

King III application

The company continuously reviews the extent to which Wesizwe applies the principles and recommended practices in King III. This review identifies the governance principles already being applied and those which the company needs to address or further entrench. The review also identifies areas of improvement or ways in which our governance practices could be enhanced.

We confirm that the group applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures.

The table below summarises the extent to which the company applies King III.

Chapter	Principle	Principle Description	Applied / Partially Applied / Not Applied	Explanation / Compensating Practices
Chapter 1-Ethical leadership & corporate citizenship				
Chapter 1	Principle 1.1	The Board provides effective leadership based on ethical foundation	Applied	The group subscribes to high ethical standards, and responsible leadership characterised by the values of responsibility, accountability, fairness and transparency since its establishment.
Chapter 1	Principle 1.2	The Board ensures that the company is and is seen to be a responsible corporate citizen	Applied	The board is responsible for ensuring that the group protects, enhances and invests in the wellbeing of the economy, society and natural environment. The group is involved in a number of projects in the community where the mine is being built.
Chapter 1	Principle 1.3	The Board ensures that the company ethics are managed effectively	Applied	The board has approved a code of ethics and code of conduct which govern the business of the group.

Chapter 2-board & directors				
Chapter 2	Principle 2.1	The board acts as the focal point for and custodian of corporate governance	Applied	The board ensures that the group applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices
Chapter 2	Principle 2.2	The board's appreciates that the strategy, risk, performance and sustainability are inseparable	Applied	The board approves and monitors the implementation of the strategy and business plan of the group, sets objectives, reviews key risks and evaluates the performance of the group against its scorecard
Chapter 2	Principle 2.3	The board provides for effective leadership based on ethical foundation SAME AS PRINCIPLE 1.1 - CHAPTER 1	Applied	Responsible leadership characterised by the values of responsibility, accountability, fairness and transparency has been a defining characteristic of the group
Chapter 2	Principle 2.4	The board ensures that the company is and is seen as a responsible corporate citizen SAME AS PRINCIPLE 1.2 - CHAPTER 1	Applied	The board is responsible for ensuring that the group protects, enhances and invests in the wellbeing of the economy, society and natural environment, and pursues its activities within the confines of social, political and environmental responsibilities outlined in applicable codes and standards including legislative framework.
Chapter 2	Principle 2.5	The board ensures that the company's ethics are managed effectively SAME AS PRINCIPLE 1.3 - CHAPTER 1	Applied	In July, the board approved the code of conduct to strengthen ethics management of the group
Chapter 2	Principle 2.6	The board ensures that the company has an effective and independent audit committee SAME AS PRINCIPLE 3.1 - CHAPTER 3	Partially applied	In line with the Companies Act the board annually appoints an effective audit committee that is approved by shareholders at the next annual general meeting. Two members of the committee are not independent.

Chapter 2	Principle 2.7	The board is responsible for the governance of risk SAME AS PRINCIPLE 4.1 - CHAPTER 4	Applied	The board is responsible for the governance of risk and ensures that the company has an effective risk management system. The board has approved a risk management policy for the group. The group ensures an on-going systematic risk assessment process that ensures risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each department, and that their individual and joint impact on the group is considered.
Chapter 2	Principle 2.8	The board's is responsible for information technology (IT) governance SAME AS PRINCIPLE 5.1 - CHAPTER 5	Applied	The board bears ultimate responsibility for information technology (IT) governance and has delegate oversight of IT governance to the Audit and Risk Committee which feeds form the IT Steering Committee which is a management committee with a responsibility for developing an IT governance framework.
Chapter 2	Principle 2.9	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards. SAME AS PRINCIPLE 6.1 - CHAPTER 6	Applied	The board is responsible for ensuring that the group complies with applicable laws and considers adhering to non-binding rules, codes and standards. The responsibility has been delegated to the Audit and Risk committee including the Social and Ethics committee whereat quarterly reports on compliance are tabled.
Chapter 2	Principle 2.10	The board ensures that there is an effective risk-based internal audit SAME AS PRINCIPLE 7.1 - CHAPTER 7	Applied	The board has established a risk-based internal audit function whose purpose, authority and responsibilities and functions are defined in a board-approved charter that is consistent with the requirements of the Institute of Internal Auditors and the principles of King III

