



KING IV APPLICATION REGISTER OF THE 16 RECOMMENDED PRINCIPLES¹

“APPLY AND EXPLAIN”

Background

- (i) King IV was published on 1 November 2016.
- (ii) Stadio Holdings Limited (“**Stadio**”) was incorporated on 25 August 2016.
- (iii) As a relatively new business gearing for a listing on the main board of the JSE Limited (“**JSE**”), and acknowledging the need to apply the principles set out in King IV, Stadio’s first focus was to ensure that all JSE standards of practice are effectively implemented and that there is substantial compliance with the overarching principles of King IV.
- (iv) Stadio will now begin to focus on each of the specific practices outlined in King IV and work towards appropriate achievement.

¹ The 17th Principle indicated in King IV is not applicable to Stadio.

<p>1.</p>	<p><u>LEADERSHIP</u></p> <p>THE GOVERNING BODY SHOULD LEAD ETHICALLY AND EFFECTIVELY</p>	<p>The board of directors of Stadio (“Board”) sets the tone for the leadership ethos and culture of Stadio and its subsidiaries (“Stadio Group”), including the identification of clear principles on quality, sustainability, transformation, responsible citizenship and ethical conduct. The Board is unequivocal in ensuring that the organisational ethical standards are not limited to legal and regulatory compliance but also serves the greater social and national interests. The chairperson of the Board has the overarching responsibility of oversight and monitoring Board conduct (including ethical performance and decision-making) on a continual basis, whilst the members of the Board equally have both an individual and collective responsibility to hold one another accountable for decision-making and ethical behaviour, including attendance of and preparedness for Board and Board committee meetings.</p> <p>Whilst not every Board member has the experience of serving on the board of directors of a listed company, all of them have considerable experience in serving on boards of directors and concomitant issues of governance, good practice, and the necessary governance responsibilities. Stadio is satisfied that each of its directors (“Directors”) are individually appropriately experienced and collectively bring the necessary skill-set to effectively implement their strategic and governance roles and responsibilities, as well as the essential strategic understanding of the post-school education sector, specifically.</p> <p>The role and functions of the Board and the Directors are set out in the Board Charter, which was approved at the first meeting of the Board, and the Directors are cognisant of and understand their responsibility in terms thereof. The Board also engaged and approved the mission, vision and value statements of Stadio; as well as the short and medium term strategic plans of Stadio, ensuring that the commitments contained therein serve the best interests and promote the sustainability of Stadio, as well as address the national agenda on widening access to post-school education in South Africa in a manner that is equitable and fair. The Board is responsible for the approval of the Stadio policy framework and all the policies of Stadio.</p> <p>The management team of Stadio (“Management”), in consultation with the executive committee of Stadio (“Exco”) developed the company strategy and presented it to the Board for approval. The strategy of Stadio was developed by applying an integrated lens, including an integral component of business risk and opportunities for Stadio using the SWOT analysis principles. The Board approved the strategic plan, taking note of Stadio’s vision, mission and competitive advantages. The Board continues to govern Stadio by applying the integrated approach to business sustainability, emphasising alignment of the approved strategy and the business model, budgets and performance targets. Stadio follows a centralised model which includes a co-operative/consultative approach to budget planning, thereby better ensuring that performance targets are all effectively resourced.</p> <p>In terms of the Board Charter, the Board continues to govern risk with a clear understanding of the importance of risk management as it is linked to the strategy, performance and sustainability of the Stadio Group. The Board has delegated the oversight of risk management to the audit and risk Board committee (“Audit and Risk Committee”), which fulfils</p>
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2.	<p><u>ORGANISATIONAL ETHICS</u></p> <p>THE GOVERNING BODY SHOULD GOVERN THE ETHICS OF THE ORGANISATION IN A WAY THAT SUPPORTS THE ESTABLISHMENT OF AN ETHICAL CULTURE</p>	<p>The Board takes its responsibility in respect of ethical governance and the management of ethics seriously.</p> <p>Whilst the management of ethics, including the implementation of the Code of Conduct for Employees and the application of ethical practices and policies is the responsibility of Management, the governance of the ethics at Stadio remains a Board responsibility as set out in the Board Charter. The Board appointed the Social and Ethics Committee to assist it with the oversight and governance of ethics within Stadio. This will be the primary vehicle through which the Board will monitor the ethical culture of the organisation. The Board has appointed an independent non-executive Director as the chairperson of the Social and Ethics Committee and the remaining members comprise of a second independent non-executive Director and the chief executive officer of Stadio (“CEO”). The chairperson of the Board is not a member of the Social and Ethics Committee but will be a member of the transformation sub-committee of the Social and Ethics Committee (“Transformation Committee”).</p> <p>The Social and Ethics Committee will establishment an independent Transformation Committee that will comprise of identified members of the Board, Management and the management teams of the various businesses conducted by Stadio’s subsidiaries, ensuring an overarching culture of ethical transformation and diversity within the Stadio Group and the ethical implementation of the principles of Broad-based Black Economic Empowerment (“B-BBEE”). The</p>

