



LABAT AFRICA LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1986/001616/06)
 Share code: LAB
 ISIN ZAE000018354
 ("the Company" or "Labat")

LABAT AFRICA LIMITED - GOVERNANCE REGISTER BY KING III CHARTER

The board of directors of Labat endorses the principles contained in the King III report on corporate governance and confirms its commitment to those principles where, in the view of the board, they apply to the business. Compliance is monitored regularly and the board has undertaken an internal review process in determining compliance. Where areas of non-compliance or partial compliance have been identified these have been listed, together with the reasons therefore, as is required by King III on the Group's website.

The complete Governance Register by King III Charter is set out below:

Governance element and associated principle	Comply	Partially comply	Under review/ do not comply	Governance element and associated principle	Comply	Partially comply	Under review/ do not comply
ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP							
Effective leadership based on an ethical foundation	√			Responsible corporate citizen		√1	
Effective management of company's ethics	√			Assurance statement on ethics in integrated annual report			√2
BOARDS AND DIRECTORS							
The board is the focal point for and custodian of corporate governance	√			Strategy, risk, performance and sustainability are inseparable	√		
Directors act in the best interest of the Company	√			The chairman of the board is an independent non-executive director	√		
Framework for the delegation of authority has been established	√			The board comprises a balance of power, with a majority of non-executive directors who		√7	

				are independent			
Directors are appointed through a formal process	√			Formal induction and on-going training of directors is conducted		√1	
The board is assisted by a competent, suitably qualified and experienced company secretary	√			Regular performance evaluation of the board, its committees and the individual directors		√1	
Appointment of well-structured committees and oversight of key functions	√			An agreed governance framework between the group and its subsidiary boards is in place		√3	
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	√						
AUDIT COMMITTEE							
Effective and independent	√			Suitably skilled and independent non-executive directors	√		
Chaired by an independent non-executive director	√			Oversees integrated reporting	√		
A combined assurance model in applied to improve efficiency in assurance activities			√4	Satisfies itself on the expertise, resources and experience of the Company's finance functions	√		
Oversees internal audit			√4	Integral to the risk management process	√		
Oversees the external audit process	√			Reports to the board and shareholders on how it has discharged its duties	√		

THE GOVERNANCE OF RISK							
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 and monitoring is performed on a continual basis	√		
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	√			Management implements appropriate risk responses		√1	
The board receives assurance on the effectiveness of the risk management process	√			Sufficient risk disclosure to stakeholders	√		
THE GOVERNANCE OF INFORMATION TECHNOLOGY							
The board is responsible for information technology (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 is 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	√						
COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS							

The board ensures that the Company complies with relevant laws	√			The board and directors have a working understanding of the relevance and implications of non-compliance	√		
Compliance risk forms an integral part of the Company's risk management process		√6		The board has delegated to management the implementation of an effective compliance framework and processes		√5	
INTERNAL AUDIT							
Ensures that there is an effective risk based internal audit			√4	Internal audit follows a risk based approach to its plan			√4
Internal audit provides a written assessment of the effectiveness of the Company's system of internal controls and risk management			√4	The audit committee responsible for overseeing internal audit			√4
Internal audit is strategically positioned to achieve its objectives			√4				
GOVERNING STAKEHOLDER RELATIONSHIPS							
Appreciation that stakeholders' perceptions affect a company's reputation	√			Delegated to management to proactively deal with stakeholder relationships	√		
There is an appropriate balance between its various stakeholder groupings	√			Equitable treatment of stakeholders	√		
Transparent and effective communication to stakeholders	√			Disputes are resolved effectively and timeously	√		

INTEGRATED REPORTING AND DISCLOSURE							
Ensures the integrity of the Company's integrated annual report	√			Sustainability reporting and disclosure is integrated with the Company's financial reporting	√		
Sustainability reporting and disclosure is independently assured			√6				

Explanations of partial, under review or non-compliance with the requirements of King III

1. Areas of partial compliance are areas of the recommended practice that are currently not in place but are being addressed by the Company and are being implemented where appropriate and relevant.
2. Currently an assurance on statement on ethics has not been obtained. Consideration is currently being given as to how this recommended practice can best be implemented.
3. Currently, no separate board exists for subsidiary companies. Consideration is currently being given to how this recommended practice can best be implemented when one board governs all separate companies of the group. Pursuant to the RTG Acquisition, the RTG board will be reconstituted as disclosed in the Revised Listing Particulars.
4. The group does not currently have any internal audit function. Due to the size of the group, it does not consider it feasible to have an internal audit function. However, this will be reassessed pursuant to the RTG Acquisition.
5. Compliance risk currently does not form an integral part of the Company's risk management process. Consideration is currently being given to how this recommended practice can best be implemented, including the establishment of a compliance risk function.
6. The group does not currently obtain an independent assurance on the sustainability reporting and disclosure of the group. Consideration is currently being given to how this recommended practice can best be implemented in future.
7. The group partially complied. An independent non-executive director resigned with effect 26 August 2013. A new non-executive director was only appointed on 04 March 2014 but was not independent at date of appointment. Therefore for a part of the year, the audit committee was not fully compliant in terms of composition. However, there was a majority of independent non-executive directors and audit committee members.