APPLICATION OF KING III

Principle number	Description	Compliance
Chapter 1: Ethical leadership and corporate citizenship		
1.1	The board should provide effective leadership based on an ethical foundation.	In accordance with the board charter the board is the guardian of the values and ethics of the group.
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Afrimat's Social, Ethics & Sustainability Committee reflects and effects the company's commitment to responsible corporate citizenship.
1.3	The board should ensure that the company's ethics are managed effectively.	The board of Afrimat is the focal point for good corporate citizenship. The board acts in accordance with its own Code of Conduct. The Code promotes and enforces ethical business practices. In addition the Social & Ethics & Sustainability Committee ensures that the company's ethics are managed effectively.
Chapter 2: boards and directors		
2.1	The board should act as the focal point for and custodian of corporate governance.	The board is the focal point and custodian of corporate governance at Afrimat. In accordance with the Board Charter, the board is committed to the highest standards of corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	The board, in accordance with the Board Charter and all committee terms of reference reviewed in line with King III, is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The group's formalised risk management process takes into account the full range of risks including strategic and operational risk while considering performance and sustainability.
2.3	The board should provide effective leadership based on an ethical foundation.	The board provides effective leadership and is committed to the highest standards of ethical conduct.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	See 1.2 above.

2.5	The board should ensure that the company's ethics are managed effectively.	The Social, Ethics & Sustainability Committee is tasked with ensuring that the company's ethics are managed effectively.
2.6	The board should ensure that the company has an effective and independent Audit Committee.	The board is satisfied that the Audit & Risk Committee is effective. The committee is chaired by an independent non-executive director. It further consists of three independent non-executive directors and one non-executive director. The board is satisfied that these directors act independently for the purposes of the committee. Afrimat acknowledges that in accordance with the King III Report all members of the committee should be independent non-executive directors, which will be borne in mind when considering future board and committee appointments. Presently membership of the committee is based on the skills and experience available on Afrimat's board to ensure full efficacy and discharge of the committee's responsibilities. All members are suitably qualified chartered accountants and/or experienced business leaders.
2.7	The board should be responsible for the governance of risk.	The board's Audit & Risk Committee has conducted an evaluation of risk and is satisfied with the effective management of risk.
2.8	The board should be responsible for information technology ('IT') governance.	The board ensures that IT governance is an integral part of corporate governance and that it is assessed in line with the IT Governance Framework.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Compliance is fully integrated in the legislative, political and corporate governance risks identified in the half-yearly risk register. This ensures compliance risks are addressed with the same rigour as other categories of risk. To ensure the best overall risk coverage, standardisation and discharging the accountability of risk owners, the implementation of all mitigation techniques is coordinated centrally. The company received no material fines or penalties for non-compliance during the year.

2.10	The board should ensure that there is an effective risk-based internal audit.	The board ensures that the internal audit function continues to report directly and effectively to the Audit & Risk Committee. The internal Audit Charter defines the scope of the internal audit function as assisting the board in assessing the group's risk management and governance processes.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	The board recognises the importance of developing and nurturing positive and stable relationships with key stakeholders as a key driver of business success.
2.12	The board should ensure the integrity of the company's integrated annual report.	The board continues to ensure that the integrated annual report endeavours to provide a true view of the group's commitment to financial, social and environmental value creation.
2.13	The board should report on the effectiveness of the company's system of internal controls.	Internal audit provides a written assessment on the design, implementation and effectiveness of the company's system of internal financial controls on an annual basis. Based on the results of this assessment, the Audit & Risk Committee is able to form an opinion on whether the internal financial controls form a sound basis for the preparation of reliable financial statements. The Audit & Risk Committee reports to the board and this is reported in the integrated annual report.
2.14	The board and its directors should act in the best interests of the company.	The board acknowledges its role as a trustee on behalf of the shareholders. In addition to the Code of Conduct, the members of the board are governed by a formal policy in respect of dealing in Afrimat shares.
2.15	The board should consider business rescue proceeding or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	The board monitors the company's solvency and liquidity. Business rescue has not been required.
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.	The Chairman, Marthinus W von Wielligh, is an independent non-executive Chairman and the roles of CEO and Chairman are clearly defined and separated.

2.17	The board should appoint the CEO and establish a framework for the delegation of authority.	The board has appointed Andries J van Heerden as CEO and a delegation of authority framework is contained in the Board Charter and reviewed annually.
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 comprises a majority of non-executive directors. It comprises four independent non-executive directors, two non-executive directors and three executive directors. The responsibilities of the Chairman and CEO, and those of other non-executive and executive directors, are clearly separated to ensure a balance of power and prevent any one director from exercising unfettered powers of decision-making. The Chairman provides leadership to the board in all deliberations ensuring independent input, and oversees its efficient operation. The CEO is responsible for proposing, updating, implementing and maintaining the strategic direction of Afrimat as well as ensuring appropriately supervised and controlled daily operations. In this regard, the CEO is assisted by the CFO and another executive director. The independent non-executive directors and non-executive directors are high merit individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process. These directors are not involved in the daily operations of the company.
2.19	Directors should be appointed through a formal process.	The entire board participates in a formal and transparent process for the appointment of new board members, including the CEO. The Remuneration & Nominations Committee recommends suitable candidates following a vetting process which takes into account a candidate's skills offering, experience and interests such as diversity.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	In the case of new appointees, the Chairman and company secretary are responsible for implementing a comprehensive induction programme, including introductions to key senior management and site visits. New appointees also receive copies of the latest annual report, the latest interim announcements, recent circulars to stakeholders, board packs, details of the company's structure and operations and an overview of the company's accounting systems. The