		<p>Transformation Committee will report to the Social and Ethics Committee or the chairperson of the Social and Ethics Committee, between Social and Ethics Committee meetings.</p> <p>The first meeting of the Social and Ethics Committee is scheduled to take place in the first quarter of 2018. One of the first tasks of the Social and Ethics Committee will be (i) to prepare and finalise the committee's Terms of Reference (to be submitted to the Board for its approval), (ii) to prepare and approve the annual work plan in respect of ethics management (to be submitted to the Board for its notification) and (iii) to prepare and finalise the Code of Ethics and Conduct for employees, which will contain clear sanctions for misconduct as well as the breach of the ethical standards set by the Board (to be submitted to the Board for its approval). Other priority areas on which the Social and Ethics Committee will be expected to report include the development of a compendium of ethical policies. The Board is cognisant of its responsibilities in terms of the protected disclosures legislation and specifically its obligation to develop and approve a policy on whistleblowing and the appropriate reporting channels for identified fraud, corruption and other workplace irregularities, which are prioritised for submission to the Social and Ethics Committee for approval and recommendation to Board. Similarly, management has flagged the submission of an organisational policy on recruitment and selection of employees and supply chain management in line with good practice and underpinned by ethical best practices. The Social and Ethics Committee will report to the Board on the general state of ethics within the Stadio Group.</p> <p>Given the size of the Stadio Group and its internal management competencies, an internal organisational ethics barometer will be developed and the information contained therein will be used to populate the operational ethics risk register, on which Management will report to the Social and Ethics Committee together with the planned mitigation activities. An independent assessment of adherence to ethical standards will be conducted once every 2 (two) years. Any strategic ethical risks identified (if material) will form part of the strategic risk register and will be managed accordingly.</p> <p>At the scheduled strategic planning workshop scheduled for November 2017, as part of Board's strategic discussions, the Board will finalise the values/ethical ethos of Stadio and provide clarity on the ethical principles applicable vis-à-vis external stakeholder engagement. Once the values are approved by Board, they will be published on the Stadio website and reflected in appropriate documentation including the employee contracts, letters of appointment of Board members, and the integrated annual report of Stadio.</p>
3.	<p><u>RESPONSIBLE CORPORATE CITIZENSHIP</u></p> <p>THE GOVERNING BODY SHOULD ENSURE THAT THE</p>	<p>Stadio regards itself as a South African business with a contributing role to play in the achievement of the National Development Plan 2030 and the commitments to expanding access to higher education. Against this background, the Board, Management and all the employees of Stadio subscribe to the principles of the Constitution and the Bill of Rights, domestic laws and the relevant codes. Stadio's policy framework is a work-in-progress, however, as policies are developed and finalised by the appropriate Board Committees, such policies will be submitted to the Board for its</p>

