



Aveng Limited

(Incorporated in the Republic of South Africa)
 (Registration number 1944/018119/06)
 Share code: AEG ISIN: ZAE000111829

KING III COMPLIANCE REGISTER 2017

Chapter 1: Ethical leadership and corporate citizenship		
	King III Principle	Implementation
1.1	The Board should provide effective leadership based on an ethical foundation	The role and responsibilities of the Board are regulated by the Aveng's Memorandum of Incorporation and the Board Charter. Its deliberations, decisions and actions are based on ethical values of responsibility, accountability, fairness and transparency.
1.2	The Board should ensure that the company is and is seen to be a responsible corporate citizen.	Aveng's environmental policy states its commitment to operating as an environmentally responsible company, and its belief that the integrated actions of its operations to conserve natural resources and protect the environment make business sense. Various social, environmental and governance-related policies and frameworks are in place to assist with achieving the performance that the board requires
1.3	The Board should ensure that the company's ethics are managed effectively.	The Board and the Group's individual employees are committed to the Aveng Code of Business Conduct. This prescribes our approach to ethical business practices and our obligations to customers, shareholders, employees, representatives, suppliers and the authorities. Management is tasked to ensure compliance with the code, and all employees and representatives are expected to act in a manner that inspires the trust and confidence of the general public. Commitment to the Code of Business Conduct is embedded at board meetings.

Chapter 2: Boards and directors		
	King III Principle	Implementation
2.1	The Board should act as the focal point for and custodian of corporate governance	The role and responsibilities of the Board are regulated by the company's Memorandum of Incorporation and the Board Charter. The Board Charter is reviewed and approved annually by the Board.

2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	The Board sets and annually reviews the long-term and short-term strategies of the company and monitors their implementation by management seen in the context of risk, performance and sustainability.
2.3	The Board should provide effective leadership based on an ethical foundation.	Refer to chapter 1.1 above.
2.4	The Board should ensure that the company is and is seen to be a responsible corporate citizen.	Refer to chapter 1.2 above.
2.5	The Board should ensure that the company's ethics are managed effectively.	Refer to chapter 1.3 above.
2.6	The Board should ensure that the company has an effective and independent audit committee.	Refer to chapter 3 below.
2.7	The Board should be responsible for the governance of risk.	Refer to chapter 4 below.
2.8	The Board should be responsible for information technology. governance	Refer to chapter 5 below.
2.21	The Board should be assisted by a competent, suitably qualified and experienced company secretary.	The Board annually reviews the competence, qualifications and experience of the company secretary. The company secretary maintains an arms-length relationship with the board of directors. The company secretary is not be a director of the company nor a juristic person.”
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year.	A comprehensive evaluation of the performance of the Board and the Board committees is undertaken annually. This is done by way of a self-assessment questionnaires, one-on-one interviews with the Chairman or outsourced independent questionnaires/interviews and is completed by directors and Board committee members.
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The Board has delegated certain responsibilities, but without abdicating responsibility, to the Audit Committee, Risk Committee, Remuneration and Nomination Committee, Safety, Health and Environmental Committee and the Social, Ethics and Transformation Committee.
2.24	A governance framework should be agreed between the Group and its subsidiary Boards.	The governance framework is agreed between the Group and its operating group boards. This is done twice a year at the interim stage and year-end when the delegation of authority is tabled for adoption and approval.

2.25	Companies should remunerate directors and executives fairly and responsibly.	The Remuneration Committee approves the overall remuneration structure for the Group and considers all the elements with a view to creating a climate that is fair, but also motivates and supports high levels of performance and retention.
2.26	Companies should disclose the remuneration of each individual director and prescribed officer.	Remuneration of the non-executive and executive directors as well as the prescribed officers is disclosed on pages 88 to 110 of the Integrated Report.
2.27	Shareholders should approve the Company's remuneration policy.	The remuneration policy is tabled for a non-binding vote by shareholders at each annual general meeting.

