

KING III COMPLIANCE

Chapter and principle	Status	
Chapter 1 – Ethical leadership and corporate citizenship		
1.1 The board should provide effective leadership based on an ethical foundation	Applied	This forms part of the board's mandate and is contained in the board's terms of reference
1.2 The board should ensure that the Company is seen to be a responsible corporate citizen	Applied	The integrated report contains information on the Group's financial, economic, social and environmental performance
1.3 The board should ensure that the Company's ethics are managed effectively	Applied	The Group social, ethics and transformation committee monitors the implementation of the code of ethics
Chapter 2 – Board and directors		
2.1 The board should act as the focal point for and custodian of corporate governance	Applied	The board's terms of reference clearly sets out its responsibilities and there is a delegation of authority in place
2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	A dedicated session to review the Group's strategy takes place annually
2.3 The board should provide effective leadership based on an ethical foundation	Applied	As set out in the comment to principle 1.1
2.4 The board should ensure that the Company is and is seen to be a responsible corporate citizen	Applied	As set out in the comment to principle 1.2
2.5 The board should ensure that the Company's ethics are managed effectively	Applied	As set out in the comment to principle 1.3
2.6 The board should ensure that the Company has an effective and independent audit committee	Applied	As set out in the comments to chapter 3
2.7 The board should be responsible for the governance of risk	Applied	As set out in the comments to chapter 4
2.8 The board should be responsible for information technology (IT) governance	Applied	As set out in the comments to chapter 5
2.9 The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	This forms part of the mandate of the social, ethics and transformation committee as well as the audit and risk committees
2.10 The board should ensure that there is an effective risk-based internal audit	Applied	As set out in comments to chapter 3
2.11 The board should appreciate that stakeholders' perceptions affect the Company's reputation	Applied	As set out in comments to chapter 8
2.12 The board should ensure the integrity of the Company's integrated report	Applied	As set out in comments to chapter 3 and 9
2.13 The board should report on the effectiveness of the Company's system of internal controls	Applied	As set out in comments to chapter 3

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2.14 The board and its directors should act in the best interests of the Company	Applied	The board's collective experience and expertise enables it to fulfil its duties and responsibilities
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	Applied	The board through the audit committee assesses the Group's going concern status annually
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	Partially applied	The chairman is not an independent non-executive director. A lead independent non-executive director has been appointed. The roles of the CEO and chairman are separate
2.17 The board should appoint the CEO and establish a framework for the delegation of authority	Applied	There is a clear delegation of authority 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	Applied	The board comprises two executive directors, eight independent non-executive directors and one non-executive director
2.19 Directors should be appointed through a formal process	Applied	There is a policy in place and directors are appointed in terms of the policy
2.20 The induction and ongoing training and development of directors should be conducted through formal processes	Applied	Induction takes place on appointment and ongoing director education takes place
2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	The board assesses the competence and qualifications of the company secretary annually
2.22 The evaluation of the board, its committees and the individual directors should be performed every year	Applied	This is done annually and disclosed in the integrated report
2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied	There are six board committees in place and each committee has specific terms of reference
2.24 A governance framework should be agreed between the Group and its subsidiary boards	Applied	The delegation of authority document sets out the levels of authority
2.25 Companies should remunerate directors and executives fairly and responsibly	Applied	The Company's remuneration policy details the various aspects of remuneration
2.26 Companies should disclose the remuneration of each individual director and prescribed officer	Applied	This is disclosed in the remuneration policy and in the annual financial statements
2.27 Shareholders should approve the Company's remuneration policy	Applied	The Company's remuneration policy is tabled at the annual general meeting for shareholder approval

Chapter and principle	Status	
Chapter 3 – Audit committees		
3.1 The board should ensure that the Company has an effective and independent audit committee	Applied	The four members of the audit committee are all independent non-executive directors
3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	Applied	The members of the audit committee are all suitably skilled and experienced
3.3 The audit committee should be chaired by an independent non-executive director	Applied	The committee is chaired by PJ Golesworthy, an independent non-executive director
3.4 The audit committee should oversee integrated reporting	Applied	This forms part of the committee's terms of reference
3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied	This forms part of the committee's terms of reference
3.6 The audit committee should satisfy itself of the expertise, resources and experience of the Company's finance function	Applied	The committee assesses this on an annual basis
3.7 The audit committee should be responsible for overseeing of internal audit	Applied	This forms part of the committee's terms of reference
3.8 The audit committee should be an integral component of the risk management process	Applied	This forms part of the committee's terms of reference. The chairman of the risk committee attends meetings of the audit committee. A member of the audit committee is also a member of the risk committee
3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied	This forms part of the committee's terms of reference
3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	Applied	The report of the Group audit committee is included in the annual financial statements
Chapter 4 – The governance of risk		
4.1 The board should be responsible for the governance of risk	Applied	The risk committee is a board committee and the terms of reference of the committee is approved by the board
4.2 The board should determine the levels of risk tolerance	Applied	The board has delegated this to the risk committee which determines the risk appetite in line with strategy
4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Applied	As set out in the comment to principle 4.1
4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Applied	The Group has a Group risk manager in place who assists the risk committee to fulfil its mandate