	<p>ORGANISATION IS AND IS SEEN TO BE A RESPONSIBLE CORPORATE CITIZEN</p>	<p>approval. The Board will ensure that the commitment to responsible corporate citizenship is integrated across the compendium of policies.</p> <p>The first strategic planning workshop of the Board is scheduled for November 2017, where the principles of responsible corporate citizenship, its meaning to the Stadio Group and the implementation thereof, will be discussed and determined by the Board and Management. As part of the review of the business strategy and the strategic plan, agreed aspects and factors of responsible corporate citizenship will find expression in Stadio's strategy.</p>
<p>4.</p>	<p><u>STRATEGY AND PERFORMANCE</u></p> <p>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>In approving the vision and mission of Stadio, the Board also approved the value proposition of Stadio as follows: (i) work-integrated learning, ensuring that graduates are equipped with the necessary skills for the workplace; (ii) exposing graduates to 21st century skill sets; and (iii) quality education, demonstrated by the stakeholder recognition of Stadio's qualifications and the high success and throughput rates.</p> <p>The Board is cognisant that strategic planning is not a once-off activity and that any strategic plan developed for Stadio will always be an organic instrument subject to change and improvement. Higher education in South Africa is probably in the greatest state of flux today, ever experienced and the environment is changing at a rapid pace. For this reason, the Board has a scheduled strategic planning workshop to review its strategic plan but it also considers the milieu in which Stadio operates at all Board meetings and where there are intervening events that offer opportunities and/or indicate risks to the business, these are equally engaged through the conduit of the Board and the CEO or the company secretary of Stadio ("Company Secretary") (as a point of first reference). The Board is however aware, that the development of the short, medium and long term strategic plan, with set goals and performance targets provides an informed framework and trajectory for the business, facilitating more effective oversight of performance.</p> <p>The strategic plan, which was developed by the Exco and submitted to the Board for consideration, was approved by the Board at its first meeting. The strategic plan takes the internal strengths and weaknesses of Stadio, as well as the external threats and opportunities, into account. Undergirding Stadio's business model and concomitantly, its strategic plan, is the sustainability of its business. The strategic plan accordingly takes note of the economic, social and governance (ESG) capitals of transformation, and particularly stakeholder interests. Stadio's building and infrastructure plans recognise and give effect to the principles and values of environmental sustainability, as well as accommodation for persons with disability. These principles and Stadio's commitment to transformation are two areas that will be further considered during the 2017 strategy review process. It is considered an opportune time for Stadio to consider these issues, as the business is currently in the process of developing its strategic risk register, risk barometer and risk tolerance and appetite matrices, which will be submitted to the Audit and Risk Committee for recommendation to the Board, acknowledging the need to evenly engage a framework of risk-and-opportunity assessment, rather than a singular focus on risk. The Audit and Risk Committee is specifically tasked by the Board to assist with the governance</p>

		<p>of risk and it continuously monitors risks and ensures the implementation of various migrating controls. This responsibility is explicitly set out in the Audit and Risk Committee Charter.</p> <p>The implementation of the strategic plan and achievement of the performance targets contained therein is the responsibility of Management. The Board delegated the oversight of achievement against performance targets to the Exco, which meets monthly, and receives reports on progress from Management and Exco. The Board is duly cognisant thereof that the delegation to of this task to Exco does not absolve it of its responsibility and accountability.</p>
5.	<p><u>REPORTING</u></p> <p>THE GOVERNING BODY SHOULD ENSURE THAT REPORTS ISSUED BY THE ORGANISATION ENABLE STAKEHOLDERS TO MAKE INFORMED ASSESSMENTS OF THE ORGANISATION'S PERFORMANCE, AND ITS SHORT, MEDIUM AND LONG-TERM PROSPECTS</p>	<p>Stadio is in process of concluding its communication protocols, which will be presented to the Board for approval, with regard to Management's determination of reporting frameworks and standards. With regard to press releases, the CEO engages with the chairperson of the Board and all Board members are informed of the information to be released. Voluntary announcements relating to acquisitions are prepared by the CEO and the Board is informed of the information that will be so disseminated.</p> <p>The Board Charter determines that the Board must take responsibility for the approval of the annual financial statements ("AFS") and the content and integrity of the annual integrated report (including the sustainability report contained therein). Given the recent newness of the business, Stadio has not prepared AFS or an integrated annual report and same will not be found on the Stadio website: however, as a component of its commitment to transparency and co-operative governance and stakeholder partnerships, Stadio will ensure the publication of all necessary documentation on its website to enable stakeholders and interested parties to understand the business, its ethos, its performance, and vision.</p>
6.	<p><u>PRIMARY ROLES AND RESPONSIBILITIES OF THE GOVERNING BODY</u></p> <p>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 of Stadio. This is clearly articulated in the Board Charter and the memorandum of incorporation of Stadio ("MOI"). Practical implementation is evident in how the Board conducts itself, the ethos it sets, and in its leadership of and guidance to Stadio. The appointed Board committees and their charters/terms of reference, and the manner in which Board oversees management's implementation of the approved strategic direction of the business exemplified the commitment to sound governance principles and management activities. In summary, the Board and its sub-committees comply with the requirements in terms of King IV. There is a clear balance of power both in the Board and the Committees to ensure that no individual/s has undue decision making powers. The Board and all sub-committees' terms of reference include the onus of annual assessments.</p> <p>As indicated under previous principles, Board has set the strategic direction for Stadio, and monitors performance against the committed targets on a regular basis.</p> <p>Board also has a formal Charter that sets out its role, responsibility, members and procedural conduct. The Board Charter allows inter alia for access to professional independent advice, as well as access to all company information</p>

