

HOW WE ARE GOVERNED

Lighthouse Capital is committed to the highest standards of ethics and corporate governance.

The board of directors endorses the code of corporate practices and conduct as set out in the Code of Corporate Governance for Mauritius 2016 ("the Code"). The disclosures included in this review are consistent with the requirements of the Code. Independent consultants have been made available to members of the board to ensure that all directors are fully conversant with best practice and current thinking with regard to corporate governance.

As a JSE-listed entity, Lighthouse Capital also complies with the JSE Listings Requirements. The board applies best practice principles, as contained in the King IV Report on Corporate Governance for South Africa 2016 ("King IV"), where appropriate. The board structure is unitary.

KING IV AND THE CODE

The board has satisfied itself that Lighthouse Capital has substantially applied the principles set out in King IV and the Code.

King IV advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of four governance outcomes. The desired governance outcomes are listed below, together with the practices implemented and progress made towards achieving the 17 principles in meeting those outcomes. It is done on an "apply and explain" basis, as recommended by King IV.

The eight principles of the Code are likewise treated on an "apply and explain" basis.

So as to avoid unnecessary duplication of information, we discuss our application of both codes below:

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome one: ethical culture		
<p>Principle 1 Governance structure All organisations should be headed by an effective board. Responsibilities and accountabilities within the organisation should be clearly identified.</p>	<p>Principle 1 The board leads ethically and effectively.</p>	<p>Lighthouse Capital's board of directors is its governing body. The directors hold one another accountable for decision-making and behave ethically, as characterised in King IV.</p> <p>The chairperson is tasked to monitor this as part of his or her duties.</p> <p>Ultimate control of the company rests with the board of directors while the executive management is responsible for the proper management of the company. To achieve this, the board is responsible for establishing the objectives of the company and setting a philosophy for investments, performance and ethical standards. Although quarterly board meetings are arranged every year, additional meetings are called should circumstances require it. Seven board meetings were called during the 2019 financial year.</p> <p>The chairperson, with the assistance of the company secretary, led a formal review of the effectiveness of the board and its committees. Each director completed a detailed evaluation questionnaire and an analysis of the findings was presented to the board. There was agreement that the board was operating effectively. The results were positive and no action plans were deemed to be required. No external evaluator was used.</p> <p>The board has approved appropriate key performance indicators of the key senior governance positions.</p> <p>The board has approved a statement of accountabilities.</p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
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Governance outcome one: ethical culture *continued*

