

King III compliance

Principle number	Description	Application
1.1	The board should provide effective leadership based on an ethical foundation	In accordance with the board charter, the board provides overall leadership of the business, a cornerstone of which is acting as guardian of the group's values and ethics
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	The board is the focal point of good corporate citizenship and seeks to integrate this value into the group's growth strategy and daily operations. The Social and Ethics Committee explicitly includes good corporate citizenship as part of its responsibilities
1.3	The board should ensure that the company's ethics are managed effectively	In terms of the board charter, the board ensures that the group's ethics are managed effectively. The Social and Ethics Committee will assist the board in this regard
2.1	The board should act as the focal point for and custodian of corporate governance	In terms of the board charter, the board ensures sound corporate governance by managing its relationship with management and other stakeholders along sound corporate governance principles. The board meets at least four times per year; and ensures that the company survives and thrives.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	In accordance with the board charter, the board is responsible for approving the strategy and aligning strategic objectives, purpose, vision and values with risk and performance. The group monitors the extent of its risk closely and the Social and Ethics Committee is responsible for sustainability issues.
2.3	The board should provide effective leadership based on an ethical foundation	In accordance with the board charter, the board sets the values to which the company will adhere formulated in its code of conduct and provides overall leadership of the business, a cornerstone of which is acting as guardian of the group's values and ethics. The board promotes the stakeholder-inclusive approach of governance.

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2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	The board is the focal point of good corporate citizenship and seeks to integrate this value into the group's growth strategy and daily operations. The Social and Ethics Committee explicitly includes good corporate citizenship as part of its responsibilities.
2.5	The board should ensure that the company's ethics are managed effectively	<p>In terms of the board charter, the board ensures that the group's ethics are managed effectively. The Social and Ethics Committee will assist the board in this regard:</p> <ul style="list-style-type: none"> • Ethical risks and opportunities are incorporated in the risk management process; • A code of conduct and ethics-related policies are implemented; • Compliance with the code of conduct is integrated in the operations of the company; and • The company's ethics performance are assessed, monitored, reported and disclosed.
2.6	The board should ensure that the company has an effective and independent audit committee	An effective and independent audit and risk committee exists and meets as often as is necessary to fulfil its functions but at least twice a year. The audit and risk committee ensures that combined assurance is achieved and meets with internal and external auditors at least once a year.
2.7	The board should be responsible for the governance of risk	The audit and risk committee is responsible for overseeing the group's risk management programme. The committee reports to the board, which retains ultimate responsibility for the control and management of risk. The committee will ensure that the disclosure of risk is comprehensive, timely and relevant and that an effective policy and plan is in place to achieve strategic objectives. The risk management policy is widely distributed throughout the company. The board continually monitors, and at least once a year reviews the implementation of the risk management plan.

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2.8	The board should be responsible for information technology ('IT') governance	<p>The board, through the audit and risk committee, is responsible for effectively managing relevant IT risks, and ensures:</p> <ul style="list-style-type: none"> • That an IT charter and policies are established and implemented; • The promotion of an ethical IT governance culture and awareness and of a common IT language; and • That an IT internal control framework is adopted and implemented. <p>The board receives independent assurance on the effectiveness of the IT internal controls.</p>
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The board charter demands that the board complies with applicable laws and considers adherence to non-binding rules and standards, with the assistance of the audit and risk committee. The board monitors the company's compliance with applicable laws, rules, codes and standards.
2.10	The board should ensure that there is an effective risk-based internal audit	An internal audit function is in place, with a reporting line to the Chairperson of the audit and risk committee in place.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	The group understands that fully functional interaction with all stakeholders is critical to the sustainability of the business.
2.12	The board should ensure the integrity of the company's integrated report	The board's audit and risk committee is responsible for recommending controls to enable it to verify and safeguard the integrity of its integrated report.
2.13	The board should report on the effectiveness of the company's system of internal controls	The audit and risk committee assumes this responsibility and provides a written assessment of the system of internal controls and risk management to the board.

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2.14	The board and its directors should act in the best interests of the company	The board clearly understands its responsibility in acting on behalf of shareholders. This is included in the board charter. The board acts in the best interests of the group by ensuring that individuals adhere to legal standards of conduct, are permitted to take independent advice, disclose real or perceived conflicts to the board and deal in shares in accordance with accepted best practice
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	The audit and risk committee reviews the going concern, solvency and liquidity principle on an ongoing basis as set out in the Companies Act.
2.16	The board should elect a Chairperson of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of Chairperson of the board	The board complies fully with this requirement.
2.17	The board should appoint the Chief Executive Officer and establish a framework for the delegation of authority	This is in place.
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	The board has a majority of independent non-executive directors.
2.19	Directors should be appointed through a formal processes	The formal processes of the board demand a formal and transparent system of appointing directors. The remuneration committee assists with this process.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	A formal induction programme is followed for new directors. Inexperienced directors are mentored by fellow directors and directors receive briefings on changes in risk, laws and environment.

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2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Computershare (Pty) Ltd, an independent company secretarial practice is appointed in terms of the Companies Act, the JSE Listings Requirements and the recommendations of King III.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	The first such assessment has been performed and it is planned to continue with this practice every year
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	<p>The board delegates specific functions, without abdicating its own responsibilities, to the following committees:</p> <ul style="list-style-type: none"> • Audit and risk committee • Remuneration committee • Social and ethics committee <p>Each of these committees has a formal charter approved by the board and reviewed yearly. Committees (except the social and ethics committee) comprise of a majority of non-executive directors of which the majority is independent. These committees are free to take independent outside professional advice.</p>
2.24	A governance framework should be agreed between the group and its subsidiary boards	All policies and procedures are communicated to subsidiary boards and the subsidiaries comply with the rules of the relevant stock exchange in respect of insider trading.