		<p>and people as may be required by the Board. With reference to the latter, there is no formal protocol in place but given the size of the business, this is efficiently co-ordinate with the CEO and/or individual members of the Exco. In terms of the Charter, Board also approves all Stadio policies and has a formal process for the review of policies on a biannual (once in two year) basis.</p> <p>During a single year, there are 4 (four) scheduled Board meetings, 1 (one) strategic planning workshop of the Board, 2 (two) Audit and Risk Committee meetings, 2 (two) remuneration Board committee (“Remuneration Committee”) meetings, and 1 (one) Social and Ethics Committee meeting. The tenure of current Stadio Board commenced and 1 May 2017 and to-date there have been 2 (two) Board meetings and 1 (one) Audit and Risk Committee meeting; there will be 1 (one) further Board meeting for the year, the strategic planning workshop, and 1 (one) Remuneration Committee meeting. Meetings have had full attendance by all Board members, and notwithstanding the setting-up phase of both Stadio and the Board, discussions are robust with Board effectively fulfilling its responsibilities in accordance with its Charter.</p>
7.	<p><u>COMPOSITION OF THE GOVERNING BODY</u></p> <p>THE GOVERNING BODY SHOULD COMPRISE THE APPROPRIATE BALANCE OF KNOWLEDGE, SKILLS, EXPERIENCE, DIVERSITY AND INDEPENDENCE FIR IT TO DISCHARGE ITS GOVERNANCE ROLE AND RESPONSIBILITIES OBJECTIVELY AND EFFECTIVELY</p>	<p>In addition to what has been previously reported, formal interviews were conducted with prospective Board members and successful candidates received letters of appointment detailing the terms and conditions of appointment. NOTE: The names of the current Board members will be presented to the first AGM of Stadio for approval and Board members are aware of this obligation. Insofar as the current Board members, the process of appointment ensured both an appropriate balance of knowledge, experience and skills (business, finance, strategic and ethical leadership, legal and governance, and higher education); as well as demographic diversity on the Board. The Board comprises of 3 (three) females and 3 (three) historically disadvantaged individuals, with ages ranging between 30- and 70-years. Stadio has a Gender Policy dealing with Board composition and is in process of developing its Race Policy, specific to Board composition. The Board continues to further Board diversity as an inherent function of its role.</p> <p>The Directors have been clearly designated as independent non-executive, non-executive, and executive and the substantive independence of all members confirmed. The chairperson of the Board is an independent non-executive director. When appointing the chairperson, due cognisance was taken of the other commitments of the identified individual and his/her strategic knowledge and position within Stadio’s critical business sector namely, higher education. The chairperson is expected to conduct himself in line with best practices and only in directed instances, is his role explicitly indicated in the Board Charter. Furthermore, taking cognisance of the size of the Board, there is no lead independent appointed.</p> <p>None of the Directors have been required to formally commit time to the business of Stadio, however this was discussed during the interview and contributed to the final decision-making (appointment) processes. In line with best practice, the majority of the Directors (4 (four)) are non-executive Directors and the majority (3 (three)) of the non-executive Directors are also independent.</p>