	<p>Principle 2 The board governs the ethics of Lighthouse Capital in a way that supports the establishment of an ethical culture.</p>	<p>The board has a fiduciary duty to act in good faith, with due care and diligence and in the best interests of the group and its stakeholders. It is the primary body responsible for the corporate governance values of the group. While control is delegated to management in the day-to-day management of the group, the board retains full and effective control over the group.</p> <p>A formal board charter, as recommended by King IV, has been adopted. All directors subscribe to a code of ethics. The code deals with duties of care and skill, as well as those of good faith, including honesty, integrity and the need to always act in the best interests of the company. Procedures exist in terms of which unethical business practices can be brought to the attention of the board by directors or employees.</p> <p>Board charter</p> <p>In order to fulfil its duties, the board has adopted a charter setting out its responsibilities.</p> <p>The board reviewed this charter in 2019 and reviews it at least annually.</p> <p>The board acknowledges that it is responsible for ensuring the following functions as set out in the board charter:</p> <ul style="list-style-type: none"> • Good corporate governance and implementation of the code of corporate practices and conduct as set out in the Code and King IV; • That the company performs at an acceptable level and its affairs are conducted in a responsible and professional manner; and • The board recognises its responsibilities to all stakeholders. <p>Although certain responsibilities are delegated to committees or management executives, the board acknowledges that it is not discharged from its obligations in respect of these matters.</p> <p>The board acknowledges its responsibilities as set out in the board charter in the following areas:</p> <ul style="list-style-type: none"> • The adoption of strategic plans and ensuring that these plans are carried out by management; • Monitoring the operational performance of the business against predetermined budgets; • Monitoring the performance of management at both operational and executive levels; • Ensuring that the company complies with all laws, regulations and codes of business practice; and • Ensuring a clear division of responsibilities at board level to ensure a balance of power and authority in terms of group policies to ensure that no one director has unfettered power of decision-making. <p>Code of ethics</p> <p>The board of directors forms the core of the values and ethics subscribed to by the company through its various bodies and committees. These values and ethics are sustained by the directors' standing and reputation in the business community and their belief in free and fair dealings in utmost good faith and respect for laws and regulations. Lighthouse Capital has a code of ethics communicated to all staff. The code of ethics stipulates, among other things, that all stakeholders are expected to act in good faith, that bribery in any form is not tolerated, all conflicts of interest need to be declared and that compliance with all legislation is of the utmost importance. The code of ethics and compliance with the code of ethics are reviewed by the social and ethics committee on an annual basis.</p> <p>The board is not aware of any transgressions of the code of ethics during the financial year.</p> <p>No issues of non-compliance, fines or prosecutions have been levied against Lighthouse Capital.</p>
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THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome one: ethical culture <i>continued</i>		
	<p>Principle 3</p> <p>The board ensures that Lighthouse Capital is and is seen to be a responsible corporate citizen.</p>	<p>The board is the guardian of the values and ethics of the group and ensures that it is seen as a responsible corporate citizen. The responsibility for monitoring the overall responsible corporate citizenship performance of the organisation was delegated to the social and ethics committee by the board.</p> <p>The board, through its executive directors, assesses the professional corporate governance services provided by third parties and the board believes these arrangements are effective.</p> <p><i>Refer to the report of the social and ethics committee in the integrated report for more detail on how Lighthouse Capital addressed responsible citizenship.</i></p>
Governance outcome two: performance and value creation		
	<p>Principle 4</p> <p>The board appreciates that Lighthouse Capital'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 board's primary responsibility is to ensure that Lighthouse Capital creates value for its shareholders. In so doing, it considers the legitimate interests and expectations of stakeholders, which include present and potential future investors in Lighthouse Capital.</p> <p>The integrated report demonstrates how performance is achieved through the strategic initiatives. Lighthouse Capital sets and achieves its strategic initiatives with reference to its risks and opportunities. The board assesses both the positive and negative outcomes resulting from its business model continuously and responds to it.</p> <p><i>Refer to Lighthouse Capital's business model and explanation of how the inseparable elements of the value creation process are linked, which is summarised in the integrated report.</i></p>
<p>Principle 6</p> <p>Reporting with integrity</p> <p>The board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position performance and outlook in its integrated report and on its website.</p>	<p>Principle 5</p> <p>The board ensures that reports issued by Lighthouse Capital enable stakeholders to make informed assessments of Lighthouse Capital's performance and its short, medium and long-term prospects.</p>	<p>The board is responsible for formulating its communication policy and ensuring that spokespeople of the company adhere to it. This responsibility includes clear, transparent, balanced and truthful communication to shareholders and relevant stakeholders.</p> <p>In its interim and integrated reports to stakeholders, Lighthouse Capital details both its historical performance and an assessment of the organisation's financial, environmental, social and governance position performance and outlook. This, together with further information in those and other communications, enables stakeholders to make informed assessments of Lighthouse Capital's prospects.</p> <p>Lighthouse Capital's ability to create value in a sustainable manner is illustrated throughout its business model.</p>
Governance outcome three: adequate and effective control		
