



Principle		Commentary
1	The governing body should lead ethically and effectively.	<p>The Board of Directors leads ethically and effectively, adhering to the duties of a director by acting with due care and diligence and maintaining a sufficient working knowledge of Alaris and its industry and remaining informed about matters for decision making.</p> <p>In terms of the Board charter, each director signs an annual declaration, declaring any interests or confirming that there are no conflict of interest and also declares any potential conflicts to the company secretary on an ad-hoc basis (if applicable). Directors, executives and senior management are not allowed to deal in securities during prohibited periods, as governed by the adopted Price-sensitive Information policy.</p> <p>The Board, its Committees, its chair and individual members are subject to a formal evaluation process, either externally facilitated or self-evaluation at least every 2 years. The results are discussed and actioned by all concerned.</p> <p>The Board of directors of Alaris holds one another accountable for decision-making and ethical behavior. The Chairman of the Board oversees this on an ongoing basis. This responsibility is contained in the Board Charter which includes the Board code of conduct.</p> <p>No fraud or unethical behavior was detected during the external audit for the 2018/2019 period.</p>
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	<p>The Board established a Social and Ethics Committee responsible for monitoring and governance of the ethics of the Company. The role and responsibility of the Social and Ethics Committee is contained in its board-approved terms of reference.</p> <p>The HR Company Policy guides the interaction between employees, clients, stakeholders and suppliers. All executive directors of the Group and its subsidiaries are required to sign an anti-bribery declaration on an annual basis.</p>
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	<p>The Social and Ethics Committee monitors the Company's activities in relation to Corporate Citizenship.</p> <p>The Company is committed to making a difference in the lives of those less fortunate and participated in several social initiatives such as, the Winter Warmer Project, as well as a donation of dog and cat food to the Centurion SPCA.</p>

4	<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>The CEO is mandated to implement the Company's strategy to ensure that the Company's ability to create value in a sustainable manner is illustrated throughout its business model.</p> <p>The Board as a whole remains responsible for the governance of risk and has delegated this responsibility to the Audit and Risk Committee. This Committee assists the Board with the governance of risk and helps ensure the monitoring of risks while evaluating that effective mitigating factors are in place. This responsibility is contained in the Board Charter and the Audit and Risk Committee terms of reference.</p>
5	<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>The Board approved the Integrated Annual Report which informs stakeholders of the organisation's performance, as well as the medium and longer-term strategy, on recommendation of the Audit and Risk Committee.</p>
6	<p>The governing body should serve as the focal point and custodian of the corporate governance in the organisation.</p>	<p>The Board is the custodian of corporate governance in the Group. The Board has adopted a charter setting out its responsibilities, duties and accountability towards Alaris. The charter is reviewed annually. The Board delegated some of its functions to the following board committees:</p> <ul style="list-style-type: none"> - Audit and Risk Committee - Social and Ethics Committee - Remuneration Committee - Nomination Committee.



