



## APPLICATION OF PRINCIPLES CONTAINED WITHIN KING III

Curro Holdings Limited (Curro) and its board of directors (“board”) are committed to practising corporate governance standards in all areas of the business. By doing so, Curro believes that sustainable shareholder value will be created. The practices and policies in adhering to these standards are based on, inter alia, the Companies Act the JSE Limited Listings Requirements and the King Code of Governance Principles for South Africa 2009 (King III). The company has complied, as far as practical and in all material respects, with principles contained in King III since listing. The board does not consider application of all the principles contained within King III appropriate for Curro. The register below sets out all principles contained within King III, as well as comments on Curro’s application of same. This document should be read in conjunction with Curro’s annual report for the year ended 31 December 2014.

### Stage of maturity rating means:

- 1 - Not applied/will not be applied.
- 2 – In process/partially applied/intention to apply.
- 3 – Full application.

	Principle	Stage of maturity rating (February 2016)	Comment – status update February 2016
1.	<b>Ethical leadership and corporate citizenship</b>		
1.1	The board should provide effective leadership based on an ethical foundation	3	Applied. Ethics form part of the values of the Company and the Board. The Board provides effective leadership based on an ethical foundation.
1.2	The board should ensure that the company is, and is seen to be, a responsible corporate citizen	3	Applied. Projects for corporate social investments are regularly assessed and the Board ensures that the Company is a responsible corporate citizen.
1.3	The board should ensure that the company’s ethics are managed effectively	3	Applied. Ethical principles are always applied during decision-making. A social and ethics Committee was formed in 2013 and meets at least once a year.

2.	<b>Board and Directors</b>		
2.1	The board should act as the focal point for and custodian of corporate governance	3	Applied. The Board as a whole is responsible for effective corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	3	Applied. Strategy, risk, performance and sustainability are considered collectively by the Board in the decision-making process and monitoring of the group's performance.
2.3	The board should provide effective leadership based on an ethical foundation	3	Applied. Ethics form part of the values of the Company and the Board. The Social and Ethics Committee which was formed in 2013, monitors the adherence to ethical principles set by Curro.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	3	Applied. The Board ensures that the Company is a responsible corporate citizen and in line with the image the Company would like to project.
2.5	The board should ensure that the company's ethics are managed effectively	3	Applied. Ethics are the responsibility of the Board as a whole.
2.6	The board should ensure that the company has an effective and independent audit committee	3	Applied. The audit and risk committee consists of three independent non-executive directors. The audit committee members all have the necessary experience and skills to serve on an audit and risk committee.
2.7	The board should be responsible for the governance of risk	3	Applied. The Board as a whole is responsible for risk governance.
2.8	The board should be responsible for information technology (IT) governance	3	Applied. The Board as a whole is responsible for IT governance in the Company.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	Applied. Compliance with applicable laws and adherence to non-binding rules, codes and standards form part of the values of the Company. Compliance with laws is embedded within the internal controls and processes of the operations of the business. Any material non-

			compliance is reported to the Board as and when the Executive Directors become aware of such.
2.10	The board should ensure that there is an effective risk-based internal audit	3	Applied. Implemented with the outsourcing of internal audit since 01 November 2013 to Kuhumelela Proprietary Limited.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	3	Applied. The Board monitors stakeholders' perceptions, in light of the importance of the Company's reputation. The management of reputational risk plays an integral role in the sustainability of Curro. Therefore, the Executive Directors monitor incidences that could negatively impact the reputation of Curro closely.
2.12	The board should ensure the integrity of the company's integrated report	3	Applied. Due care is applied during the completion of the integrated report to ensure its integrity.
2.13	The board should report on the effectiveness of the company's system of internal controls	3	Applied. This is reported on in the Company's integrated report.
2.14	The board and its directors should act in the best interests of the company	3	Applied. The Board acts in the best interests of the Company.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	3	Applied. This will be considered, if applicable.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	3	Applied. The chairman of the Board is an independent non-executive director and the role is not fulfilled by the CEO.
2.17	The board should appoint the chief executive officer and	3	Applied. The Board has appointed a CEO and a framework for the delegation of