	<p>Principle 6</p> <p>The board serves as the focal point and custodian of corporate governance in Lighthouse Capital.</p>	<p>The board's role and responsibilities and the way that it executes its duties and decision-making are documented and set out in the board charter.</p> <p>The board meets once every quarter. Should an important matter arise between scheduled meetings, additional meetings may be convened. Before each board meeting, an information pack, which provides background information on the performance of the group for the year to date and any other matters for discussion at the meeting, is distributed to each board member. At its meetings, the board considers both financial and non-financial, or qualitative, information that might have an impact on stakeholders.</p> <p><i>Details of the board meetings held during the year ended 30 September 2019, as well as the attendance at the board meetings by individual directors, are disclosed in the integrated report.</i></p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome three: adequate and effective control <i>continued</i>		
<p>Principle 2 The structure of the board and its committees The board should comprise independent-minded directors.</p> <p>It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the board's decision-taking. The board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation.</p> <p>Appropriate board committees may be formed to assist the board in the effective performance of its duties.</p>	<p>Principle 7 The board comprises 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, with the assistance of the nomination committee, considers, 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. The board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities. The board has taken steps to strengthen its succession plan to also include an immediate and interim succession plan in the event of an unforeseen event. The board is committed to actively managing diversity as a means of enhancing the company's performance by utilising the contribution of the diverse skills and talents from its directors. In the current year, the board approved a policy on gender diversity at board level which requires the nomination committee to consider a broad and diverse pool of talent when considering board appointments. The need for gender diversity must be balanced with the need to appoint individuals with the necessary skills and experience to serve on the board. The board assumes the responsibilities for the induction of new directors to the board. Three new members were appointed during the year under review. New directors participate in an induction and orientation process when appointed.</p> <p>At this point in time, the board has not established a target for the appointment of women to the board. The policy will be reviewed on an annual basis to ensure that it continues to facilitate the principles of gender diversity at board level.</p> <p>The board comprises four executive directors and five independent non-executive directors. All directors serve for a maximum period of one year and are subject to retirement by rotation and re-election by members in a general meeting. Board appointments are made in terms of the policy on nominations and appointments. Board appointments are transparent and a matter for the board as a whole.</p> <p>There are no fixed-term contracts for executive directors and the notice period for termination or resignation is one calendar month. There is no restraint of trade period for executive directors.</p> <p>Lighthouse Capital believes that all board members are suitably qualified and that the composition of the board is in the best interests of all stakeholders, without prejudice to them. The directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgement and broad deliberations in the decision-making process. Professional development and ongoing education of each individual director is available as and when required.</p> <p><i>For details of directors' full names, their dates of appointment and other listed directorships, as well as a brief career and sphere of influence synopsis of each of the directors, refer to the integrated report.</i></p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome three: adequate and effective control <i>continued</i>		
<p>Principle 3 Director's appointment procedures</p> <p>There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors.</p> <p>The search for board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the board, including gender). The board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.</p>		<p>The board of directors' independence from the executive management team is ensured by the following:</p> <ul style="list-style-type: none"> ▶ Separation of the roles of chairperson and chief executive officer, with the chairperson being independent; ▶ The board being dominated by independent non-executive directors; ▶ The audit, investment, nomination, remuneration, risk and social and ethics committees having a majority of independent non-executive directors; ▶ Non-executive directors not holding service contracts; ▶ All directors having access to the advice and services of the company secretary; and ▶ With prior agreement from the chairperson, all directors are entitled to seek independent professional advice concerning the affairs of the company at the company's expense. <p>The following independent non-executive directors chair the various sub-committees of the board:</p> <ul style="list-style-type: none"> ▶ Audit: Karen Bodenstein ▶ Investment: Paul Edwards ▶ Nomination: Paul Edwards ▶ Remuneration: Barry Stuhler ▶ Risk: Karen Bodenstein ▶ Social and ethics: Barry Stuhler <p>The independence of the non-executive directors was assessed and all five are considered independent in terms of the requirements of the Code. Independent evaluations will be performed annually.</p> <p>The chairperson:</p> <ul style="list-style-type: none"> ▶ Provides leadership to the board of directors in establishing and implementing the company's strategy; ▶ Ensures that committees are properly structured with appropriate duties; ▶ Advises and provides support to the chief executive officer; ▶ Ensures that directors receive accurate, timely and clear information; and ▶ Ensures that development needs of the directors are identified and that appropriate training is provided to continuously update their skills and knowledge. <p>No fixed-time commitment is expected of the chairperson. The chairperson recognises the need for availability in the event of crises. The chairperson had other significant commitments before appointment and no changes to commitments have occurred.</p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome three: adequate and effective control <i>continued</i>		