		programme further sets out the new directors' responsibilities and fiduciary duties, as well as advises on the relevant statutory and regulatory framework and the JSE Listings Requirements. Subsequent to reviewal of board evaluations by the Chairman as per 2.22, potential training needs are identified. Based on these needs identified, directors will attend seminars and courses at the company's expense. The induction programme is extended to new senior management as well, in order to ensure maximum efficacy as early as possible after appointment.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	The board of directors is assisted by a competent, suitably qualified and experienced company secretary. The board, through the Remuneration & Nominations Committee assesses this on an annual basis. The company secretary is a qualified CA (SA). On completing her CSSA International Qualifying Board Examination, she has been admitted as an Associate Member of the Chartered Secretaries of Southern Africa ('ACIS'). The company secretary is not a director of Afrimat, reports to the Chairman of the board and is accountable to the board as a whole and accordingly maintains an arm's length relationship with the board and its directors. The company secretary keeps record of, inter alia, shareholder registers, meeting attendance registers, meeting minutes, resolutions, directors' declarations of personal interest/s, all notices and circulars issued by the company, directors' training, guidance on directors' duties and good governance and assistance of evaluation of board and board committees' performance. She is well versed in all relevant updates to current legislation and regulation and is responsible for advising the board as such. Further, the company secretary reviews the rules and procedures applicable to the conduct of the board. To this end she will involve, wherever necessary, the sponsor and other relevant advisers/experts to ensure that the directors have adequate information to sufficiently discharge their responsibilities.

2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	The company secretary compiles the self-evaluation programme which is then assessed and reviewed by the directors prior to implementation. The Chairman reviewed each director’s performance and communicated the outcome. The annual self-evaluation included a comprehensive review of performance across key performance areas such as financial and business knowledge, business judgment and willingness to go against the flow, entrepreneurial, strategic and conceptual capability and industry and company knowledge and insight.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The board delegates certain functions without abdicating its own responsibilities to the following committees: Audit & Risk Committee; Remuneration & Nominations Committee; and Social, Ethics & Sustainability Committee.
2.24	A governance framework should be agreed between the group and its subsidiary boards.	Afrimat ensures sound corporate governance throughout the group, communicating policies on corporate governance and ethics to subsidiary boards and their financial managers. The CFO and Audit & Risk Committee review application of and compliance with recommendations and legislation at subsidiary level.
2.25	Companies should remunerate directors and executives fairly and responsibly.	The group’s remuneration philosophy reflects Afrimat’s commitment to best practice. The Remuneration & Nominations Committee determines the remuneration policy on executive and senior management remuneration in line with the group’s remuneration philosophy. The total remuneration packages of the executive directors and senior management are subject to annual review as benchmarked against external market data, taking into account the size of the company, its market sector and business complexity. A detailed remuneration report is contained in the integrated annual report.

2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	The remuneration of directors is disclosed in the integrated annual report. The executive directors are deemed to be the prescribed officers.
2.27	Shareholders should approve the company's remuneration policy.	Shareholders consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy at the annual general meeting.
Chapter 3: Audit Committee		
3.1	The board should ensure that the company has an effective and independent Audit Committee.	The Committee has a majority of independent non-executive directors. The group has an Audit & Risk Committee comprising four independent non-executive directors and one non-executive director who act independently.
3.2	Audit Committee members should be suitably skilled and experienced independent non-executive directors.	Members of the Audit & Risk Committee are all suitably skilled and experienced.
3.3	The Audit Committee should be chaired by an independent non-executive director.	The Audit & Risk Committee is chaired by independent non-executive director Hendrik JE van Wyk. It also consists of independent non-executive directors Marthinus W von Wielligh, Phuti RE Tsukudu, Jacobus F van der Merwe and non-executive director Loyiso Dotwana. The board is satisfied that the Audit & Risk Committee is effective. See 2.6 above.
3.4	The Audit Committee should oversee integrated reporting.	The Audit & Risk Committee is governed by a formal charter which requires the committee to oversee integrated reporting.
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The Audit & Risk Committee reviews the plans and work outputs of the external and internal auditors. The committee concluded that these were adequate to address all significant financial risks facing the business. Furthermore, the group subscribes to a combined assurance model that attempts to limit or control risk in the business, by making use of both in-house and third party assurance providers.
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function.	The Audit & Risk Committee considered the expertise, resources and experience of the CFO and the finance function and concluded that these were appropriate.