	establish a framework for the delegation of authority		power exists. The review of the delegation of authority framework commenced in 2015 taking the Group's growth strategy and management structure into account and in conjunction with the Group's policies.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	3	Applied. There is a balance between executive and non-executive directors with majority of the non-executives being independent.
2.19	Directors should be appointed through a formal process	3	Applied. All directors are appointed through a formal process commencing with the nomination by a director and approval by all directors. The Board is of the view that the size of the organisation does not justify a separate nominations committee. This approach is in line with the Listings Requirements of the JSE which does not require that listed companies appoint a nominations committee where it is not appropriate to the business of the Company.
2.20	The induction of and on-going training and development of directors should be conducted through formal processes	2	In process. The nature of the business does not warrant a formal induction process. New directors will have unlimited access to the Company's resources in order to familiarise themselves with all matters related to the Company. Directors (including new directors) are required to visit one of the Curro schools annually.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	3	Applied. Ronell van Rensburg, a qualified and experienced company secretary appointed was appointed on 01 October 2013.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	3	Applied. The Board approved a process for evaluation to be followed from 2015 onwards. The first evaluation was conducted in 2015.
2.23	The board should delegate certain functions to well-structured committees without	3	Applied. Committees make recommendations which are approved at

	abdicating its own responsibilities		Board level.
2.24	A governance framework should be agreed between the group and its subsidiary boards	3	Applied. The directors of the Company serve as directors on all other operating subsidiaries of the Group. A CEO has been appointed for the Meridian venture who is also on the Company's Executive Committee to ensure an appropriate governance structure is in place Four Management Committees exist being the Construction Management Committee, Curriculum Management Committee, Operational Management Committee and IT Steering Committee that reports into the Company's Executive Committee which is an appropriate governance framework for the size and type of business of the Company. The Executive Committee assists the CEO in the implementation of the mandate set by the Board.
2.25	Companies should remunerate directors and executives fairly and responsibly	3	Applied. The Board is of the view that executive directors are remunerated fairly and reasonably. The Board has adopted a policy in regard to the payment of non-executive directors' fees to the extent deemed appropriate for the size and nature of Curro's business.
2.26	Companies should disclose the remuneration of each individual director and prescribed officers	3	Applied. The remuneration of all Directors are disclosed in the Integrated Report. The Executive Committee members non-directors' (the only prescribed officers of the Company) remuneration will also be disclosed in the 2015 AFS.
2.27	Shareholders should approve the company's remuneration policy (non-binding advisory vote)	1	Not applied. The remuneration policy is not put to shareholders for a non-binding advisory vote annually. The Board is best placed to determine and approve the Company's remuneration policy. In accordance with the JSE Ltd Listings Requirements and the Company's Memorandum of Incorporation which was approved by shareholders, the non-executive directors remuneration is submitted to shareholders for approval and the executive directors', prescribed

			officers and the company secretary's remuneration is reviewed and approved by the Remuneration Committee as mandated by the Board. The Board is of the view that executive directors are remunerated fairly and reasonably. Executive Management is best placed to determine and approve employees' remuneration. However the share options (long term incentive scheme) awards are reviewed and approved by the Remuneration Committee as mandated the Board.
<b>3.</b>	<b>Audit Committees</b>		
3.1	The board should ensure that the company has an effective and independent audit committee (private company exception)	3	Applied. The audit and risk committee consists of three independent directors.
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exception)	3	Applied. The audit and risk committee members are suitably skilled and experienced.
3.3	The audit committee should be chaired by an independent non-executive director	3	Applied. The audit and risk committee is chaired by an independent non-executive director.
3.4	<p>The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information)</p> <p>The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report.</p> <p>The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any</p>	3	Applied. Performed by the audit and risk committee.

	other intended release of price-sensitive financial information, trading statements, circulars and similar documents.		
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	3	Applied. The audit and risk committee ensures that a combined assurance model is applied.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	3	Applied. The audit and risk committee has satisfied itself in this regard.
3.7	The audit committee should be responsible for overseeing of internal audit	3	Applied. The audit and risk committee oversees the internal audit.
3.8	The audit committee should be an integral component of the risk management process	3	Applied. This forms part of the audit and risk committee's role and function.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	3	Applied. This forms part of the audit and risk committee's role and responsibilities.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	3	Applied. Reported at Board level and in the annual/integrated report.
<b>4.</b>	<b>The governance of risk</b>		
4.1	The board should be responsible for the governance of risk	3	Applied. Governed by the Board as a whole.
4.2	The board should determine the levels of risk tolerance.	3	Applied. Risk levels are discussed at Board level.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	3	Applied. Performed by the audit and risk committee.

