

KING IV APPLICATION REGISTER

Principle	Disclosure Requirement in the code	Recommended Practices	Applicable Policies/Documents	Aveng Disclosure / Progress made
Governance Outcome: Ethical Culture				
<p>Principle 1</p> <p>The Board should lead ethically and effectively</p>	<p>The arrangements by which the members of the governing body are being held to account for ethical and effective leadership.</p>	<p>List of ethical characteristics required from directors and boards:</p> <ul style="list-style-type: none"> • Integrity • Competence • Responsibility • Accountability • Fairness • Transparency 	<ul style="list-style-type: none"> • Code of conduct • Performance evaluations of the Board 	<p>The Directors holds one another accountable for decision making and ethical behaviour. Performance evaluations are carried out annually and an external consultant is engaged to evaluate the Board after every two years.</p>
<p>Principle 2</p> <p>The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture</p>	<ul style="list-style-type: none"> • Overview of ethics arrangement • Key areas of focus during reporting period and planned areas of future focus • Measures taken to monitor and how outcomes were addressed 	<ul style="list-style-type: none"> • Effective communication of policies and the codes of conduct - refer to in contracts, training, employee induction, website etc. • Delegate to management the responsibility for the implementation and execution of the above • Application of ethical standards in recruitment, evaluation of employee performance, reward of employees, sourcing suppliers • Sanctions and remedies if ethical standards are breached • Use of protected disclosure or whistle-blowing mechanisms • Periodic independent assessments 	<ul style="list-style-type: none"> • Ethics policies • Codes of conduct • Conflict of interest register • Anti-corruption policy • Whistle-blowing policy 	<p>It is the responsibility of the Social Ethics & Transformation Committee to monitor the governance of ethics. The code of ethics, conduct and policies guides the behaviour of how everyone goes about their daily duties. The following initiatives were taken by Aveng to ensure that the ethical culture is imbedded within the Group:</p> <ul style="list-style-type: none"> • Aveng launched a massive ethics campaign from January to March 2017. All employees were trained on ethics, and the conflict of interest annual declaration was rolled out in April 2017. An e-Learning tool will be considered for further and on-going training on ethics. In addition to on-going communication, training is being conducted to educate employees on conflict of interest and the importance of declaring them. Ethics and Anticorruption training will continue to be part of the induction process for new employees. • Consequence management is being appreciated as we have seen many employees being disciplined for unethical conduct. • A whistle-blowing policy is in place with proper and secure channels to follow. • Policies were amended to reflect the King IV outcomes.
<p>Principle 3</p> <p>The Board to ensure that the organisation is and is seen to be a responsible corporate citizen</p>	<ul style="list-style-type: none"> • The structure and processes that have been put in place for corporate citizenship • Key focus areas during the reporting period, and 	<ul style="list-style-type: none"> • Ensure that efforts include compliance with the Constitution of SA, the law, leading standards and adherence to its own codes and policies • Ensure purpose and values strategy and conduct are congruent with it being a responsible corporate citizen 	<ul style="list-style-type: none"> • Stakeholder policy engagement 	<p>The overall responsibility for monitoring good corporate citizenship lies with the Board and the Social, Ethics & Transformation Committee. Its Stakeholder inclusive approach must balance the needs, interests and expectations of material stakeholders in the best interests of Aveng over time.</p> <ul style="list-style-type: none"> • Aveng through its Community Investment Trust supports various educational initiatives within Limpopo and the Diepsloot Area.

