



Minergy
King IV™
application
register
2023

www.minergycoal.com



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Minergy Limited is a coal mining and trading company that serves as the holding company for the Minergy Group. Its primary and wholly-owned asset is the Masama Mine. Minergy is a registered company in Botswana and is publicly traded on the main board of the Botswana Stock Exchange (“BSE”). Furthermore, the Company has plans to list on a second international stock exchange in the future, expanding its global presence.

To uphold robust corporate governance practices, Minergy adheres to the principles outlined in the King IV™ framework. The Company has adopted an Objectives and Key Results (“OKR”) approach to report on the accomplishment of its corporate governance objectives. The objectives are derived from the 16 core King IV™ principles, and the key results demonstrate the tangible outcomes achieved. These will be presented for the financial year ending 30 June 2023, showcasing the company’s commitment to transparent and effective governance.

“Minergy” or “the Group” or “the Company” are terms used interchangeably across this report.

Leadership, ethics and corporate citizenship

Ethical and effective leadership

Principle 1 — The board should lead ethically and effectively.

Minergy’s Board of Directors takes responsibility for their decision-making and ethical conduct, with continuous oversight by the Chairman of the Board.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Comprehensive Director declarations	Every year, Minergy Directors must complete and sign a thorough director’s declaration, committing to fulfilling their fiduciary responsibilities. This requirement applies to all Board members and officeholders.
Share trading policy	There is an official share trading policy in place, which has received approval from the Board. This policy restricts Directors, officers and certain employees from trading Minergy’s shares from the conclusion of each reporting period until the financial results are publicly announced or during any other period when Directors and senior management might have access to information that could impact the share price.
No negative publications	During the year under review, Minergy’s Board successfully maintained a pristine reputation in the media, with no negative coverage of any Board member, office bearer or the organisation’s leadership in any media outlet.

Establishment of ethical culture

Principle 2 — The board should govern the ethics of the company in a way that supports the establishment of an ethical culture.

Minergy is committed to upholding ethical behaviour and actively promotes ethical standards. The Social and Ethics Committee is responsible for overseeing and managing the ethics of the entire Group.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
An established and functioning whistle-blower mechanism	A well-established and operational whistleblower hotline accessible to all employees and stakeholders. This hotline serves as a platform for reporting any unethical or potentially harmful actions by employees that go against the Company’s best interests. Minergy actively encourages the reporting of unethical and corrupt practices. The details for this whistleblowing hotline are made publicly available on the Group’s website.

Responsible corporate citizenship

Principle 3 — The board should ensure that the company is and is seen to be a responsible corporate citizen.

Minergy’s Board takes on the responsibility of overseeing the overall performance of responsible corporate citizenship within the Group. The Company has plans to provide support for a range of initiatives in both the mining sector and the surrounding areas. The vital task of managing this principle has been assigned to the Social and Ethics Committee.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Measurable results of societal contribution (including public health and safety and community development)	Minergy is deeply committed to sustainability and corporate responsibility. The Company enforces rigorous safety measures and environmentally friendly practices throughout its operations, placing a high priority on public health and safety. Furthermore, Minergy has intentions to actively participate in community development initiatives with the aim of empowering local communities through job opportunities, educational support and investments in infrastructure. Refer “Minergy Cares” brochure on the website.

Strategy, reporting and performance

Strategy and performance

Principle 4 — The board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Minergy's capacity to generate sustainable value is evident in its business model. The Audit and Risk Committee plays a pivotal role in assisting the Board by overseeing risk governance and monitoring, which includes the implementation of various risk mitigation controls. This responsibility is clearly outlined in the Audit and Risk Committee's terms of reference.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Integrated report	Minergy issues an Integrated Annual Report to communicate to stakeholders how the Group is both generating and safeguarding value, while also demonstrating how integrated thinking is ingrained within the organisation. This report, along with public announcements, evaluates the Group's performance in relation to its objectives and comprehensively addresses all significant matters. The Board of Minergy is responsible for ensuring the integrity and comprehensiveness of the integrated report, as well as any supplementary information. The Audit and Risk Committee aids in ensuring accurate and transparent information dissemination.

Reporting

Principle 5 — The board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects.

The Board takes on the responsibility for the organisation's reporting and ensures that Minergy's reports provide stakeholders with the necessary information to make informed assessments of the Company's performance. To maintain the integrity of assurance and compliance reports and other disclosures, the Board, working through the Audit and Risk Committee, ensures that appropriate controls are established and maintained.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Publication of reports — IAR	Minergy demonstrates a strong commitment to transparency and sustainability through its Integrated Annual Report. This report offers Minergy's stakeholders a comprehensive and holistic view of the Company's operations and performance.
Comprehensive and transparent website	The Group's website is designed to provide stakeholders with easy access to essential publicly available information about the Company. It is consistently kept up-to-date to facilitate efficient and timely communication with stakeholders. The website encompasses all published information, including statutory documents like the Competent Persons Report, details about the Masama Coal Mine, leadership profiles, information on social investments and press releases.