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4.5 The board should ensure that risk assessments are performed on a continual basis	Applied	Risk assessments are conducted annually
4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied	The key issues control log are presented to both the risk and the audit committees
4.7 The board should ensure that management considers and implements appropriate risk responses	Applied	Updates are presented to the risk committee and the board consisting of risk mitigation
4.8 The board should ensure continual risk monitoring by management	Applied	Reports of the key risks are presented to the risk committee
4.9 The board should receive assurance regarding the effectiveness of the risk management process	Applied	The Group relies on the attestations from the Group risk manager and internal audit
4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied	This forms part of the reports presented to the risk committee. A comprehensive risk disclosure is included in the integrated report
Chapter 5 – The governance of IT		
5.1 The board should be responsible for IT governance	Applied	IT governance is a standing item on the board agenda
5.2 IT should be aligned with the performance and sustainability objectives of the Company	Applied	Significant IT investments and expenditure are presented to the board for approval
5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework	Applied	Management has implemented an IT governance framework in line with the delegation of authority
5.4 The board should monitor and evaluate significant IT investments and expenditure	Applied	As set out in the comment to principle 5.2
5.5 IT should form an integral part of the Company's risk management	Applied	Significant IT projects are included in the Group risk manager's report to the risk committee
5.6 The board should ensure that information assets are managed effectively	Applied	The CIO provides regular reports to the board covering information management
5.7 A risk committee and audit committee should assist the board in carrying out its IT responsibilities (note 7)	Applied	The audit committee oversees IT risk as it relates to financial reporting. The risk committee oversees the implementation of IT processes and governance mechanisms
Chapter 6 – Compliance with laws, rules, codes and standards		
6.1 The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	As set out in the comments to principle 2.9

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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	Applied	Presentations are made to the board as well as to the social, ethics and transformation committee on regulatory issues
6.3 Compliance risk should form an integral part of the Company's risk management process	Applied	The risk management department and Group Legal collaborate in the identification of compliance risks
6.4 The board should delegate to management the implementation of an effective compliance framework and processes	Applied	Management monitors compliance through the Group's legal department. Compliance is also embedded in the Group's quality management system
Chapter 7 – Internal audit		
7.1 The board should ensure that there is an effective risk-based internal audit	Applied	This is included in the audit committee's mandate
7.2 Internal audit should follow a risk-based approach to its plan	Applied	The Group's internal audit follows a risk-based approach to its planning
7.3 Internal audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management	Applied	This forms part of the Group's internal audit annual report to the audit committee
7.4 The audit committees should be responsible for overseeing internal audit	Applied	This forms part of the audit committee's mandate
7.5 Internal audit should be strategically positioned to achieve its objectives	Applied	The internal audit function reports to and obtains its mandate from the Group's audit committee
Chapter 8 – Governing stakeholder relationships		
8.1 The board should appreciate that stakeholders' perceptions affect a Company's reputation	Applied	The board has the management of relationships with stakeholders as part of its responsibilities and has approved a stakeholder framework
8.2 The board should delegate to management to proactively deal with stakeholder relationships	Applied	Individual business units deal with stakeholders' activities as it pertains to their unit
8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company	Applied	The board considers reports from management dealing with various stakeholder issues
8.4 Companies should ensure the equitable treatment of shareholders	Applied	Voting at the Company's AGM is done by way of ballot
8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	The chairman of the Group's audit, remuneration and human resources committee and the social, ethics and transformation committee are available at the AGM to respond to questions from shareholders

Chapter and principle	Status	
8.6 The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Applied	There is an effective complaints management process in place
Chapter 9 – Integrated reporting and disclosure		
9.1 The board should ensure the integrity of the Company's integrated report	Applied	The board has delegated this to the Group's audit committee
9.2 Sustainability reporting and disclosure should be integrated with the Company's financial reporting	Applied	In the integrated report, sustainability disclosure is integrated with financial disclosure
9.3 Sustainability reporting and disclosures should be independently assured	Explained	The board is of the view that as the sustainability measures and targets are still being developed, it would be premature to have these independently assured. For the 2015 FY PwC provided limited assurance on selected sustainability information