		<p>Regarding rotation of Board members, at this juncture this is not relevant for Stadio but the MOI makes provision for staggered rotation of the non-executive directors on a three-year basis, though they may stand for re-election. There are three executive directors, including the CEO representing the significant factors of diversity. All directors are required to declare their interests in financial, economic and other interests on an annual basis, as well as any matters of relevance that may arise in the interim. The declaration of interests is also a formal item on the Agenda of all Board and Board Committee meetings.</p> <p>There was no formal induction programme but during the first meeting of the Board, the CEO and CFO provided a comprehensive outline of the business. During this meeting as well as successive meetings, Board continues to be engaged and informed on governance expectations based on the Acts and regulatory environment in place. A more detailed induction programme will take place during the first planned strategic workshop of the Board.</p> <p>The Board is supported by an effective committee structure. The committees have been constituted with due reference to the principles outlined in King IV including a minimum of 3 (three) members on each committee. The only exception to King IV is the Audit and Risk Committee, where the chairperson is currently a committee member. This arises from practical necessity and the legislative requirements that an Audit and Risk Committee must comprise of a minimum of 3 (three) independent Directors. Stadio currently only has 3 (three) independent Directors (including the chairperson). A fourth independent Director is being considered for appointment.</p> <p>The Board has a Remuneration Committee, Audit and Risk Committee and Social and Ethics Committee consisting of members of the Board in accordance with the JSE Listings Requirements and Companies Act. These Committees have clearly articulated responsibilities set out in their board approved charters and terms of reference to assist the board in its duties and allowing for the promotion of independent judgement. These Committees' compositions provide balance of power (as the membership of the committees differ) but at the same time integration (Board members may participate in more than one committee promoting integration and alignment between structures). The Stadio Board does not have a Nominations Committee but the function of the nominations committee as it relates to Board appointments is dealt with formally by the Board. The Nominations Committee will be in place before the end of 2017.</p>
8.	<p><u>COMMITTEES OF THE GOVERNING BODY</u></p> <p>THE GOVERNING BODY SHOULD ENSURE THAT ITS ARRANGEMENTS FOR DELEGATION WITHIN ITS OWN STRUCTURES</p>	<p>In addition to that which has been reported above, the chairperson ensures that Board applies its collective mind to all reports and matters for decision. All Board and committee Charters/Terms of Reference stipulate the critical aspects of composition, role, function, authority, and reporting requirements for the committee - and are approved by the Board. The Board also appoints the chairpersons and members of the Board Committees ensuring the appropriate skills and expertise for the performance of the committee's allocated responsibilities. Committee meetings are scheduled in the preceding year and co-ordinated to avoid duplication of issues. This is also catered for in the Charters/terms of Reference whilst equally avoiding a siloed approach to decision-making. Acknowledging that overlaps of issues</p>

	<p>PROMOTE INDEPENDENT JUDGEMENT, AND ASSIST WITH BALANCE OF POWER AND THE EFFECTIVE DISCHARGE OF ITS DUTIES</p>	<p>between committees will be necessary, the Charters and Terms of Reference ensure that the focus and role responsibility of each committee on such issues is clearly spelled out.</p> <p>Stadio does not have a separate Delegations Framework but delegations from the Board to committees and/or management are governed through the MOI, as well as the Board Charter and the Charter/Terms of Reference of the Board committees. Members of the Exco and management of Stadio are also invited to meetings to provide information and clarity on specific matters, and provision for such engagement is clearly set out in the Charter/Terms of Reference. The Committee Charters/terms of Reference make provision for annual review as well as appropriate evaluation of the performance of the committees.</p> <p>The Audit and Risk Committee held its first meeting in August 2017. The committee comprises 3 independent non-executive Directors who are suitably qualified and bring the necessary experience to deal with matters of both audit and risk insofar as the business of Stadio is concerned. The Charter clearly stipulates the appropriate responsibilities of the Audit and Risk Committee (including meetings with the internal and external auditors) and is, in this regard aligned with the suggested practices in King IV.</p> <p>As indicated above, Stadio does not have a Nominations Committee.</p> <p>All members of the Remuneration Committee are non-executive and the majority are independent. The current chairperson is, however, not independent (as is suggested by King IV). This is a consequence of two factors: (i) the small number of independent non-executive members currently serving on the Board, and (ii) an attempt to promote an even distribution of roles and participation amongst the members whilst ensuring that the Chairman of the Board is not the Chair of the Remuneration Committee. The matter will be resolved at the next Board meeting and before the first Remuneration Committee meeting.</p> <p>The Social and Ethics Committee comprises executive and non-executive members in equal representation. The first meeting is scheduled in Q1/2018 when the Terms of Reference will be considered and approved for recommendation to the Board.</p>
9.	<p><u>EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY</u></p> <p>THE GOVERNING BODY SHOULD ENSURE THAT THE EVALUATION OF ITS OWN PERFORMANCE AND THAT</p>	<p>The evaluation of the Board is stipulated in the Board Charter. Board approved that the assessment take place bi-annually (once in two years). Given the newness of the Stadio Board, it would be premature to conduct any assessment at this stage of the Board's tenure. The process that will be applied is yet to be engaged by the Board.</p>