Governing structures and delegations

Primary role and responsibilities of the board

Principle 6 — The board should serve as the focal point and custodian of corporate governance in the company.

The Board serves as the central authority and guardian of corporate governance across the Group. Additionally, various aspects of governance receive more focused attention through the established Board sub-committees, including the Audit and Risk, Remuneration and Nominations, and Social and Ethics Committees.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Board charter	The Board adheres to its Charter and policies to maintain a consistent practice of effective corporate governance across Minergy.
Detailed King IV™ governance register	Minergy follows the governance principles outlined in King IV™, and when necessary, it reinforces and enhances recommended practices through the Company's governance frameworks, systems and procedures. An annual gap analysis is conducted to evaluate how well Minergy aligns with the principles of King IV™. The Board is content that the Company adheres to most of the principles in the King IV™ Code that are relevant to its current status.

Composition of the board

Principle 7 — The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Board and its sub-committees conduct an annual evaluation of their composition, assessing the balance of skills, experience, diversity, independence and knowledge to ensure they can effectively fulfil their roles and responsibilities. The Board is confident that it has achieved the necessary balance in these aspects to carry out its duties.

Through the annual self-assessment of the Board and its sub-committees, knowledge and skill sets are reviewed and enhanced as needed. Additionally, subject matter experts are accessible when specialised guidance is necessary for specific matters.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Director rotation	<p>Minergy enforces a stringent policy that mandates the rotation of Directors after a specified tenure. This policy is designed to ensure that no single individual or group accrues excessive influence over the decision-making process. It serves to foster accountability and prevent complacency within the organisation.</p> <p>During each Annual General Meeting ("AGM"), at least one-third of the Non-executive Directors retire from their positions through rotation. The Non-executive Directors required to retire in each year are those who have served the longest since their last election, along with any Non-executive Director who has held office for a three-year period since their last election or appointment. Shareholders ratify new appointments and rotations annually at the AGM.</p>

Committees of the board

Principle 8 — The board 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.

The Board and its sub-committees align with the requirements outlined in King IV™, ensuring a proper balance of power to prevent any individual or group from having excessive decision-making authority. The Audit and Risk Committee confirms the independence of the auditor, and the audit firm is selected with a designated audit partner overseeing the audit process. The Acting Chief Financial Officer ("CFO") is responsible for managing the finance function, and an annual assessment of the CFO's performance is carried out by the Audit and Risk Committee.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Committee charters/terms of reference	Minergy utilises committee charters or terms of reference to delineate the roles, responsibilities and objectives of each committee within the Group. These documents serve as guiding frameworks, ensuring that committee members possess a well-defined comprehension of their responsibilities and are in alignment with Minergy's objectives. This approach enhances the efficiency and effectiveness of the decision-making process within the organisation.
Audit and Risk, Remuneration and Nominations, and Social and Ethics Committees	<p>The Board has established three permanent committees to support its governance functions: The Audit and Risk Committee, the Remuneration and Nominations Committee, and the Social and Ethics Committee.</p> <p>In practice, it was decided to consolidate nomination responsibilities into the Remuneration Committee, resulting in the formation of a single committee known as the Remuneration and Nominations Committee. Similarly, risk-related responsibilities have been combined to create the Audit and Risk Committee. However, it's important to note that the Board maintains ultimate responsibility for the activities of these committees and approves significant recommendations and decisions made by them.</p>

Evaluation of the performance of the board governing body

Principle 9 — The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness.

The terms of reference for the Board and all its sub-committees will incorporate the responsibility for conducting annual assessments. Performance evaluations of both the Board and its sub-committees will be carried out each year through internal assessment procedures.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Board self-evaluation	An annual evaluation of the Board, its committees and individual members is performed, and these evaluations are conducted through questionnaires facilitated by a digital platform. The most recent Board self-evaluation occurred in October 2023, and it was determined that the Board is generally content with its performance and effectiveness, as well as the support it receives from its various committees.

Appointment and delegation to management

Principle 10 — The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

There is a distinct separation of responsibilities and authority between the Board and the executive management.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Authority framework	A comprehensive Delegation of Authority policy and framework outline specific matters reserved for the Board and senior management. The Board is content with the Group's adequate resourcing and believes that its delegation of authority to management enhances an effective system for exercising authority and responsibilities.