Chapter 2	Principle 2.11	The board appreciates that stakeholders' perceptions affect the company's reputation SAME AS PRINCIPLE 8.1 - CHAPTER 8	Applied	The board appreciates the importance of stakeholders and has approved a stakeholder engagement policy.
Chapter 2	Principle 2.12	The board ensures the integrity of the company's integrated report SAME AS PRINCIPLE 9.1 - CHAPTER 9	Applied	On the recommendation of the audit and risk committee, the board considers and approves the company's integrated report
Chapter 2	Principle 2.13	The board reports on the effectiveness of the company's internal controls SAME AS PRINCIPLES OF CHAPTER 7 & 9	Applied	Based on the report of the audit and risk committee and the written assessment of the company's internal auditor, the board reports on the effectiveness of the company's system of internal controls
Chapter 2	Principle 2.14	The board and its directors act in the best interests of the company	Applied	In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders. The board as a whole acts as a steward of the company and each director acts with intellectual honesty and independence of mind in the best interests of the group and its stakeholders. The board has approved a policy on dealing in shares and directors declare conflict of interest at each meeting.
Chapter 2	Principle 2.15	The board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Company's Act, 71 of 2008	Applied	The board is aware of the requirements of the Companies Act regarding business rescue and through the risk management process ensures that relevant financial risks are identified, assessed and evaluated.

Chapter 2	Principle 2.16	The board has elected a chairman of the board who is an independent non- executive director. The CEO of the company does not also fulfil the role of chairman of the Board.	Applied	Ms Dawn Mokhobo, an independent nonexecutive director, is chairman of the board and Mr Jianke Gao an executive director, is chief executive. The roles of the chairman and chief executive are thus separate and clearly defined.
Chapter 2	Principle 2.17	The board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	Applied	While retaining overall accountability and subject to matters reserved to itself, the board has delegated to the chief executive and other executive directors authority to run the day-to-day affairs of the company subject to an approval framework established by the board
Chapter 2	Principle 2.18	The board comprises a balance of power, with a majority of non- executive directors. The majority of non- executive directors are independent.	Applied	Eight of the ten directors are non- executive directors. Four of the eight are independent non- executive directors and the other four are not independent non- executive directors thus creating a 50/50 balance of independent and non- independent executive directors.
Chapter 2	Principle 2.19	Directors are appointed through a formal process	Applied	To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the board as a whole. The selection process involves considering the existing balance of skills and experience, and a continual process of assessing the needs of the company in line with the Appointment to the board of directors' policy.
Chapter 2	Principle 2.20	The induction of and on-going training, as well as the development of directors are conducted through a formal process	Applied	The company secretary is responsible for the induction of new directors in accordance with an established programme and based on the needs of each new director. Director development is offered on a continuous basis depending on directors' training needs.

Chapter 2	Principle 2.21	The board is assisted by a competent, suitably qualified and experienced company secretary.	Applied	Ms Vasta Mhlongo is the company secretary, duly appointed by the board in accordance with the Companies Act and the JSE Listings Requirements. The board is satisfied that the company secretary is properly qualified and experienced to competently carry out the duties and responsibilities of company secretary.
Chapter 2	Principle 2.22	The evaluation of the board, its committees and individual directors is performed every year.	Applied	The performance of the board as a whole and the board committees individually is evaluated annually. The evaluation for 2013 is due to take place in March 2014.
Chapter 2	Principle 2.23	The board delegates certain functions to well-structured committees without abdicating from its own responsibilities.	Applied	The board has four committees that assist it in discharging its duties and responsibilities. These committees operate in accordance with written terms of reference approved by the board and reviewed annually.
Chapter 2	Principle 2.24	A governance framework has been agreed upon between the group and its subsidiary Board's	Applied	The affairs of the 3 subsidiaries in the group are handled by the holdings board.
Chapter 2	Principle 2.25	The company remunerates its directors and executives fairly.	Applied	The board determines the remuneration of directors and executives based on recommendations made by the remuneration committee, taking into account market conditions, expert advice from remuneration specialists and in accordance with a remuneration structure and policy approved by the board.
Chapter 2	Principle 2.26	The company has disclosed the remuneration of each individual director and prescribed officer.	Applied	The board approves the remuneration report prepared by the remuneration committee. The report discloses the remuneration of each individual director and prescribed officers in line with the Companies Act.

Chapter 2	Principle 2.27	The shareholders have approved the company's remuneration policy.	Applied	The company's remuneration policy approved by the board on recommendation by the remuneration committee is tabled at each annual general meeting of shareholders
Chapter 3-Audit committee				
Chapter 3	Principle 3.1	The board has ensured that the company has an effective and independent audit committee	Partially applied	The board has constituted a combined audit and risk committee. Three members of the committee are regarded as independent non-executive directors whilst two members are not independent. The audit committee is appointed by the shareholders at each AGM.
Chapter 3	Principle 3.2	Audit committee members are suitably skilled and experienced independent non-executive directors	Applied	The members have the required financial knowledge and experience required for an audit committee
Chapter 3	Principle 3.3	The audit committee is chaired by an independent non-executive director.	Applied	Ms Nosipho Molope, an independent non-executive director is the chairman of the committee
Chapter 3	Principle 3.4	The audit committee oversees integrated reporting	Applied	The audit committee considers the integrated report including sustainability information, the annual financial statements and recommends the approval of the integrated report to the board.
Chapter 3	Principle 3.5	The audit committee has ensured that a combined assurance model has been applied which provides a coordinated approach to all assurance activities.	Partially applied	Finalisation of the combined assurance model will be a key focus in early 2014 for approval by the audit and risk committee.