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	<ul style="list-style-type: none"> Mechanisms for monitoring and assessing effectiveness 			<ul style="list-style-type: none"> Aveng continues to monitor key environmental issues to ensure compliance with all the regulatory bodies.
<p>Principle 4</p> <p>The Board should appreciate that core purpose, risks and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value creation process</p>	<p>The core purpose of the organisation and its short, medium and longer-term direction must be disclosed.</p> <p>The organisation must disclose its performance in terms of value created for the organisation through its interaction with the external environment including its sources of capitals and relationships.</p>	<ul style="list-style-type: none"> Approve short, medium and long-term strategy as formulated and developed by management Approve policies and operational plans to give effect to strategy, include key performance measures and targets Delegate responsibility to implement and execute the policies and plans and exercise ongoing oversight Oversee continuous assessment and respond responsibly to negative consequences of activities and outputs Be alert to general viability of the business with regards to reliance and effects on the capitals, solvency and liquidity 	Risk Management Framework	<ul style="list-style-type: none"> The Aveng Board sets strategic initiatives in line with the company's risks and opportunities. The Integrated Report demonstrates how performance is achieved through the strategic initiatives. It is the responsibility of the Audit and Risk Committee to assist the Board with the governance of risk. The Audit and Risk Committee has a subcommittee, the Tender Risk Committee, that assesses the risks in tender submission and approves a mandate to be adhered to when executing projects. Our 3 lines of defence combined assurance model ensures the first line implementation, quantification and management of the risks and opportunities and thereafter application of risk mitigation and opportunity measures. The second line of defence monitors the effectiveness of the management of the risks and opportunities, with the third line of defence providing independent assurance by incorporating internal and external audit in the process assuring that the overall risk and opportunity management process is functioning appropriately within the Group. The Audit and Risk Committee ensures the implementation of various controls. Overall, the board continuously assesses both the positive and negative outcomes resulting from its business model and responds to it.
<p>Principle 5</p> <p>The Board should ensure that reports and disclosures enable stakeholders to make an informed assessment of the performance of the organisation and its ability to create value in a sustainable manner</p>	<p>The annual report must present material information in an integrated manner. It must provide users with a holistic, clear, concise and understandable presentation of the organisation's performance in terms of sustainable value creation in the economic, social and environmental context within which it operates.</p>	<ul style="list-style-type: none"> Approve Management's determination of reporting frameworks and standards to be used Oversee that all required reports are issued, comply with legal requirements and meet legitimate and reasonable information needs of material stakeholders. 	Integrated Report	<p>The Group's Integrated Report provides an assessment of its performance, measured against its objectives and Aveng's ability to create value in a sustainable manner is illustrated throughout its business model.</p> <p>Aveng has streamlined disclosures by focussing on relevant and material information resulting in increased investor confidence and has improved coordination throughout the organisation.</p>

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Governance Outcome: Governing Structures & Delegation.				
<p>Principle 6</p> <p>The Board should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The Board should disclose an overview of its role and responsibilities, key areas of focus considered during the reporting period and how these matters were addressed</p>	<ul style="list-style-type: none"> • Board Charter • Steering the organisation and setting its strategic direction • Overseeing and monitoring implementation and execution by management • Ensuring accountability for performance by means of, amongst others, reporting and disclosure • Document role, responsibilities, membership requirements and procedural conduct in charter and regularly review to guide effective functioning • Approve protocol for members to obtain independent, external professional advice 	<ul style="list-style-type: none"> • Board Charter 	<ul style="list-style-type: none"> • The Aveng Board serves as the focal point and custodian of corporate governance in the organisation. • The Board has adopted a Board Charter that ensures its roles, responsibilities and accountability is documented and adhered to, which includes responsibilities relating to corporate governance. • The Board Charter is reviewed on a regular basis. • The Board is supported by various Board Committees which have delegated responsibility to assist it to fulfil certain specific functions. • The Board Committees report to the Aveng Board at every Board meeting.
<p>Principle 7</p> <p>The Board should comprise a balance of power and have the skills, experience, diversity, independence and knowledge to effectively discharge its role and responsibilities</p>	<ul style="list-style-type: none"> • Classification of each member of the Board as executive or non-executive • Qualifications and experience of members of the Board • Mix of skills, experience, diversity, independence and knowledge of the organisation that the Board currently has • Length of service and age of members of the Board • If a member of the Board has served for longer than nine years, details of the assessment and findings regarding independence 	<ul style="list-style-type: none"> • Nomination of candidates for election should be approved by Board as a whole • Brief professional profile of each candidate for election at AGM + commitments + statement from Board to accompany AGM notice • Annually (or when significant changes) submit declaration of all financial, economic and other interests held by member and related parties • At beginning of each meeting - declare interests • Board to appoint independent non-executive member as chair • Board to appoint independent non-executive member as lead independent director (LID) 	<ul style="list-style-type: none"> • Succession Planning for position of chair • Role, responsibilities and term in office of chair and LID to be documented in charter or elsewhere 	<ul style="list-style-type: none"> • The formal process for nominating new candidates for appointment as directors to the Board is overseen by the remuneration and nomination committee that considers, on a regular basis, the composition, balance of skills, experience, diversity, independence and knowledge of the Aveng Board to determine their effectiveness to discharge their duties as Board members. • Brief CVs of directors are available on the Aveng website. • The Board declares their economic interests at each board meeting or as and when the need arises.