	OF ITS COMMITTEES, ITS CHAIR AND INDIVIDUAL MEMBERS, SUPPORT THE CONTINUED IMPROVEMENT IN ITS PERFORMANCE AND EFFECTIVENESS	
10.	<p><u>APPOINTMENT AND DELEGATION TO MANAGEMENT</u></p> <p>THE GOVERNING BODY SHOULD ENSURE THAT THE APPOINTMENT OF, AND DELEGATION TO, MANAGEMENT CONTRIBUTES TO ROLE CLARITY AND THE EFFECTIVE EXERCISE OF AUTHORITY AND RESPONSIBILITY</p>	<p>The CEO leads Stadio in the implementation and execution of its approved strategy, policy development, and operational planning ensuring a co-ordinated and integrated approach to activities of the business. The CEO is, at all times, accountable to the Board and reports to the Exco on a monthly basis and to the Board on a quarterly basis. The CEO remains the effective conduit between the Board and the management.</p> <p>In its appointment of the CEO, the governing body had regard to his competence, authority and stature in the business sector. It also considered his external commitments and obligations and any real or perceived conflicts of interest that might militate against the appointment. The governing body further satisfied itself that the CEO had the necessary time to effectively engage with and lead the business of Stadio.</p> <p>The CEO's contract of employment is aligned with good practice and includes relevant terms and conditions, including the period of notice and conditions relating to termination.</p> <p>In the performance of his functions, the CEO is not a member of either the Audit and Risk Committee or the Remuneration Committee but attends all meetings as an invitee, which role is explicitly stipulated in the respective Charter/Terms of Reference.</p> <p>At this stage, no consideration has been given to succession planning in respect of either the CEO or the Exco members of Stadio.</p> <p>As indicated above, delegations to management are documented in the MOI and Board Charter and there is no formally approved Delegations Framework. This is a matter for attention by Stadio.</p> <p>In respect of the Company Secretary, the Board appointed a full-time Company Secretary, satisfying itself with regard to the elements of competence and objectivity, and recognising the ability to provide necessary guidance to the Board. The Board has easy access to the Company Secretary, while recognising the need to keep the Company Secretary at arm's length and independent of the Board. The Board has formally satisfied itself that the Company Secretary is suitably qualified and experienced to carry out its duties as stipulated under section 84 of the Companies Act, 2008 and the King Code. The Board will annually assess the performance and competence of the Company Secretary.</p>
11.	<u>RISK GOVERNANCE</u>	The governance of risk is an integrated aspect of the function of Board and recommended practices under Principle 11 have already been documented above. However, in addition to that which is reported above, risk management and