Chapter 3	Principle 3.6	The audit committee is satisfied with the expertise, resources and experience of the company's finance function.	Applied	Annually, the audit and risk committee evaluates the expertise and experience of the group financial director as well as the level of financial experience and qualifications of all the financial staff members in the company. 2 Chartered accountants were appointed in 2013 to strengthen the finance function.
Chapter 3	Principle 3.7	The audit committee should be responsible for overseeing internal audit	Applied	The head of internal audit reports directly to the chairman of the audit and risk committee. The committee approved the internal audit plan for 2014 and monitors the performance of internal audit
Chapter 3	Principle 3.8	The audit committee is an integral component of the risk management process.	Applied	The company has a combined audit and risk committee which annually reviews the effectiveness of the risk management process in the company
Chapter 3	Principle 3.9	The audit committee is responsible for the recommending the appointment of the external auditor and overseeing the external audit process.	Applied	Annually, the audit committee reviews the independence and ratings of the external auditors including the professional suitability of the lead auditor and recommends his appointment to the board and shareholders for the forthcoming financial year
Chapter 3	Principle 3.10	The audit committee has reported to the board and the shareholders as to how it has discharged its duties.	Applied	The chairman of the committee reports back to the board subsequent to each committee meeting. At the interim and year end meetings such reports are in writing. Annually the chairman of the audit committee reports to shareholders at the AGM.
Chapter 4-The governance of risk				
Chapter 4	Principle 4.1	The board is responsible for the governance of risk.	Applied	Formal processes such as annual risk workshops with the board, are in place reflecting the board's leadership with regard to the governance of risk
Chapter 4	Principle 4.2	The board has determined the levels of risk tolerance	Applied	The board has approved a risk policy and considers the risk register at every meeting.

Chapter 4	Principle 4.3	The risk committee and/or audit committee has assisted the Board in carrying out its risk responsibilities.	Applied	The Audit and Risk Committee reviews all aspects of the risk function for which the board is responsible.
Chapter 4	Principle 4.4	The board has delegated to management the responsibility to design, implement and monitor the risk management plan.	Applied	Management is accountable to the board, through the audit and risk committee, for embedding the risk management process in the business. Day-to-day responsibility for risk management rests with the executive for sustainability
Chapter 4	Principle 4.5	The board has ensured that risk assessments are performed on a continual basis.	Applied	The risk assessment process identifies risks and opportunities and the process is formalised and regular.
Chapter 4	Principle 4.6	The board has ensured that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	The board risk workshops methodology which is used as the basis, upon which the risk assessments are conducted, ensures that unpredictable risks are considered.
Chapter 4	Principle 4.7	The board has ensured that management has considered and has implemented appropriate risk responses.	Applied	The implementation of controls, existing and new, is monitored on an on-going basis.
Chapter 4	Principle 4.8	The board has ensured the continual risk monitoring by management.	Applied	Continual risk monitoring is required in terms of the risk management plan and the process is monitored by management
Chapter 4	Principle 4.9	The board has received assurance regarding the effectiveness of the risk management process.	Partially applied	Commencing 2014 internal audit will provide assurance to the board in respect of group risk management activities.

Chapter 4	Principle 4.10	The board has ensured that there are processes in place which enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Applied	The board discloses the top risks facing the group and confirms its satisfaction with the management of the risk management processes.
Chapter 5- The governance of information technology				
Chapter 5	Principle 5.1	The board is responsible of information technology (IT) governance.	Applied	The IT steering committee (a sub –committee of Exco) is empowered by the Exco to guide IT governance in the group. The chairman of the committee reports regularly to the audit and risk committee
Chapter 5	Principle 5.2	IT has been aligned with the performance and sustainability objectives of the company.	Applied	The terms of reference of the IT Steering Committee are aligned with strategic objectives of the company
Chapter 5	Principle 5.3	The board has delegated to management the responsibility for the implementation of an IT governance framework.	Applied	The IT steering committee is empowered to guide IT governance in the group
Chapter 5	Principle 5.4	The board monitors and evaluates significant IT investments and expenditure.	Applied	The IT steering committee monitors the performance of all major IT projects in the group and reports to the board via the audit and risk committee
Chapter 5	Principle 5.5	IT is an integral part of the company's risk management plan.	Applied	IT risk management is integrated into the risk management framework.
Chapter 5	Principle 5.6	The board ensured that information assets are managed effectively.	Applied	The audit and risk committee via the IT Steering committee ensures that information assets are managed effectively
Chapter 5	Principle 5.7	A risk committee and audit committee assists the board in carrying out its IT responsibilities.	Applied	IT is represented at the audit and risk committee by the chairman of the IT Steering committee and the committee reviews key elements of IT practice