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Governance Outcome: Governing Structures & Delegation.				
<p>Principle 8</p> <p>The Board should consider the need to create structures to assist with the balancing of power and an effective discharge of its responsibilities but without abdicating accountability</p>	<p>The Board should ensure disclosure of the following in regard to each of its committees:</p> <ul style="list-style-type: none"> • role and functions • composition • key areas of focus, and • whether the committee has satisfied its responsibilities for the year in accordance with the terms of reference 	<ul style="list-style-type: none"> • Delegation to committees should be recorded by means of formal terms of reference and be reviewed annually • Terms of reference to be reviewed annually • Considerations in committee structure – effective collaboration, avoid competing approaches, balanced distribution of power • Each committee to have minimum of 3 members (subject to legal provisions) • Any Board member may attend committee meetings as observer but not participate without the consent of the Chair; they do not have a vote and are not entitled to fees unless otherwise agreed. 	<p>Delegation of Authority</p>	<ul style="list-style-type: none"> • Aveng has a comprehensive Framework for the Delegation of Authority, which has been approved by the Board. • The Aveng Delegation of authority assigns certain responsibility along with necessary authority to senior executives to further assist the Board to discharge its duties. • The Aveng delegation of authority assigns responsibilities and governs subsidiary companies and Aveng Business Units. • Various mechanisms such as strategies, policies, processes and documents are implemented to drive and support good governance. • The Board has exercised its prerogative to establish various Board Committees, which are legally compliant and constituted, to assist it to discharge its duties and allow for a balance of power so that individuals do not dominate decision-making within governance structures or where undue dependency is caused.
<p>Principle 9</p> <p>The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness</p>	<ul style="list-style-type: none"> • Description of the performance evaluations, scope, formal or informal, external or internal • Overview of results and remedial action • Confirm whether satisfied that the evaluation process is improving performance and effectiveness 	<ul style="list-style-type: none"> • Board to assume responsibility for evaluation of performance of Board, committees and chair by determining how it should be approached and conducted • Board to appoint independent non-executive member to lead process of evaluation of chair performance (if LID not in place) • Formal process, either externally facilitated or not in accordance with methodology approved, should be followed at least every 2 years • Every alternate year include an annual work plan an opportunity for consideration, reflection and discussion of performance of Board, 		<ul style="list-style-type: none"> • An assessment of the performance of the Board, Board Committees and Director self-evaluation is conducted regularly, either internally (whilst maintaining impartiality) or through the use of external consultants. • All outcomes and areas of improvement are formally noted in a report to the Board. • The company secretary performance is evaluated to ensure that there is an arm's length relationship between the board and the company secretary in that the objectivity and independence of the company secretary is not unduly influenced.

