

## KING III COMPLIANCE

	Apply	Note
<b>CHAPTER 1 – ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP</b>		
Effective leadership based on an ethical foundation	✓	
Responsible corporate citizen	✓	
Effective management of company's ethics	✓	
Assurance statement on ethics in integrated annual report	✓	
<b>CHAPTER 2 – BOARD AND DIRECTORS</b>		
The board is the focal point for and custodian of corporate governance	✓	
Appreciation that strategy, risk, performance and sustainability are inseparable	✓	
Reports on the effectiveness of internal controls	✓	
Acts in the best interests of the company	✓	
The positions of Chairman and CEO are held by different persons	✓	
The chairman of the board is an independent non-executive director		1
The board comprises a balance of power, with a majority of non-executive directors who are independent	✓	
Directors are appointed through a formal process	✓	
Formal induction and ongoing training of directors is conducted		2
The board is assisted by a competent, suitably qualified and experienced company secretary	✓	
Separate Audit, Risk and Remunerations/Nominations Committees have been established	✓	
Board and committees regulated through formal charters	✓	
Regular performance evaluations of the board, its committees and each individual director	✓	
Governance framework between group and subsidiary boards	✓	
Directors and executives are fairly and responsibly remunerated	✓	
Remuneration of directors and senior executives is disclosed	✓	
The company's remuneration policy is approved by its shareholders	✓	
<b>CHAPTER 3 – AUDIT COMMITTEE</b>		
Members comprise three suitably skilled and experienced independent non-executive directors	✓	
Chaired by an independent non-executive director	✓	
Oversees Integrated Reporting	✓	
A combined assurance model is applied	✓	
Satisfies itself of the expertise, resources and experience of the company's finance function	✓	
Oversees internal audit	✓	
Integral to the risk management process	✓	
Oversees the external audit process and recommends the appointment of the external auditor	✓	
Reports to the board and shareholders on how it has discharged its duties	✓	
<b>CHAPTER 4 – THE GOVERNANCE OF RISK</b>		
The board is responsible for the governance of risk and setting levels of risk tolerance	✓	
The Risk Committee assists the board in carrying out its risk responsibilities	✓	
The board delegates the process of risk management to management	✓	
The board ensures that risk assessments are performed on a continual basis	✓	
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	
Management implements appropriate risk responses	✓	
The board receives assurance on the effectiveness of the risk management process	✓	
The board ensures risk disclosure to stakeholders	✓	
<b>CHAPTER 5 – THE GOVERNANCE OF INFORMATION TECHNOLOGY (IT)</b>		
The board is responsible for IT governance	✓	
IT is aligned with the performance and sustainability objectives of the company	✓	
Management is responsible for the implementation of an IT governance framework	✓	
The board monitors and evaluates significant IT investments and expenditure	✓	
IT forms an integral part of the company's risk management	✓	

IT assets are managed effectively	✓	
The Risk Committee and Audit Committee assist the board in carrying out its IT responsibilities	✓	
<b>CHAPTER 6 – COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS</b>		
The board ensures that the company complies with relevant laws and considers adherence to non-binding rules, codes and standards	✓	
The board and directors have a working understanding of the effect of applicable laws, rules, codes and standards	✓	
Compliance risk forms an integral part of the company's risk management process	✓	
The board has delegated to management the implementation of an effective compliance framework and processes	✓	
<b>CHAPTER 7 – INTERNAL AUDIT</b>		
Effective risk-based internal audit	✓	
Written assessment of the effectiveness of the company's system of internal controls and risk management	✓	
Internal audit is strategically positioned to achieve its objectives	✓	
<b>CHAPTER 8 – GOVERNING STAKEHOLDER RELATIONSHIPS</b>		
Appreciation that stakeholders' perceptions affect the company's reputation	✓	
Management proactively deals with stakeholder relationships	✓	
The board strives to achieve an appropriate balance between its various stakeholder groupings in the best interests of the company	✓	
Equitable treatment of shareholders	✓	
Transparent and effective communication to stakeholders	✓	
Disputes are resolved as effectively, efficiently and expeditiously as possible	✓	
<b>CHAPTER 9 – INTEGRATED REPORTING AND DISCLOSURE</b>		
The board ensures the integrity of the company's annual Integrated Report	✓	
Sustainability reporting and disclosure is integrated with the company's financial reporting	✓	
Sustainability reporting and disclosure is independently assured		3

<b>EXPLANATORY NOTES:</b>		
1	<p>ARB's chairman, Alan R Burke, is classified as a non-executive chairman given his material shareholding in ARB.</p> <p>As per the recommendations of King III, ARB has appointed a lead independent director to compensate for the lack of an independent non-executive chairman, as well as ensured that in terms of the composition of the board, the number of non-executive directors on its board exceeds the number of executive directors, and further that the majority of non-executive directors are independent.</p>	
2	A formal induction programme is in the process of being developed. Regulatory updates and changes in laws and risks are circulated to the board on a regular basis.	
3	The Audit Committee, which comprises a majority of independent non-executive directors, is responsible for overseeing and reporting on sustainability and for reviewing the Integrated Report. The board has further adopted a combined assurance model with certain aspects of the group's reporting being independently assured by PKF, the external auditors, while other aspects are internally, but independently, assessed and reported on by, for example, the internal audit function which reports directly into the independent chairman of the Audit Committee.	