7	<p>The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>The Board comprises a chairperson and a balance of executive and non-executive members, with the majority being non-executive of whom most are independent.</p> <p>The Board and its board committees consider on an annual basis, its composition in terms of balance of skills, experience, diversity, independence and knowledge and whether this enables it to effectively discharge its role and responsibilities.</p> <p>The Board was satisfied that it comprises the appropriate balance of skills, experience, diversity, independence and knowledge to discharge its role. One additional independent non-executive director was appointed, and the Board sub-committees were reconstituted following the appointment.</p> <p>The roles and responsibilities of the chair and the CEO are separated.</p> <p>The CEO and CFO are executive members of the Board.</p> <p>The Board conducted a self-assessment of the Board and its committees and was satisfied with the outcome thereof and that no remedial action was required.</p>
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8	<p>The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>The Board has delegated particular roles and responsibilities to Board Committees, which operates under Board approved Terms of Reference, setting out the nature and extent of the responsibilities delegated and decision-making authority. The Terms of Reference of each Board Committee is reviewed annually. The Board ensures that each Board Committee has the necessary skills, experience and knowledge to discharge their duties effectively. This delegation by the Board of its responsibilities does not constitute a discharge of its accountability.</p> <p>Furthermore, there is a clear balance of power that ensures that no individual/s has undue/unfettered decision-making powers.</p> <p>The composition of all board committees complies with the statutory requirements as well as the recommended practices of King IV, save for the composition of the Audit and Risk Committee's composition. The Audit and Risk Committee comprises three independent non-executive directors, however, the Chairman of the Board is a member of this committee. The Board remains satisfied that the Chairman of the Board has the necessary skill, experience and expertise required on an Audit and Risk Committee. On 4 September 2019 an additional independent non-executive director was appointed to the Audit and Risk Committee to replace the Chairman of the Board, as a member on the Committee.</p> <p>Additional information on the Committees is disclosed in its Integrated Report.</p>
9	<p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>The Board and all board-committees' terms of reference include the onus of annual assessments. Going forward, an annual assessment of the performance of the Board, its committees and the company secretary will continue to be conducted annually by way of internal evaluation processes.</p>
10	<p>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.</p>	<p>The Delegation of Authority between the Board and the CEO is largely governed by the principles of King IV and the requirements of the JSE Limited. This delegation is also included in the Board Charter.</p> <p>A Delegation of Authority policy and framework indicating the matters reserved for the Board and senior management has been developed.</p> <p>The Board is satisfied that the Company is appropriately resourced in its Finance Department. An assessment of the effectiveness of the Financial Director's performance is conducted annually by the Audit and Risk Committee and confirmed in the Integrated Report.</p> <p>The Board believes the company secretary is suitably skilled, qualified and experienced enough to fulfil the role competently, that she is independent and maintains an arm's length relationship with the directors.</p>

11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	<p>The Board is responsible for the governance of risk. The Board sets the direction for how risk should be approached and addressed in the Group and this responsibility to govern risk is delegated to the Audit and Risk Committee.</p> <p>The Audit and Risk Committee assists the Board with the governance of risk. The Board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of the Company.</p> <p>The Audit and Risk Committee delegates to management the responsibility to continuously identify, assess, mitigate and manage risks within the operating environment.</p>
12	The governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives.	<p>The Board, together with the Audit and Risk Committee, oversees the governance of information technology. The Board is aware of the importance of technology and information in relation to the Company's strategy. Key risks concerning technology are a regular board and sub-committee agenda item.</p>
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.	<p>The Board through the Social and Ethics Committee, monitors compliance with the various regulations the Company is subject to.</p> <p>There were no contraventions of areas of non-compliance for the period under review, relating to breaches of the requirements of the JSE Limited and the Companies Act.</p>
14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short, medium and long term.	<p>The Board, assisted by the Remuneration Committee ensures that staff members are remunerated fairly, responsibly, transparently and in line with industry standards so as to promote the creation of value in a sustainable manner. In this regard, the Remuneration Policy has been drafted and regularly considered by the Remuneration Committee. These responsibilities are also contained in the terms of reference of the Remuneration Committee.</p>
15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	<p>The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. The Board relied on the Audit and Risk Committee for the results that are presented in the Integrated Annual Report and approved same on recommendation of the said Committee.</p> <p>This responsibility is contained in the terms of reference of the Audit and Risk Committee and the Board Charter.</p>

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16	In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	<p>The governing body acknowledges that key stakeholders are vital to the ongoing sustainability of the business. This is reflected in the stakeholder engagement model details on page 12 -13 of the integrated report.</p> <p>Shareholders are encouraged to attend and actively participate in the AGM.</p> <p>Shareholders are treated equitably, and the minority shareholders enjoy the protection afforded to them in terms of the Companies Act.</p>
17	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	Alaris is not an institutional investor.