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		committees, chair and members as a whole		
Governance Outcome: Governing Structures & Delegation.				
<p>Principle 10</p> <p>Ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>The following should be disclosed in relation to the CEO:</p> <ul style="list-style-type: none"> • Notice period in employment contract and contractual conditions related to termination • Other professional commitments of the CEO • Whether succession planning is in place for the CEO position 	<ul style="list-style-type: none"> • The Board to appoint CEO • CEO to assume responsibility for leading implementation and execution of approved strategy, policy and operational planning and serve as link between management and the Board • CEO accountable to and reports to Board • Agree with Board before taking up additional occupations including membership of other boards outside the Group 	<ul style="list-style-type: none"> • Delegation of Authority • Succession planning for CEO, Executive Management and other key positions 	<ul style="list-style-type: none"> • The appointment of executive management roles fall within the mandate of the Chief Executive, in consultation with the Board. Clarification of roles and responsibilities are finalised through a formal internal process. • The delegation of authority identifies matters that are strictly reserved for Board approval and prescribe authority thresholds for different management and staff levels, to ensure effective exercise of authority through proper governance processes.
Governance Outcome: Governance Functional Areas.				
<p>Principle 11</p> <p>The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<ul style="list-style-type: none"> • The Board should disclose an overview of arrangements for governing and managing risk. • Key areas of focus during reporting period including objectives, key risks, undue, unexpected and unusual risks, undue, unexpected or unusual risks and risks taken outside of risk tolerance levels. 	<ul style="list-style-type: none"> • Governing body to set direction on how risk should be approached and addressed - consider opportunities and associated risks when developing strategy as well as positive and negative effects of risks on achieving objectives. • Treat risk as integral to the way it makes decisions and executes its duties • Approve policy that articulates and gives effect to its set direction on risk 	<ul style="list-style-type: none"> • Risk Policy 	<ul style="list-style-type: none"> • The responsibility of Risk is delegated to the Audit and Risk Committee; however, the Board is the ultimate custodian of risk governance. • Aveng has formalised and strengthened its ability to identify, evaluate and manage risks and opportunities in the recent years. • The adoption of the three lines of defence model of risk management with clearly defined roles and responsibilities to identify, evaluate and manage opportunities, threats and uncertainties. • A comprehensive risk register is tabled at every Risk committee meeting and lessons learnt on Projects are taken into consideration when formulating appropriate measures for mitigating risks
<p>Principle 12</p> <p>The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<ul style="list-style-type: none"> • Overview of arrangements for governing and managing technology • Key areas of focus including objectives, significant changes in policy, significant acquisitions and remedial 	<ul style="list-style-type: none"> • Set direction for how technology and information should be approached and addressed in the organisation • Delegate to management to implement and execute effective technology and information management • Exercise ongoing oversight 	<ul style="list-style-type: none"> • IT Policy 	<ul style="list-style-type: none"> • The Board is assisted by the Audit and Risk Committee in monitoring IT Governance and compliance. • The Audit and Risk Committee reviews IT risks as they relate to financial reporting and the going concern assessment.

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	<p>actions taken as a result of major incidents</p> <ul style="list-style-type: none"> • Actions taken to monitor effectiveness of technology and information management 	<ul style="list-style-type: none"> • Consider need to receive periodic independent assurance on effectiveness of technology and information arrangements, including outsourced services 		
<p>Principle 13</p> <p>The Board should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.</p>	<ul style="list-style-type: none"> • Overview of arrangements for governing and managing compliance • Actions taken to monitor effectiveness of compliance management and how outcomes were addressed • Planned areas of future focus • Details of monitoring and compliance inspections by the environmental regulators, findings of non-compliance with environmental laws or criminal sanctions and prosecutions for non-compliance. 	<ul style="list-style-type: none"> • Setting direction for how compliance should be approached and addressed • Approve Policy that articulates and gives effect to its direction on compliance and that identifies which non-binding rules, codes and standards the organisation has adopted • Delegate to Management the responsibility for implementation and execution of effective compliance management • Exercise ongoing oversight of compliance • Consider need to receive periodic independent assurance on effectiveness of compliance management. 	<ul style="list-style-type: none"> • Compliance Policy • Code of conduct 	<ul style="list-style-type: none"> • The company has identified all the laws, regulations, codes and standards that impact its operations. • Legal compliance systems and processes are continuously being put in place, to mitigate the risk of non-compliance with the laws in various jurisdictions in which Aveng operates and a library of policies provides the necessary guidance.
<p>Principle 14</p> <p>The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives in short, medium and long term</p>	<ul style="list-style-type: none"> • Ensure that remuneration is disclosed by means of remuneration report. • In terms of Companies Act, fees for directors for services as directors to be approved by shareholders by way of special resolution within the two years preceding payment • Remuneration policy and implementation report to be tabled 	<ul style="list-style-type: none"> • Setting direction for how remuneration should be approached and addressed • Approving policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration • Remuneration policy to address organisation wide remuneration and make provision for specific items such as use of performance measures • The Board to oversee that implementation and execution of 	<ul style="list-style-type: none"> • Remuneration Policy • Remuneration Report 	<ul style="list-style-type: none"> • The Board is assisted by the Remuneration and Nominations Committee to oversee the governance of all remuneration matters. • The remuneration policies and practices are aligned to Aveng's objectives of value creation, fairness and competitiveness in a sustainable manner. • The Committee also reviews and approves remuneration of executive directors and senior management. The company discloses the remuneration of each director and prescribed officer in the integrated Report.