Governance functional areas

Risk governance

Principle 11 — The board should govern risk in a way that supports the company in setting and achieving its strategic objectives.

The Board takes responsibility for governing risk by establishing the direction for how risk should be managed and addressed within Minergy.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Robust enterprise risk register	<p>The Audit and Risk Committee plays a crucial role in assisting the Board in managing risk. The Board recognises the significance of risk management as it is closely linked to the Group's strategy, performance and sustainability.</p> <p>The Audit and Risk Committee is responsible for implementing processes to identify and manage risks to the Group's sustainability within acceptable parameters. They delegate to management the ongoing task of identifying, assessing, mitigating and managing risks within the current operating environment. To address these risks, mitigating controls are put in place and continuously monitored. Furthermore, the Audit and Risk Committee has established a framework to assess all strategic risks affecting the Company. The major risks facing Minergy have been identified, and where feasible, strategies to mitigate them have been implemented. The Risk Matrix can be found in the Integrated Annual Report.</p>

Technology and information governance

Principle 12 — The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives.

The Board, in collaboration with the Audit and Risk Committee, maintains continuous supervision of information and technology management. Their oversight ensures the integration of employees, stakeholders, future investment strategies and the economic outlook of the Company through effective information and technology management.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Committee terms of reference	The Audit and Risk Committee's terms of reference is augmented to address the governance of technology and information governance. External service providers report on adherence and recommendations are implemented.

Compliance governance

Principle 13 — The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen.

The Board, with the assistance of the Audit and Risk Committee, oversees compliance with the various regulations that the Group must adhere to and is responsible for monitoring compliance with relevant legislation.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Legislative register	Minergy maintains a register that contains information about the legislative framework relevant to the organisation. This register helps the Company stay informed and compliant with the specific laws and regulations that apply to its operations.
No penalties incurred	In the year under review, no significant penalties, sanctions or fines were incurred due to violations of regulatory obligations or relevant legislation. Minergy remained in compliance with these requirements during the reporting period.

Remuneration governance

Principle 14 — The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board, with support from the Remuneration and Nominations Committee, takes measures to ensure that employees receive fair, responsible, transparent and industry-standard compensation. This commitment is outlined in the terms of reference of the Remuneration and Nominations Committee and aims to promote the sustainable creation of value within the organisation.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Remuneration policy	Minergy's Board employs its remuneration policy to establish a clear and transparent framework for determining fair compensation for both executives and employees. This policy aligns remuneration with performance metrics and industry norms, ensuring that compensation packages are not only equitable but also motivating. It reflects the Company's dedication to rewarding merit and fostering long-term value creation.

Assurance

Principle 15 — The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports.

The Board is content that the results of assurance activities demonstrate the presence of a robust and effective control environment, ensuring the integrity of reports that support informed decision-making. This responsibility is detailed in the charter of the Audit and Risk Committee.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
Unqualified external audit report	Minergy's financial statements are considered to be free from significant misstatements or discrepancies, providing an accurate representation of the Company's financial position and operating results.

Stakeholder relationships

Stakeholders

Principle 16 — In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time.

The Board has identified various stakeholder groups and endeavours to strike a balance between their legitimate and reasonable needs, interests, and expectations. This approach reflects a commitment to effective stakeholder management and engagement.

The following are the key results and their evidencing to achieve this principle:

Key results	Achievement
All communication with investors and shareholders is conducted in accordance with applicable securities regulations	Please refer Stakeholder engagement section detailed from pages 38 – 40.

Institutional investors

The board should ensure that responsible investment is practiced by the company to promote good governance and the creation of value by the companies in which it invests.

N/A – Minergy is not an institutional investor.

Corporate and general information

Corporate information

Registered office and business address

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General information

Country of incorporation and domicile

Botswana

Nature of the business

The Group is invested in the exploration, development, mining and trading of sized thermal coal, regionally and internationally. The quality and size of the Minergy coal resource is also suitable to expand the supply of coal for the power generation sector.

Directors

M Morulane

L Tumelo

M du Plessis (resigned 28 August 2023)

C Kgosidiile

M T Malema (appointed 25 September 2023)

J Ayo

Level of assurance

The financial statements have been audited in compliance with the applicable requirements of the Companies Act of Botswana (CAP 42:01).

Preparer

The audited full year consolidated financial statements were prepared by the Chief Financial Officer, Julius Ayo (Bachelor of Accounting ("BACC") and Association of Certified Chartered Accountants ("ACCA")) under the supervision of the Outgoing Chief Executive Officer ("CEO"), Morné du Plessis, CA(SA).