are any planned.
5.5.	IT should form an integral part of the Company's risk management	Applied. IT risks form part of the Group's risk management activities.
5.6.	The Board should ensure that information assets are managed effectively	Applied. Systems and processes have been implemented to ensure the integrity of Company information. As part of the management of information, management has outsourced certain functions to third party service providers.
5.7.	A risk committee and audit committee should assist the Board in carrying out its IT responsibilities	Applied. The Audit and Risk Committee ensure that IT risks are adequately addressed through the risk management and monitoring processes and obtains appropriate assurance that controls in place are effective in addressing these risks.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

No.	Principle	Response
6.1.	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied. The Board is responsible for the Group's compliance with applicable laws, rules, codes and standards. Compliance is monitored by the Social and Ethics Committee or Audit and Risk Committee, where applicable. The main areas of focus are covered in the report of the Social and Ethics Committee included in the integrated annual report.
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	Applied. The Board acknowledges its responsibility to take the necessary steps to ensure the identification of the laws, rules, codes and standards applicable to the Group. Processes are in place to ensure that the board is informed of relevant laws, rules, codes and standards, including changes to them and the impact it has or will have on the Group.
6.3.	Compliance risk should form an integral part of the Company's risk management process	Applied. The risks of non-compliance is identified, assessed and responded to through the Group's risk management process. The risk management framework provides an appropriate system for the management, monitoring and reporting thereof.
6.4.	The Board should delegate to management the implementation of an effective compliance framework and processes	Applied. Management ensures the integration and alignment of the compliance framework with other business efforts and objectives to avoid duplication of effort and reports to the Social and Ethics Committee.

No.	Principle	Response
7.1.	The board should ensure that there is an effective risk based internal audit	Not applied. The executive directors conduct an annual review of the Company's internal controls, and report their findings to the Audit and Risk Committee. This review covers financial, operational and compliance controls, as well as a review of the risk management policies and procedures of the Company. Internal audit functions are recommended and monitored at investee level, to the extent justified by the size and nature of investee operations.
7.2.	Internal audit should follow a risk based approach to its plan	Partly applied. In conducting the annual review, the executive directors ensure that effective risk management is in place to provide assurance to the board and other stakeholders that: - risks are appropriately identified and managed using a disciplined approach throughout the group; - interaction with various assurance stakeholders within the Group is co-ordinated appropriately; - critical financial, managerial and operational information is accurate, reliable and timely; and - employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations and are in line with the values and strategies of the Group. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives and therefore provide reasonable, but not absolute, assurance with respect to the integrity and reliability of the financial statements.
7.3.	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	Partly applied. The board reports on the effectiveness of the system of internal controls in the integrated annual report. The integrated annual report also includes the Report of the Audit and Risk Committee, which discloses its assessment of the risk management process and controls.
7.4.	The audit committee should be responsible for overseeing internal audit	Partly applied. Refer to principle 7.1 above.
7.5.	Internal audit should be strategically positioned to achieve its objectives	Partly applied. Given the nature of the operations of the Company an internal audit function is not considered to be necessary. The annual review is considered appropriate for the purposes of the Board obtaining sufficient assurance over the integrity of financial information and the risk management of the Group.

No.	Principle	Response
8.1.	The Board should appreciate that stakeholders' perceptions affect a company's reputation	Applied. In order to protect the Group's corporate reputation, the gaps between stakeholder perceptions and the Group's actual performance are monitored and managed accordingly. A key area of focus is communication with stakeholders, which assists in preventing or reducing these gaps to the extent possible.
8.2.	The Board should delegate to management to proactively deal with stakeholder relationships	Applied. Management has implemented various techniques for managing the Company's relationships with all stakeholders so as to contribute towards sustainability and promote enhanced levels of corporate governance. Regular communication with stakeholders promotes a common understanding between stakeholders and the Group, including expectations and commitments between the two. Stakeholder relationships and communications are outlined in the integrated annual report.
8.3.	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied. In order to act in the best interests of the Company, the Board understands its responsibility to all of its stakeholders and therefore considers, as far as possible, the legitimate interests and expectations of its stakeholders as part of its decision-making.
8.4.	Companies should ensure the equitable treatment of shareholders	Applied. The Board is mindful of the fact that minority shareholders are to be protected from abusive actions by or in the interests of larger shareholders.
8.5.	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied. The Board understands that relationships with stakeholders can only be built and maintained if the Group provides complete, timely, relevant, accurate, honest and accessible information. Regular communication with stakeholders promotes a common understanding between stakeholders and the Group, including expectations and commitments between the two. Stakeholder relationships and communications are outlined in the integrated annual report.
8.6.	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Applied. The Board acknowledges that it is responsible for ensuring that any disputes are resolved effectively, efficiently and expeditiously. Board does has not adopted a formal dispute resolution policy for internal disputes as this is not considered appropriate to the nature of the Company as an investment holding company and should be developed and executed at investee company level. Where required, external advice is obtained in resolving disputes with third parties.

No.	Principle	Response
9.1.	The Board should ensure the integrity of the company's integrated report	Applied. The Board ensures that the integrated annual report provides an accurate, complete and integrated representation of the Group, including financial performance, corporate governance, risk management and sustainability. Management have implemented controls to enable the verification and safeguarding of the integrity of the integrated annual report. Included as part of this is the review and consideration of the financial statements by the Audit and Risk Committee and a process to ensure the independence and competence of the Group's external auditors.
9.2.	Sustainability reporting and disclosure should be integrated with the Company's financial reporting	Applied. The annual financial statements form part of the integrated annual report, which also includes commentary on the Group's operations and financial results as well as disclosures in respect of corporate governance and sustainability. The Company continues to look for ways to improve its integrated reporting so as to provide meaningful financial and non-financial information to its stakeholders.
9.3.	Sustainability reporting and disclosure should be independently assured	Not applied. The independent auditor provides audit assurance on the annual financial statements and the independent audit report is included in the integrated annual report. Given that the Group does not have trading operations of its own, the level of sustainability reporting is limited and as such, the Board took the decision that no further third-party assurance over the integrated annual report would be needed. The integrated annual report has been reviewed and approved by the Board.