	<p>THE GOVERNING BODY SHOULD GOVERN RISK IN A WAY THAT SUPPORTS THE ORGANISATION IN SETTING AND ACHIEVING ITS STRATEGIC OBJECTIVES</p>	<p>governance is a standing item on the Audit and Risk Committee agenda and the Audit and Risk Committee Charter specifically requires the committee to assesses and evaluates risk appetite, risk tolerance and levels and management's actions to mitigate these and or to accept the level of risk. Material risks that may impact on Stadio's business are discussed with Board.</p> <p>Given its emphasis on sustainability and brand reputation, Stadio follows a highly integrated approach to decision-making having due regard to balancing risks and potential (opportunities). As indicated above, the Exco completed a comprehensive SWOT analysis and considered the risks to Stadio as part of the first strategic planning and business case development exercise. However, the translation into a formal enterprise risk management charter, as well as the risk register, risk barometer and risk appetite and tolerance statements have not been concluded. They will only be formalised after the discussions at the first scheduled strategic Workshop of the Board, when the identified opportunities and threats will be reviewed as part of the strategic planning process.</p> <p>Only once a clear baseline is in place regarding the principles of enterprise risk management at Stadio and there has been reasonable time to responsibly embed and integrate the approved practices, will attention be given to the further process of independent assurance on risk management. At this stage (and as is to be expected), Stadio acknowledges its immaturity vis-à-vis formalised risk management and governance – this is a priority area to be addressed: however, in so saying, it must be stressed that the application of the principles and practices of risk management are inherent in all decisions and activities of management and Board as a fundamental capital of business sustainability.</p> <p>Stadio does not have a business continuity policy or plan in place and, given the heightened focus on technology and the incidence of cybercrime, this is an area for attention.</p>
12.	<p><u>TECHNOLOGY AND INFORMATION GOVERNANCE</u></p> <p>THE GOVERNING BODY SHOULD GOVERN TECHNOLOGY AND INFORMATION IN A MANNER THAT SUPPORTS THE ORGANISATION SETTING AND ACHIEVING ITS STRATEGIC OBJECTIVES</p>	<p>Stadio has not finalised its IT strategy and is in process of investigating an appropriate enterprise architecture for the business. This is a matter that will be part of the 2018 work plan for the Board. Currently, Stadio is only at the stage where it is investigating and identifying specific platforms to facilitate critical functionalities that will support the strategic objectives and reports to the Exco on progress. The rationale of delegating IT governance to the Exco is to ensure the alignment of information and technology with the strategic objectives of Stadio – the cross- functional monitoring of the business by the Exco assures that technology and information strategy can seamlessly respond to the needs of Stadio.</p> <p>The IT policy framework of Stadio is also a work in progress, however, Stadio currently uses the IT systems and platforms of Curro Holdings Limited ("Curro") and the Curro IT policies are applied evenly to Stadio, including the policies on privacy, confidentiality, and information security.</p> <p>IT risk will be considered when Stadio's performs its strategic risk assessment: however, the Audit and Risk Committee will need to provide guidance on whether – given the nature and size of the business - IT risk will need to be a separate standing item on the Audit and Risk Committee Agenda. In the meanwhile, the risks regarding the security, back-up, conversion and update of the information technology systems are continually assessed through the relationship with</p>

		Curro. Similarly, disaster recovery plans are regularly reviewed, recognising that disruptions to critical management information could have an impact on continuing operations.
13.	<p><u>COMPLIANCE GOVERNANCE</u></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 BELING ETHICAL AND A GOOD CORPORATE CITIZEN</p>	<p>The Board governs compliance with applicable laws and adopted, non-binding rules, codes and standards and approved the proposal from management (approved by the Exco) regarding the direction that would be followed regarding the management and direction of compliance at Stadio. Board and management are <i>ad idem</i> that compliance will not be a tick-box exercise must be managed holistically and in a way that ensures value for the business. It is management's function to implement and execute the actions to ensure appropriate levels of compliance and Board has delegated the oversight function to the Audit and Risk Committee. Compliance at Stadio is an integrated component of risk management. As approved, Stadio will not develop a dedicated compliance policy but the compliance universe for Stadio is under development, including both legislation and regulation, code and standards. It will be consulted within the business and submitted to the Exco and Board for approval. In the interim, the compliance risk management plans (“CRMPs”) for selected DHET regulations have developed and completed. The process followed is to have workshops with the relevant role-players ensuring that there is shared understanding of the purpose and effect of the regulations, and the CRMPs are completed. Non-compliance indicators are evaluated for risk and mitigation plans are developed with timelines for achievement. The current critical focus areas are DHET legislation and regulations and the CRMPs are being developed and implemented by management. Once the compliance universe is consulted and approved by Exco, identified binding and non-binding rules will be prioritised for CRMP evaluation and further action, where necessary. Reports on the CRMPs will be submitted to the Academic and Student Affairs Committee and the Social and Ethics Committee, as relevant; and all reports will be submitted to the Audit and Risk Committee for consideration. CRMPs will be reviewed biannually (once in two years), enabling time for remedial action or reasonable review.</p>
14.	<p><u>REMUNERATION GOVERNANCE</u></p> <p>THE GOVERNING BODY SHOULD ENSURE THAT THE ORGANISATION REMUNERATES FAIRLY, RESPONSIBLY AND TRANSPARENTLY SO AS TO PROMOTE THE ACHIEVEMENT OF</p>	<p>The first meeting of the Remuneration Committee is scheduled to take place in the first quarter of 2018, at which meeting the direction and principles of remuneration at Stadio will be approved by the Remuneration Committee and recommended to Board. In terms of the draft policy, the Remuneration Committee is primarily responsible for reviewing and approving executive Directors' remuneration and assisting the Board in reviewing non-executive Directors' remuneration recommendations. In fulfilling its role, the Remuneration Committee will take into account local and international best practices. The remuneration policy of Stadio, which will take note of the direction provided by the Remuneration Committee, will be submitted to the Remuneration Committee and the Board for approval.</p> <p>In the meanwhile, the remuneration of executive Directors and members of Management was approved based on the principles of fairness and reasonableness. The remuneration of executive Directors is linked to a share incentive scheme which promotes longevity of tenure. There is also a discretionary annual performance bonus for Management members, based on the achievement of set standards. The remuneration of non-executive Directors, was set by the</p>