	<p>Principle 8</p> <p>The board ensures 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 established six sub-committees to assist the directors in fulfilling their duties and responsibilities. Each committee has a formal charter and reports to the board at regular intervals. The charters, which set out the objectives, authority, composition and responsibilities of each committee, have been approved by the board and are reviewed at least annually. All the committees are free to take independent outside professional advice, as and when required, at the expense of the company.</p> <p>Membership of the committees is as recommended in King IV. The composition of the committees of the board and the distribution of authority between the chairperson and other directors is balanced and does not lead to instances where individual(s) dominate decision-making within governance structures or where undue dependency is caused.</p> <p><i>Refer to the integrated report for the members of each committee.</i></p> <p>It is not a requirement in terms of either the constitution or the board charter that directors own shares in the company. The non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.</p> <p><i>Directors' interests in the ordinary shares of the company are disclosed in the integrated report.</i></p> <p>The audit committee is satisfied that the auditor is independent as non-audit services are not performed and the audit firm has been appointed with the designated partner having oversight of the audit.</p> <p>The chief financial officer is the head of the finance function and he has a senior manager reporting to him. Internal audit is fully outsourced and the chief financial officer is responsible for overseeing and coordinating the effective functioning of the outsourcing arrangement. An assessment of the effectiveness of the chief financial officer function is performed annually by the audit committee.</p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome three: adequate and effective control <i>continued</i>		
<p>Principle 4 Directors' duties, remuneration and performance</p> <p>Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The board is responsible for the governance of the organisation's information, information technology and information security. The board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards.</p> <p>The board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives.</p>	<p>Principle 9</p> <p>The board ensures 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>After evaluating their performance internally in terms of their respective charters, the directors are of the opinion that the board and the sub-committees have discharged all their responsibilities.</p> <p>Assessments of the performance of the chief executive officer and company secretary are conducted annually and no major issues or concerns have been identified.</p> <p>Company secretary</p> <p>The board has considered the competence, qualifications and experience of the company secretary, Intercontinental Trust Ltd ("ITL"), and deemed it fit to continue in the role as company secretary for Lighthouse Capital. ITL is independent of Lighthouse Capital and the relationship with the board has been assessed and is considered to be at arm's length.</p> <p>In considering ITL's appropriateness as company secretary, the board has factored in:</p> <ul style="list-style-type: none"> ▶ ITL is one of the largest management companies in Mauritius and the provision of company secretarial functions is within the ordinary course of its business; and ▶ ITL itself is not a director of Lighthouse Capital. <p>The board undertakes an evaluation of the company secretary on an annual basis and has concluded that it is sufficiently independent and has the requisite qualifications, experience and competence to fulfil the role of company secretary.</p> <p>The company secretary maintains an interests register and is available for consultation to shareholders upon written request to the company secretary.</p> <p>All conflicts of interest and related party transactions have been conducted in accordance with the conflicts of interest and related party transactions policy and code of ethics.</p> <p>The company's policy is to outsource information, information technology and information security services to third parties.</p> <p>Information governance is exercised through a service level agreement with an IT services provider (XContent).</p> <p>Only executive directors and employees with specific password access have the right of access to information.</p> <p>The executive monitors and evaluates significant expenditures on information technology in accordance with the company's annual budgeted expenses.</p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome three: adequate and effective control <i>continued</i>		
	<p>Principle 10</p> <p>The board ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	<p>In terms of its formal charter, the board's responsibilities include the appointment of the chief executive officer and the approval of corporate strategy, risk management and corporate governance. The board reviews and approves the business plans and monitors the financial performance of the group and implementation of the strategies.</p> <p>Board members have full and unrestricted access to management and all group information and property. They are entitled, at the cost of the group, to seek independent professional advice in the fulfilment of their duties. Directors may meet separately with management, without the attendance of executive directors.</p> <p>A detailed delegation of authority policy and framework indicate matters reserved for the board and those delegated to management. The board is satisfied that Lighthouse Capital is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.</p> <p>The chief executive officer has a contract that can, subject to fair labour practices, be terminated upon one month's notice. In terms of the constitution, the retirement age of an executive director is 60, but the board has the discretion to extend it to 65. He does not have any work commitments outside of Lighthouse Capital and its related companies. A succession plan for the chief executive officer is in place.</p>
<p>Principle 5</p> <p>Risk governance and internal control</p> <p>The board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The board should ensure the maintenance of a sound internal control system.</p>	<p>Principle 11</p> <p>The board governs risk in a way that supports Lighthouse Capital in setting and achieving its strategic objectives.</p>	<p>The 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 Lighthouse Capital. The risk committee implements a process whereby risks to the sustainability of the company's business are identified and managed within acceptable parameters. The risk committee delegates to management to continuously identify, assess, mitigate and manage risks within the existing and ever-changing risk profile of Lighthouse Capital's operating environment. Mitigating controls are formulated to address the risks and the board is kept up to date on progress on the risk management plan. The company has established whistle-blowing rules and procedures. No reports were received during the year.</p> <p><i>Refer to the integrated report for an overview of the risks to value creation in Lighthouse Capital.</i></p>