Chapter 3: Audit Committees		
	King III Principle	Implementation
3.1	The Board should ensure that the Company has an effective and independent Audit Committee.	Aveng has an effective and independent Audit Committee. The shareholders of Aveng, at the annual general meeting elect an Audit Committee, comprising the independent, non-executive directors who are named and recommended for appointment in the notice of the annual general meeting.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	All members of the Audit Committee are suitably skilled and experienced independent non-executive directors.
3.3	The Audit Committee should be chaired by an independent non-executive director.	The Audit Committee is chaired by an independent non-executive director.
3.4	The Audit Committee should oversee integrated reporting.	The committee must have regard to all factors and risks that may impact on the integrity of the Integrated report; all integrated reporting is reviewed by the committee and referred to the board for approval.
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The committee is to obtain assurance on the effectiveness of internal controls and ensure that the combined assurance received is appropriate to address all the significant risks facing the organisation. An overall procedure is being developed to ensure that overall assurance is achieved.
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function.	The Audit Committee annually evaluates the expertise, experience and adequacy of resources in the company's finance function including the Chief Finance Officer.
3.7	The Audit Committee should be responsible for overseeing internal audit.	The Audit Committee reviews the Internal Audit Charter and audit plans and further monitors internal audit's effectiveness. The effectiveness of the internal audit function is formally assessed by the Audit Committee on an annual basis.

3.8	The Audit Committee should be an integral component of the risk management process.	The chairman of the Audit Committee attends and participates in the Board Risk (RiskCom) and Board Tender Risk Committee (TRC) meetings thereby ensuring seamless oversight of the risk management process.
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	The Audit Committee annually reviews the independence of the external auditors and recommends their appointment to shareholders at the annual general meeting and is responsible for oversight of the external audit process.
3.10	The Audit Committee should report to the Board and shareholders on how it has discharged its duties.	The Audit Committee reports to the Board and to shareholders at the annual general meeting on the discharge of its functions as well as in the integrated report.

Chapter 4: The Governance of Risk

	King III Principle	Implementation
4.1	The Board should be responsible for the governance of risk.	The Board is the ultimate custodian of risk governance as detailed in the Board Charter. The Board relies on the Risk Committee (RiskCom) to report to it at every meeting of the Board and it formally reviews and approves the Group's overall business risk profile (i.e. The "Strategic Risk Dashboard").
4.2	The Board should determine the levels of risk tolerance	The RiskCom is required to make recommendations to the Board regarding levels of risk tolerance and appetite and it shall ensure that management always manage business risks accordingly.
4.3	The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities.	The RiskCom and wherever necessary, the Audit Committee assist the Board in carrying out risk responsibilities.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	The Board has delegated to management the responsibility to design, implement and monitor the Risk Management Plan. A risk management guideline and framework setting out the process has been approved by the Board and has been implemented by management. This is reviewed and approved by the RiskCom on an annual basis.
4.5	The Board should ensure that risk assessments are performed on a continual basis.	Risk assessments are performed on a quarterly basis. Risk and opportunities form part of the divisional and group director meetings.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	The Board has approved the Risk Management Framework and the Audit and Risk Committees interrogate the quality of the identified risks at the quarterly meetings.

4.7	The Board should ensure that management considers and implements appropriate risk responses.	The Board reviews management's risk responses and suggests changes when considered appropriate.
4.8	The Board should ensure continual risk monitoring by management.	The RiskCom ensures that management monitors and addresses issues related to risk and reports to the Board at least half-yearly but usually quarterly
4.9	The Board should receive assurance regarding the effectiveness of the risk management process.	The Group Risk Management function has set in place a group risk management framework of what the Operating Groups and their Risk Officers should adhere to. Group Internal Audit carries out individual audits as per their audit plan and the results of this audit are included in the Group Risk Manager's report to the RiskCom..
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Reports on Aveng's risk management process and the key strategic risks facing the group, are included on pages 16 to 25 of the Integrated Report.

Chapter 5: The Governance of Information Technology		
	King III Principle	Implementation
5.1	The Board should be responsible for information technology (IT) governance.	The committee refers where necessary to the Board for consideration as the Board is ultimately accountable for IT".
5.2	IT should be aligned with the performance and sustainability objectives of the Company.	The IT strategy is directed by the IT steering committee that represents the various divisions of Aveng.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework.	The Board has delegated responsibility for the IT Governance Framework to the Chief Information Officer.
5.4	The Board should monitor and evaluate significant IT investments and expenditure.	IT Investment is managed through the corporate capital expenditure process.
5.5	IT should form an integral part of the Company's risk management.	IT Risk management is incorporated in the overall company risk management framework, overseen by the Risk Committee.
5.6	The Board should ensure that information assets are managed effectively.	The Chief Financial Officer chairs the IT Steering committee that in turn oversees the effective management of all IT projects and assets.

