



KING III
CHECKLIST
2016



APPLICATION OF PRINCIPLES IN THE KING III CODE

Key <i>A: Full application</i> <i>P: In process/partially applied</i>			
Principal	Level	Comments	
1. Ethical leadership and corporate citizenship			
1.1	The board should provide effective leadership based on an ethical foundation	A	Ethics form part of the values of the board and company. Effective and ethical leadership is entrenched in the board's decision making and the board complies with the principles of the code of ethics and good corporate governance in terms of King III.
1.2	The board should ensure that the company is, and is seen to be, a responsible corporate citizen	A	The company identifies and contributes to selected corporate social investment initiatives. The board has adopted a code of ethics policy, which governs the manner in which the company conducts itself.
1.3	The board should ensure that the company's ethics are managed effectively.	A	The board meets regularly to review management of the company. The board has instituted an independent whistle blowers' line with the company secretary which can be used by any stakeholder to report unethical behaviour. The reports are reviewed by the audit and risk committee as well as the social and ethics committee.
2. Board and directors			
2.1	The board should act as the focal point for and custodian of corporate governance	A	The board carries out its duties with the highest standards of corporate governance in mind.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	A	Board strategy is discussed at board meetings and the strategic direction of the company approved, bearing in mind shareholder returns, sustainability and risk management.
2.3	The board should provide effective leadership based on an ethical foundation	A	Effective and ethical leadership is entrenched in the board's decision-making processes.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	A	The board has adopted a code of ethics policy which governs the manner in which the company conducts itself.
2.5	The board should ensure that the company's ethics are managed effectively	A	The board has adopted a code of ethics policy which governs the manner in which the company conducts itself.
2.6	The board should ensure that the company has an effective and independent audit and risk committee	A	The audit and risk committee comprises of three independent non-executive directors. All the members have the necessary skills and experience required by the audit and risk committee.
2.7	The board should be responsible for the governance of risk	A	The board is responsible for the management of strategic and operational risks within the company.
2.8	The board should be responsible for information technology (IT) governance	A	The board takes overall responsibility for IT governance. The board delegated this function to the audit and risk committee and will be focussed on in the current financial year.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	A	The board keeps abreast of changes to legislation through notifications received from the audit and risk committee, social and ethics committee and corporate advisors.
2.10	The board should ensure that there is an effective risk-based internal audit	A	RWFC Financial Consultants has been appointed as internal auditors and the internal audit plan will be implemented during the next financial year.

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2.	Board and directors continued		
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	A	The board ensures continuous communication with key stakeholders through the publication of relevant information through news releases on the company website as well as relevant SENS announcements.
2.12	The board should ensure the integrity of the company's integrated report	A	The audit and risk committee is tasked with reviewing the integrity of the integrated report and recommending its approval to the board.
2.13	The board should report on the effectiveness of the company's system of internal controls	A	The effectiveness of the company's internal control systems is reviewed by management, as well as internal and external auditors.
2.14	The board and its directors should act in the best interests of the company	A	The board of directors as a whole and as individuals understand their fiduciary responsibility to act in the best interests of the company.
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	A	The board has noted this responsibility and will deal with it in accordance with the provisions of the Companies Act, King III and advice received from advisors should the need arise.
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	A	The independent chairman of the board's role is separate from that of the chief executive officer.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	A	A chief executive officer has been appointed and an approvals framework (reviewed annually) is in place which delegates specific powers and delegations of authorities to management.
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	A	The board comprises a majority of non-executive directors of whom the majority are independent.
2.19	Directors should be appointed through a formal process	A	The board decides on appointments. Deliberations and appointments are formal and transparent in terms of the policy for the appointment of director's to the board and the remuneration and nominations committee assists the board in determining the skills required.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	A	Training is arranged for the board as required. Members of the board are entitled to receive training at the company's expense.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	A	The board confirms that it is satisfied with the qualifications and experience of the company secretary being JUBA Statutory Services represented by Sirkien van Schalkwyk.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	A	The board has formulated a formal evaluation process and will conduct the evaluation annually. The first evaluation will only be conducted in the current financial year.
2.23	The board should delegate certain functions to well structured committees without abdicating its own responsibilities	A	The company has established an audit and risk committee, which has a formal, approved terms of reference and conducts formal meetings as required. The remuneration and nominations, – social and ethics – and transaction committees were established with approved terms of references as approved by the board.