	<p>Principle 12</p> <p>The board governs technology and information in a way that supports Lighthouse Capital in setting and achieving its strategic objectives.</p>	<p>The risk committee assists the board with the governance of information technology ("IT"). The board is aware of the importance of technology and information as it is interrelated to the strategy, performance and sustainability of Lighthouse Capital. The board is ultimately responsible for Lighthouse Capital. The Lighthouse Capital IT function is outsourced to a third-party service provider and is governed by a service level agreement.</p> <p>The risks and controls over IT assets and data are considered by the risk committee.</p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome three: adequate and effective control <i>continued</i>		
	<p>Principle 13 The board governs compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports Lighthouse Capital being ethical and a good corporate citizen.</p>	<p>A framework of financial reporting, internal and operating controls has been established by the board to ensure reasonable assurance as to the accurate and timeous reporting of business information, safeguarding of company assets, compliance with laws and regulations, financial information and general operations.</p> <p>The board reviewed and was satisfied with the effectiveness of the internal financial and operating controls, the process of risk management and the monitoring of legal governance compliance within the company.</p> <p>There were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations.</p>
	<p>Principle 14 The board ensures that Lighthouse Capital remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>Lighthouse Capital remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable manner.</p> <p><i>Refer to the remuneration report in the integrated report for more information.</i></p> <p>The individual directors' remuneration is disclosed. Lighthouse Capital believes that this disclosure is sufficient and appropriately demonstrates alignment between remuneration and shareholders' returns.</p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome three: adequate and effective control <i>continued</i>		
<p>Principle 7 Audit</p> <p>Organisations should consider having an effective and independent internal audit function that has the respect, confidence and cooperation of both the board and the management. The board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditors.</p>	<p>Principle 15</p> <p>The board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of Lighthouse Capital's external reports.</p>	<p>The board is satisfied that assurance results in an adequate and effective control environment and integrity of reports for better decision-making.</p> <p><i>Refer to the integrated report for information on assurance contained in the audit committee's report</i></p> <p>External audit</p> <p>A key factor that may impair an auditor's independence is a lack of control over non-audit services provided by the external auditor. In essence, the external auditor's independence is deemed to be impaired if the auditor provides a service which:</p> <ul style="list-style-type: none"> ▶ Results in auditing of own work by the auditor; ▶ Results in the auditor acting as a manager or employee of the company; ▶ Puts the auditor in the role of advocate for the company; or ▶ Creates a mutuality of interest between the auditor and the company. <p>The company addresses this issue through three primary measures, namely:</p> <ul style="list-style-type: none"> ▶ Disclosure of the extent and nature of non-audit services; ▶ The prohibition of selected services; and ▶ Prior approval by the audit committee of non-audit services. <p>Other safeguards encapsulated in the policy include:</p> <ul style="list-style-type: none"> ▶ The external auditor is required to assess periodically, in its professional judgement, whether it is independent of the company; ▶ The audit committee ensures that the scope of the auditor's work is sufficient and that the auditor is fairly remunerated; and ▶ The audit committee has primary responsibility for making recommendations to the board on the appointment, re-appointment and removal of the external auditor. <p>The committee reviews audit plans for external audits and the outcome of the work performed in executing these plans. It further ensures that items identified for action are followed up. The external auditor reports annually to the audit committee to confirm that it is and has remained independent from the company during the financial year.</p> <p>The audit committee considered information pertaining to the balance between fees for audit and non-audit work for the company in 2019 and concluded that the nature and extent of non-audit fees do not present a threat to the external auditor's independence. These fees are disclosed in note 16 of the financial statements. Furthermore, after reviewing a report from the external auditor on all its relationships with the company that might reasonably have a bearing on the external auditor's independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, the committee has concluded that the external auditor's independence was not impaired. The audit committee approved the external auditor's terms of engagement, scope of work, the annual audit and the applicable levels of materiality. Based on submitted written reports, the committee reviewed, with the external auditor, the findings of its work and confirmed that all significant matters had been satisfactorily resolved. The committee determined that the 2019 audit was completed without any restriction on its scope.</p> <p>The audit committee assesses the performance of the auditor and has satisfied itself as to the suitability of the external auditor for re-appointment for the ensuing year.</p> <p>The current auditor, BDO & Co, has been the company's auditor for four years. A formal tender process was last conducted in 2016.</p> <p>Internal audit</p> <p>The company does not have a formalised internal audit department. This is primarily due to the fact that the majority of property management functions are outsourced to external property managers who are subjected to annual external audits. Similarly, the company relies on the internal audit function of the prime brokers through which the company places its listed investments. The board considers that the monitoring duties of the audit and risk committees are key to the effectiveness of the company's internal control framework and overall risk management. The audit committee continually examines the appropriateness of utilising independent internal auditors to periodically review activities of the company.</p>