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	<p>every year for separate non-binding advisory votes by shareholders</p> <ul style="list-style-type: none"> Remuneration policy to record measures that the board commits to take if either of the above receives 25% of more votes against - should provide for taking steps in good faith and with best reasonable effort towards an engagement process and appropriately addressing objections 	<p>remuneration policy achieves the objectives of the policy</p>		
<p>Principle 15</p> <p>The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports</p>	<p>External reports should disclose information about the type of assurance process applied to each report. This should also include:</p> <ul style="list-style-type: none"> Brief description of the nature, scope and extent of assurance functions, services and processes underlying the preparation and presentation of the report; and A statement by the Board on the integrity of the report and the basis for this statement, with reference to the assurance applied Audit and Risk Committee disclosures: Statement as to whether audit committee is satisfied that external auditor is independent Policy and controls in respect of non-audit 	<p>Combined assurance and assurance of external reports:</p> <ul style="list-style-type: none"> Delegate to the audit committee responsibility to oversee that assurance arrangements are effective and achieve the objectives as listed Satisfy itself that a combined assurance model is applied that incorporates and optimises the various assurance services and functions Oversee that combined assurance model is designed and implemented to cover effectively the significant risks and material matters through a combination of assurance service providers and functions. Satisfy Itself that process is robust and sufficiently robust to place reliance on combined assurance underlying the statements that are made concerning integrity of external reports. The Board to set direction for internal audit arrangements and delegate 		<ul style="list-style-type: none"> The Audit and Risk Committee act as the governing bodies for the combines risk management assurance model and oversees the activities of the external and internal Audit functions The Committee ensures that structures are in place for achieving an effective internal control environment. To this end the Audit and Risk committee, delegates this responsibility to the internal audit function to maintain robust controls enabling effective internal control environment. Ultimately, the Aveng Audit and Risk Committee is functionally responsible for the outsourced group internal audit function. The Audit and Risk Committee annually reviews the expertise, resources and experience of the company's finance function (Finance Director). This role is also assessed through the Board and Committee evaluations process

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	<p>services and nature of such services rendered during the financial year</p> <ul style="list-style-type: none"> • Tenure of the external audit firm & rotation of designated external audit partner • Significant matters that the audit committee has considered in relation to the AFS and how these were addressed. 	<p>oversight to audit committee</p> <ul style="list-style-type: none"> • Approve internal audit charter and ensure necessary skills and resources in place to address complexity and volume and supplement as required by specialist services such as forensic. 		
<p>Principle 16</p> <p>In the execution of its governance roles and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time</p>	<ul style="list-style-type: none"> • Overview of arrangements for governing and managing stakeholder relationships Key areas of focus during reporting period • Actions taken to monitor effectiveness and how outcomes were addressed • Group of Companies – Disclose an overview of the Group Governance Framework 	<ul style="list-style-type: none"> • Set direction for how stakeholder relationships should be approached and conducted • Approve policy that articulates and gives effect to its direction on stakeholder relationships • Delegate to management the responsibility for implementation and execution • Exercise ongoing oversight of stakeholder relationship management and outcomes as listed 	<ul style="list-style-type: none"> • Stakeholder Policy • Group Governance Framework • Group Delegation of authority 	<ul style="list-style-type: none"> • Aveng recognises that robust stakeholder relationships and engagement are key to creating and unlocking real stakeholder value. • Aveng pursues open, relationship driven communication with stakeholders to promote confidence, mutual trust and shared growth. • Aveng carefully considers feedback from stakeholders and makes every effort to reflect on lessons from the feedback in the Group's future policies and actions. Where appropriate.
<p>Principle 17</p> <p>The governing body of an institutional investor organization should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>				Not Applicable to Aveng