	STRATEGIC OBJECTIVES AND POSITIVE OUTCOMES IN THE SHORT, MEDIUM AND LONG TERM	board of directors of Curro (given that Stadio was previously a subsidiary of Curro). Both the appointment and the fees payable to the independent non-executive Directors of Stadio will be presented to the shareholders at the first Annual General Meeting of Stadio in 2018, for their approval.
15.	<p><u>ASSURANCE</u></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 THE ORGANISATIONS EXTERNAL REPORTS</p>	<p>In addition to what has been reported above, the Board approved the charter for the Audit and Risk Committee, which provides for internal and external audit responsibilities in line with good practice and the principles of combined assurance. In terms of such charter, the Board has delegated the oversight of the internal audit to the Audit and Risk Committee. Given the size of Stadio, the Board has approved an outsourced internal audit function for the business. Neither the external nor internal service providers have been appointed. The combined assurance framework will only be engaged once all the critical role-players are in place.</p>
16.	<p><u>STAKEHOLDERS</u></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</p>	<p>Stadio is committed to a stakeholder inclusive approach. Given the business and specialist sectoral knowledge and experience of the Board members, the Board and the Management share a clear view of the critical stakeholders whose interests, expectations and approvals are vital to ensure the success of the business. The shared view of key stakeholders includes (i) the DHET, CHE and SAICA, as the regulator, quality council and one of the key professional bodies; (ii) Stadio's major shareholders; (iii) potential investors; (iv) employees and staff of Stadio's businesses; (v) students (and their parents) of Stadio's businesses; and (vi) members of the public.</p> <p>The Board has not approved a formal policy or plan for stakeholder engagement and the need to develop a formalised stakeholder engagement matrix will need to be discussed as part of the strategic planning workshop of the Board.</p> <p>Currently, stakeholder management and execution is the responsibility of management with regular reports to the Board and the Board evenly provides advice and guidance regarding the optimal approach and engagement with critical stakeholders.</p>

	THE ORGANISATION OVER TIME	<p>Assessment of stakeholder risks will be integrated into the organisational strategic risk register and if a material risk is identified, mitigation plans will be developed and monitoring will take place as part of the overall risk management process through the Audit and Risk Committee.</p> <p>There is a multi-pronged approach to building a co-operative governance regime at Stadio and ensuring effective stakeholder management. Engagement with the academic regulatory and quality councils has been delegated to the CEO and the Chief Academic Officer, supported by the chairperson of the Board; engagement with the major shareholder is the function of the CEO and CFO; and engagement with investors is the role of the CEO and CFO and, where prudent, the major shareholder representative is included in the engagement. Timeous communication on material developments of the business is conducted via the SENS platform, ensuring proactive information and communication.</p>
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