THE CODE	KING IV	EXPLANATION OF THE APPLICATION OF THE CODE AND KING IV
Governance outcome four: trust, good reputation and legitimacy		
<p>Principle 8 Relations with shareholders and other key stakeholders</p> <p>The board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.</p>	<p>Principle 16</p> <p>In the execution of its governance role and responsibilities, the board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of Lighthouse Capital over time.</p>	<p>Lighthouse Capital has identified its stakeholder groups and actively balances their legitimate and reasonable needs, interests and expectations.</p> <p>Lighthouse Capital is committed to ensuring timeous, effective and transparent communication with shareholders and other stakeholders.</p> <p>The effectiveness of stakeholder management is assessed by the executive directors and board on a continuous basis. Outcomes are addressed by the executive directors and the board. The areas of focus in the 2020 financial year will be the same as the 2019 financial year.</p> <p>The approved minutes of board meetings and annual general meetings are available to shareholders upon request.</p> <p><i>Refer to the integrated report for more information on stakeholder interaction.</i></p>
	<p>Principle 17</p> <p>The board ensures that responsible investment is practiced by Lighthouse Capital to promote the good governance and the creation of value by the companies in which it invests.</p>	<p>Lighthouse Capital ensures, through active participation and representation, that it exercises its rights and obligations with regard to its investee companies.</p>