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2.	Board and directors continued		
2.24	A governance framework should be agreed between the group and its subsidiary boards	P	Not applicable in the current structure as there are no major subsidiaries.
2.25	Companies should remunerate directors and executives fairly and responsibly	A	The board reviews the remuneration of the directors and executives. The remuneration is benchmarked against industry levels and, where applicable, is performance-based. The remuneration policy which is reviewed by the remuneration and nominations committee will be tabled for shareholders' approval at each annual general meeting.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	A	Remuneration of each director is disclosed in the integrated annual report.
2.27	Shareholders should approve the company's remuneration policy	A	The remuneration policy is tabled for adoption by shareholders at the annual general meeting.
3.	Audit and risk committees		
3.1	The board should ensure that the company has an effective and independent audit and risk committee	A	The board has an audit and risk committee in compliance with King III.
3.2	Audit and risk committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exemption)	A	The committee consists of suitably qualified and experienced independent directors.
3.3	The audit and risk committee should be chaired by an independent non-executive director	A	The committee is chaired by an independent non-executive director.
3.4	The audit and risk committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information)	A	The committee reviews the integrated annual report prepared by management.
	The audit and risk committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report	A	All significant judgements and reporting decision are reported to the committee.
	The audit and risk committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	A	The audit and risk committee reviews all integrated annual reports, interim results and any provisional results announcements prior to release.
3.5	The audit and risk committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	A	A combined assurance model was approved in May 2016 and will be implemented during the current financial year.
3.6	The audit and risk committee should satisfy itself of the expertise, resources and experience of the company's finance function	A	The committee performs an annual review of the finance function of the group through discussion with management.
3.7	The audit and risk committee should be responsible for overseeing of internal audit	A	RWFC Financial Consultants has been appointed as internal auditors subject to oversight by the audit and risk committee.
3.8	The audit and risk committee should be an integral component of the risk management process	A	The company has a combined audit and risk committee.
3.9	The audit and risk committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	A	The committee oversees the external audit functions and reviews the appropriateness and independence of the external auditor annually.
3.10	The audit and risk committee should report to the board and shareholders on how it has discharged its duties	A	The committee formally reports to the shareholders in the integrated annual report and at each board meeting.

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4.	The governance of risk		
4.1	The board should be responsible for the governance of risk	A	The board has delegated the oversight of the risk management function to the audit and risk committee. Risk matters are discussed at each meeting and feedback provided at board meetings.
4.2	The board should determine the levels of risk tolerance	A	The board operates within its approved terms of reference, frameworks and policies which are reviewed on an annual basis.
4.3	The audit and risk committee should assist the board in carrying out its risk responsibilities	A	The audit and risk committee assists the board in carrying out its risk management responsibilities.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	A	A risk management plan has been prepared for approval by the board. Risk appetite and risk tolerance levels was adopted by the board.
4.5	The board should ensure that risk assessments are performed on a continual basis	A	The board, with the assistance of the audit and risk committee, reviews the risk register at its quarterly meetings.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	A	The risk management system endeavours to anticipate unpredictable risks.
4.7	The board should ensure that management considers and implements appropriate risk responses	A	Management reports any material risks and its approach to the audit and risk committee on a regular basis.
4.8	The board should ensure continual risk monitoring by management	A	Management reports any material risks and its approach to the audit and risk committee on a regular basis.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	A	The audit and risk committee reports on the effectiveness of the risk management process to the board.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	A	The board ensures appropriate risk disclosure to stakeholders.
5.	The governance of information technology		
5.1	The board should be responsible for information technology (IT) governance	A	The board approved an IT governance framework.
5.2	IT should be aligned with the performance and sustainability objectives of the company	A	The chief financial officer oversee this function.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	A	The chief financial officer oversee this function.
5.4	The board should monitor and evaluate significant IT investments and expenditure	A	IT investments and expenses are approved by the board as part of the normal budgeting process.
5.5	IT should form an integral part of the company's risk management	A	IT will form part of the company's risk management system.
5.6	The board should ensure that information assets are managed effectively	A	The chief financial officer oversee this function.
5.7	A risk committee and audit and risk committee should assist the board in carrying out its IT responsibilities	A	The audit and risk committee will oversee IT governance.

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	Principal	Level	Comments
6.	Compliance with laws, codes, rules and standards		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	A	The board requires management to report on compliance on a regular basis.
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	A	Board members are provided with regular updates on changes in laws, and other regulations, codes and standards.
6.3	Compliance risk should form an integral part of the company's risk management process	A	Compliance risk is an integral part of the risk management system.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	A	Management is responsible for compliance.
7.	Internal audit		
7.1	The board should ensure that there is an effective risk-based internal audit	A	RWFC Financial Consultants has been appointed as internal auditors.
7.2	Internal audit should follow a risk-based approach to its plan	A	The internal audit plan followed a risk-based approach and is monitored by the audit and risk committee.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	P	RWFC Financial Consultants will provide a written assessment on the effectiveness of the company's system of internal control and risk management for review by the audit and risk committee.
7.4	The audit and risk committee should be responsible for overseeing internal audit	A	The audit and risk committee oversee the implementation of the internal audit plan by the internal auditor.
7.5	Internal audit should be strategically positioned to achieve its objectives	A	The internal audit plan is approved by the audit and risk committee and implementation monitored on an on-going basis.
8.	Governing stakeholder relationships		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	A	The board monitors stakeholder perceptions.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	A	Management is responsible for dealing proactively with stakeholder relationships. A stakeholder engagement policy was adopted.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	A	All key stakeholders are considered during decision making processes.
8.4	Companies should ensure the equitable treatment of shareholders	A	The board considers the equitable treatment of shareholders in decision making.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	A	Communication to stakeholders is the responsibility of the executive team and company secretary and is monitored by the board.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	A	All disputes communicated to the board are resolved effectively.

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9.	Integrated reporting and disclosure		
9.1	The board should ensure the integrity of the company's integrated report	A	The board ensures the integrity of the integrated annual report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	A	Sustainability reporting is incorporated in the integrated annual report.
9.3	Sustainability reporting and disclosure should be independently assured	P	The board is of the opinion that the company's present portfolio does not warrant independent assurance of its sustainability reports.