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2.25	Companies should remunerate directors and executives fairly and responsibly	<p>The board charter places the responsibility for ensuring an appropriate remuneration strategy with the board. The group's remuneration committee makes independent recommendations to the board for final approval ensuring that the group remunerates non-executive directors and executives fairly and responsibly and that the disclosure of directors' remuneration is accurate, complete and transparent.</p> <p>In addition, fees for board members are approved annually at the annual general meeting.</p>
2.26	The remuneration of directors is disclosed in the integrated annual report	The remuneration of directors and executive management is disclosed in the integrated annual report (see page 97).
2.27	Shareholders should approve the company's remuneration policy	The shareholders will pass a non-binding advisory vote on the company's Remuneration policy. Details of the remuneration policy are set out on page 56.
3.1	The board should ensure that the company has an effective and independent audit committee.	The audit and risk committee comprised three independent non-executive directors
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	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.	Alec Grant, an independent non-executive director, chairs the audit and risk committee
3.4	The audit committee should oversee integrated reporting.	The audit and risk committee oversees the process of integrated reporting

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3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The process of ensuring a combined assurance model has commenced within the group and implementation and re-enforcement initiatives continue
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	This process is in place
3.7	The audit committee should be responsible for overseeing of internal audit.	This process is in place
3.8	The audit committee should be an integral component of the risk management process.	This process is in place
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	This process is in place
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	The audit and risk committee reports to the board on how it has discharged its duties
4.1	The board should be responsible for the governance of risk.	The board is responsible for the governance of risk and this process will continue to be improved upon in future
4.2	The board should determine the levels of risk tolerance.	Working together with the audit and risk committee and the executive directors, the board determines the levels of risk tolerance within the group
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	The audit and risk committee assists the board in carrying out its risk responsibilities

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4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	The executive management team is responsible for the design, implementation and monitoring of the risk management plan
4.5	The board should ensure that risk assessments are performed on a continual basis.	The risks within the group are assessed on a continual basis
4.6	The board should ensure that the frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	While these processes are in place, it is planned to improve upon the framework and methodologies presently employed during the upcoming year
4.7	The board should ensure that management considers and implements appropriate risk responses.	The executive management team is responsible for the consideration and implementation of appropriate risk responses, under the guidance of the audit and risk committee
4.8	The board should ensure continual risk monitoring by the management.	The executive management team monitor the risks within the business on a continual basis
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	The level of assurance regarding the effectiveness of the risk management process will continue to be improved upon during the year ahead
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	While such processes are in place they will improved upon during the year ahead
5.1	The board should be responsible for information technology (IT) governance.	The board, through the audit and risk committee is responsible for effectively managing relevant IT risks
5.2	IT should be aligned with the performance and sustainability objectives of the company.	The IT processes within the company are aligned with the performance and sustainability objectives of the company

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5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	The board has delegated this responsibility to the executive management team and this process is continually being improved upon
5.4	The board should monitor and evaluate significant IT investments and expenditure.	The board does monitor and evaluate significant IT investments and expenditure
5.5	IT should form an integral part of the company's risk management.	IT is an integral part of the company's risk management
5.6	The board should ensure that information assets are managed effectively.	This responsibility is delegated to the executive management team who in turn report to the board when appropriate
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	The audit and risk committee does assist the board in carrying out its IT responsibilities
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The board charter demands that the board complies with applicable laws and considers adherence to non-binding rules and standards with the assistance of the audit and risk committee
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.	Each individual director understands their own personal responsibility towards understanding the effect of applicable laws, rules, codes and standards on the company and its business. In addition to this the board shares its knowledge in a manner that ensures that this requirement is adhered to
6.3	Compliance risk should form an integral part of the company's risk management process.	Compliance risk is part of the company's risk management process

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6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	The board has delegated this responsibility to the audit and risk committee who in turn work closely with the executive management team
7.1	The board should ensure that there is an effective risk based internal audit.	This process is in place and is being continually upgraded
7.2	Internal audit should follow a risk based approach to its plan.	Internal audit does follow a risk based approach to its plan
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	The Internal audit function documents its work which includes an assessment of the internal controls and risk management.
7.4	The audit committee should be responsible for overseeing internal audit.	The audit and risk committee assumes this responsibility and it has been decided that the function will be conducted by a professional firm using a fully integrated risk based approach
7.5	Internal audit should be strategically positioned to achieve its objectives.	The Internal audit function has an independent reporting line to the audit and risk committee
8.1	The board should appreciate that stakeholder's perceptions affect a company's reputation.	The board understands that fully functional interaction with all stakeholders is critical to the sustainability of the business
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	The board has delegated this function to the executive management team, with the CEO taking a lead role in such matters
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	The board strives to achieve the appropriate balance between its various stakeholder groupings in the best interests of the company
8.4	Companies should ensure the equitable treatment of shareholders	Wherever possible the group strives to ensure the equitable treatment of shareholders

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8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	The group understands that transparent and effective communication with stakeholders is essential for the building and maintenance of trust and confidence
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	Whenever necessary the board will ensure that disputes are resolved as effectively, efficiently and expeditiously as possible
9.1	The board should ensure the integrity of the company's integrated annual report.	The board together with the audit and risk committee ensures the integrity of the company's integrated report
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	This is in place
9.3	Sustainability reporting and disclosure should be independently assured.	This requirement has been partially fulfilled and the group will progressively work towards full independent assurance of Sustainability reporting and disclosure