				including IT internal controls and risk management.
Chapter 6-Compliance with laws, rules, codes & standards				
Chapter 6	Principle 6.1	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	The board receives regular reports on compliance via the audit and risk committee.
Chapter 6	Principle 6.2	The board and each individual director have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business.	Applied	Annually the company offers its directors continuous professional development which includes development in laws, rules, codes and standards which affect the company. Regular reports on legislative developments are presented to the board and committees.
Chapter 6	Principle 6.3	Compliance risk should form an integral part of the company's risk management process.	Applied	The company's risk management process encompasses all classes of risk, including compliance
Chapter 6	Principle 6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	Applied	The Company's Code of Conduct and Code of Ethics which set out the standards to which each employee is asked to hold him/herself accountable, have been posted on the company's intranet for access by staff.
Chapter 7-Internal audit				
Chapter 7	Principle 7.1	The board should ensure that there is an effective risk based internal audit.	Applied	An effective risk-based internal audit function was established in 2013. The purpose, authority and responsibilities of the internal audit function are defined in the board-approved internal audit charter that is consistent with the Institute of Internal Auditors' definition of internal auditing, and the principles of

				King III.
Chapter 7	Principle 7.2	Internal Audit should follow a risk based approach to its plan.	Applied	A risk-based internal audit plan for 2104 was approved in 2013 by the audit and risk committee.
Chapter 7	Principle 7.3	Internal Audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management.	Applied	Reporting by Internal Audit commenced during the latter part of 2013. Their initial focus was to assist the company to document policies and procedures for effective internal controls
Chapter 7	Principle 7.4	The audit committee should be responsible for overseeing internal audit SAME AS PRINCIPLE 3.7	Applied	The head of internal audit reports directly to the chairman of the audit committee, and is present at all meetings. The audit committee approves the annual internal audit work plan and monitors the performance of internal audit
Chapter 7	Principle 7.5	Internal audit should be strategically positioned to achieve its objectives.	Applied	The internal audit function is outsourced to BDO. The head of internal audit has unrestricted access to members of the audit committee and executives of the company.
Chapter 8-Governing stakeholder relationship				
Chapter 8	Principle 8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	Applied	Engagements with stakeholders are aimed at establishing open, interactive and mutually beneficial relationships. A comprehensive table of stakeholders, engagements, issues raised and actions taken by the

				company is included in integrated reporting.
Chapter 8	Principle 8.2	The board should delegate to management to proactively deal with stakeholder relationships.	Applied	The annual general meeting is attended by relevant stakeholders and the board always encourages them to ask questions during the meeting. A wide range of formal and informal stakeholder engagement processes are undertaken across the group and these are disclosed in the integrated report.
Chapter 8	Principle 8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	Applied	Stakeholders are identified through a wide range of channels. Where concerns are legitimate, the company addresses these, listens to suggestions and engages honestly
Chapter 8	Principle 8.4	Companies should ensure the equitable treatment of shareholders.	Applied	The company is a strong proponent of transparency, best-practice disclosure, consistent communication and equal and timely dissemination of information to all shareholders and the legitimate interests of minority shareholders are protected in accordance with the Companies Act and JSE Listings Requirements
Chapter 8	Principle 8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Applied	Stakeholders are communicated with regularly, in a balanced manner through a range of channels.
Chapter 8	Principle 8.6	The board should ensure that disputes are resolved effectively and expeditiously as possible.	Applied	Disputes are handled in accordance with the relevant enabling framework, the primary objective being to ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.

Chapter 9-Integrated reporting and disclosure				
Chapter 9	Principle 9.1	The board should ensure the integrity of the company's integrated report.	Applied	The board reviews and approves the integrated report on the recommendation of the audit and risk committee. Structured authorisation and review processes are in place which include board sub-committees, external and internal assurance reviews
Chapter 9	Principle 9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Applied	An integrated report is produced which, together with the sustainability report of the company. Reporting includes financial and non-financial aspects such as strategy, risk, environmental, social and governance issues. Reporting is prepared in line with recognised guidelines that include International Financial Reporting Standards (IFRS), King III, Global Reporting Initiative (GRI G4) and the South African Integrated Reporting Committee
Chapter 9	Principle 9.3	Sustainability reporting and disclosure should be independently assured.	Applied	External assurance was conducted by PWC