5.7	A risk committee and Audit Committee should assist the Board in carrying out its IT responsibilities.	IT is a standard agenda item on the Audit Committee's agenda. Where necessary, matters are referred to the Board or another Board sub-committee for consideration.
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Chapter 6: Compliance with Laws, Codes, Rules and Standards		
	King III Principle	Implementation
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Aveng is committed to conducting its business in compliance with all applicable laws and regulations and with honesty in its dealings with stakeholders. In pursuit of that goal, Aveng maintains effective compliance programmes. A Compliance Officer oversees legal compliance across the Group and reports to the Audit Committee and the Social, Ethics and Transformation 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.	A board-approved compliance framework is implemented by Aveng and its operating groups in line with an annual compliance plan. Key milestones are monitored by the audit and social, ethics and transformation committees for programme effectiveness.
6.3	Compliance risk should form an integral part of the Company's risk management process.	Non-compliance to applicable and material laws, rules, codes and standards is reported to the audit as well as to the risk Board sub-committees.
6.4	The Board should delegate to management the implementation of an effective compliance framework and process.	The group adopted a Group Compliance Framework in February 2014 and it is being implemented at Group and Operating level. A Group Compliance Officer has been appointed to assist management in the process of implementing the over-

Chapter 7: Internal Audit		
	King III Principle	Implementation
7.1	The Board should ensure that there is an effective risk based internal audit.	The Board through the Audit Committee approves the Internal Audit Charter and Audit Plan on an annual basis and further evaluates the internal audit function's performance. Internal audit charter mandates the risk based approach to internal auditing.
7.2	Internal review should follow a risk-based approach to its plan.	Internal audit follows a risk based approach in accordance with the Internal Audit Charter.

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 evaluates the adequacy and effectiveness of risk management, system of internal control and governance processes in terms of the approved internal audit plan. Control weaknesses identified by internal audit are brought to the attention of management and the audit committee in written reports. A written assessment regarding the effectiveness of the system of internal controls and risk management is given to the Board on an annual basis.
7.4	The Audit Committee should be responsible for overseeing internal audit.	The internal audit plan is approved annually by the audit committee. The audit committee continually monitors internal audit's performance.
7.5	Internal audit should be strategically positioned to achieve its objectives.	The chief internal audit executive reports functionally to the chairperson of the Audit Committee and administratively to the Chief Financial Officer.

Chapter 8: Governing Stakeholder Relationships

	King III Principle	Implementation
8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation.	There is plan on stakeholder engagement and the Board understands the impact that stakeholder engagements have on the business and its reputation. For details refer to pages to 18 to 20 of the Integrated Report.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	The Board has delegated to management to proactively deal with stakeholder groupings and to provide feedback where necessary.
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 considers the balance of engagement with each stakeholder grouping and endeavours to achieve a climate of respect with constructive debate.
8.4	Companies should ensure the equitable treatment of shareholders.	Equitable treatment of shareholders is considered by the company in its engagement activities.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Aveng's guiding principles behind stakeholder engagement include equality, transparency, effectiveness, balance and accurate and relevant information.
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	The Board is informed of material issues and disputes and provides input to enable resolution as effectively, efficiently and expeditiously as possible.



Chapter 9: Integrated Reporting and Disclosure		
	King III Principle	Implementation
9.1	The Board should ensure the integrity of the Company's integrated report.	The integrated report of the company is tabled at the Board Audit Committee for approval on behalf of the Board prior to being published.
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	Sustainability reporting and disclosure is being integrated with the company's financial reporting in a progressive manner.
9.3	Sustainability reporting and disclosure should be independently assured.	Aveng has an assurance roadmap for independent assurance of sustainability reporting during 2016.

**The register will be reviewed on a regular basis to ensure the disclosures are current and remain relevant*