4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	3	Applied. The Board has delegated to management the responsibility to design, implement and monitor the risk management plan.
4.5	The board should ensure that risk assessments are performed on a continual basis	3	Applied. The Board performs risk assessment on a continual basis.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	3	Applied. All risk factors within the current business model are continually monitored.
4.7	The board should ensure that management considers and implements appropriate risk responses	3	Applied. Responses are monitored.
4.8	The board should ensure continual risk monitoring by management	3	Applied. Risk-monitoring forms part of planning and decision-making.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	3	Applied. This occurs at Board level.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	3	Applied. Disclosed in the annual report/integrated report and further disclosures are assessed when needed.
<b>5.</b>	<b>The governance of Information Technology</b>		
5.1	The board should be responsible for information technology (IT) governance	3	Applied. The Board is responsible for IT governance.
5.2	IT should be aligned with the	3	Applied. Objectives are aligned.

	performance and sustainability objectives of the company		
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	3	Applied. An IT governance framework exists.
5.4	The board should monitor and evaluate significant IT investments and expenditure	3	Applied. The board receives the budget and progress reports for all material IT-related investments.
5.5	IT should form an integral part of the company's risk management	3	Applied. IT is considered as part of risk management.
5.6	The board should ensure that information assets are managed effectively	3	Applied. The Board is comfortable with the current practice.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	3	Applied. Policy has been documented in accordance with the current governance benchmarks relevant to the size and complexity of Curro's business.
<b>6.</b>	<b>Compliance with laws, codes, rules and standards</b>		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards.	3	Applied. The Board considers applicable laws, codes, rules and standards and changes thereto. Compliance with laws is embedded within the internal controls and processes of the operations of the business. Any material non-compliance identified is reported to the Board as and when the Executive Directors become aware of such.
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	3	Applied. The Board and each individual director have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.
6.3	Compliance risk should form an integral part of the company's risk management process	3	Applied. Compliance forms part of the process.

6.4	The board should delegate to management the implementation of an effective compliance framework and processes	3	Applied. This is performed by the executive team.
<b>7.</b>	<b>Internal Audit</b>		
7.1	The board should ensure that there is an effective risk-based internal audit	3	Applied. Implemented with the outsourcing of Internal audit since 01 November 2013 to Kuhumelela Proprietary Limited.
7.2	Internal audit should follow a risk-based approach to its plan	3	Applied. Internal audit follows a risk-based approach.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	3	Applied. The internal audit provides a written assessment of the effectiveness of the Company's system of internal control and risk management for the audit areas audited in accordance with the 3 year risk based audit plan.
7.4	The audit committee should be responsible for overseeing internal audit	3	Applied. This forms part of the audit and risk committee's role and responsibilities.
7.5	Internal audit should be strategically positioned to achieve its objectives	3	Applied. It is strategically positioned to achieve its objectives.
<b>8.</b>	<b>Governing stakeholder relationships</b>		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	3	Applied. The Board monitors the stakeholders' perceptions, as our reputation is very important.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	3	Applied. Stakeholder relationships are critical for the Company and performed by the executive team.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder	3	Applied. All stakeholders are considered during decision-making.

	groupings, in the best interests of the company		
8.4	Companies should ensure the equitable treatment of shareholders (only applicable to companies and state owned companies)	3	Applied. Treatment of stakeholders is important. The Board ensures the integrity of the Company's integrated report.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	3	Applied. Communication with stakeholders is the responsibility of the executive team and the company secretary.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	3	Applied. The Board is informed of any disputes to ensure speedy and effective resolutions.
<b>9.</b>	<b>Integrated Reporting and disclosure</b>		
9.1	The board should ensure the integrity of the company's integrated report.	3	Applied. The Board ensures the integrity of the Company's integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	2	Not applied. Due to the nature of its business (i.e. education on annuity basis and inherent soft impact on the environment) Curro will not produce a separate sustainability report for the time being. Material matters that could impact sustainability are reported on in the integrated annual report. Education is an integral part of the sustainability of the country of South Africa and therefore the core business of Curro has a significant positive indirect impact on sustainability of country, community and Curro itself.
9.3	Sustainability reporting and disclosure should be independently assured	1	Not applied. Due to the nature of its business (i.e. education on annuity basis and inherent soft impact on the environment) Curro will not produce a separate sustainability report for the time being.