3.7	The Audit Committee should be responsible for overseeing of internal audit.	The Audit & Risk Committee oversees internal controls and internal audit. The Audit & Risk Committee is satisfied that Afrimat's in-house internal audit function and Chief Audit Executive are sufficiently independent of the group.
3.8	The Audit Committee should be an integral component of the risk management process.	The Audit & Risk Committee reviewed the group's risk approach and found them to be sound.
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	The Audit Committee nominated the re-appointment of Mazars, as the external auditors and Mr Duncan Dollman as the designated auditor to the shareholders and reviewed and evaluated the effectiveness of the external auditors.
3.10	The Audit Committee should report to the board and shareholders on how it has discharged its duties.	The Audit & Risk Committee formally reports to the board after each meeting. An Audit & Risk Committee report is included in the integrated report.
Chapter 4: The governance of risk		
4.1	The board should be responsible for the governance of risk.	The Audit & Risk Committee is responsible for overseeing the group's risk management programme and reporting thereon to the board, which retains ultimate responsibility for the control and reduction of risk.
4.2	The board should determine the levels of risk tolerance.	The Audit & Risk Committee assesses the levels of risk tolerance and limits of risk appetite for the group, as expressed in the "Risk policy".
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	See 4.1 above.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	The day-to-day responsibility for risk management remains with management both at an operational and group executive level.
4.5	The board should ensure that risk assessments are performed on a continual basis.	The Audit & Risk Committee frequently oversees and monitors the group's key risks as part of its standard agenda. The risk register is reviewed and updated every 6 months.
4.6	The board should ensure that the frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Risks are identified on a continual basis and steps to mitigate these are outlined. Forecasting of future risk also forms part of the risk assessment.
4.7	The board should ensure that management considers and implements appropriate risk responses.	The executive committee has appropriate responses in place to identified risks.

4.8	The board should ensure continual risk monitoring by management.	Responsibility for identified risks is assigned to an appropriate member of the group's senior management team, who is required to report to the executive committee on the steps being taken to manage or mitigate such risks.
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	The internal audit department as well as the sustainability department carries out compliance-based audits focusing on the financial, safety, health and environmental control.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	The group's integrated report includes disclosure of financial risks and the operating environment.
Chapter 5: The governance of information technology		
5.1	The board should be responsible for information technology (IT) governance.	The board understands the importance, relevance and inherent risks in IT and has delegated the management thereof to executive management. An IT Governance Framework is in place and is reviewed regularly. The Audit & Risk Committees assists in ensuring appropriate compliance structures are in place.
5.2	IT should be aligned with the performance and sustainability objectives of the company.	
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	
5.4	The board should monitor and evaluate significant IT investments and expenditure.	
5.5	IT should form an integral part of the company's risk management.	
5.6	The board should ensure that information assets are managed effectively.	
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	
Chapter 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 non-binding rules, codes and standards.	The group has a legal compliance checklist in place. In addition the group complies with the Mining Charter and Business Leadership South Africa – Code of Good Corporate Citizenship. EXCO and senior management make an annual declaration regarding compliance.

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.	The directors understand the appropriate applicable laws, rules, codes of standards required by the company and its business.
6.3	Compliance risk should form an integral part of the company's risk management process.	Legislative issues are an identified significant risk and addressed as part of the risk management process.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	Compliance is driven by the CEO, CFO and senior management.
Chapter 7: Internal audit		
7.1	The board should ensure that there is an effective risk based internal audit.	A risk-based internal audit is in place.
7.2	Internal audit should follow a risk-based approach to its plan.	A risk-based approach is followed by internal audit.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	A written assessment of the effectiveness of the company’s system of internal control and risk management is provided.
7.4	The Audit Committee should be responsible for overseeing internal audit.	The Audit & Risk Committee is responsible for overseeing the internal audit.
7.5	Internal audit should be strategically positioned to achieve its objectives.	Internal audit is independent, with no material breakdowns, enabling it to achieve its objectives.
Chapter 8: Governing stakeholder relations		
8.1	The board should appreciate that stakeholders perception affect a company's reputation.	The board and executive management recognise that developing and nurturing positive relationships with its significant stakeholders are key drivers of success that inform business strategy and enable the group to better understand and address the impact of its activities on society.
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	Executive directors and senior management are responsible for maintaining stakeholder relationships.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	The appropriate balance is assessed on a continuous basis.
8.4	Companies should ensure the equitable treatment of shareholders.	The group ensures the equitable treatment of and communication with shareholders.

8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	The company has a comprehensive stakeholder engagement process in place and regularly communicates with stakeholders.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	The board ensures that disputes are resolved effectively.
Chapter 9: Integrated reporting and disclosure		
9.1	The board should ensure the integrity of the company's integrated report.	The board is responsible for the integrity of the integrated report
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	The company's vision and mission statements, strategic objectives and value system are integrated into all policies, procedures, decision-making and operations, with sustainability as the ultimate objective.
9.3	Sustainability reporting and disclosure should be independently assured.	The board, with the assistance of the Audit & Risk Committee, is responsible for the accuracy and completeness of the sustainability reporting and does not rely on the opinion of an independent assurance provider.