



King III Governance Principles – Murray & Roberts Application

Application level:	
Fully applied	
Partially applied	
Not applied	

Governance element	King III Principle(s)	Application level	How is the principle applied?
Ethical leadership and corporate citizenship	1.1 The Board should provide effective leadership based on an ethical foundation.		The Board is the highest governing authority in the Group and has ultimate responsibility for corporate governance. Decisions and actions are guided by ethical principles as set out in the Code of Conduct.
	1.2. The Board should ensure that the company is and is seen to be a responsible corporate citizen.		The Board provides strategic direction and approves policies and frameworks to ensure that all sustainability-related economic, financial, social, environmental and ethical issues are addressed. The Board has established Board committees such as the audit & sustainability committee; the health, safety & environment committee; the risk management committee; and the social & ethics committee to assist it in discharging its duties, as set out in the approved committee mandates and terms of references.

Governance element	King III Principle(s)	Application level	How is the principle applied?
	1.3. The Board should ensure that the company's ethics are managed effectively.		The Board, assisted by the social & ethics committee, ensures that the Group subscribes to ethical business principles supported by appropriate policies, standards and procedures. Behaviour is managed and monitored, and instances of unethical behaviour are reported and fully addressed.
Board and Directors Role and function of the Board	2.1. The Board should act as the focal point for and custodian of corporate governance.		The Board has a charter setting out its role, powers and responsibilities in terms of the latest governance developments and the requirements for its composition, meeting procedures and work plan.
	2.2. The Board should appreciate that strategy, risk, performance and sustainability are inseparable.		The Board is active in informing and approving the strategy of the Group, ensuring appropriate alignment between strategy and the purpose and mandate of the Group. The Board appreciates that strategy, risk, performance and sustainability are inseparable and this is evident in the annual integrated report.
	2.3. The Board should provide effective leadership based on an ethical foundation.		The Board is responsible for corporate governance and determining the Group's strategic direction. Decisions, deliberations and actions are based on the Group's published values.
	2.4. The Board should ensure that the company is and is seen to be a responsible corporate citizen.		With the Board's strategic direction, the Group seeks to protect, enhance and invest in the wellbeing of the economy, society and the environment. The social & ethics committee ensures that the Group formulates collaborative responses to sustainability challenges.

Governance element	King III Principle(s)	Application level	How is the principle applied?
	2.5. The Board should ensure that the company's ethics are managed effectively.		Managing ethics within the Group is an important part of the Board's focus and responsibility. The social & ethics committee regularly updates the Board on ethics matters.
	2.6. The Board should ensure that the company has an effective and independent audit committee.		An effective and independent audit & sustainability committee is in place. The committee's terms of reference outlines its roles, powers, responsibilities and membership.
	2.7. The Board should be responsible for the governance of risk.		The risk management committee assists the Board in executing its responsibility for the governance of risk. The committee's terms of reference outlines its responsibilities, membership and work plan.
	2.8. The Board should be responsible for information technology (IT) governance.		The Board is aware of and takes responsibility for IT governance in the Group. An IT charter, policies and standards have been approved and implemented. IT is a regular agenda item at Board meetings and the Board has obtained independent assurance on the effectiveness of IT controls (see also principle 5.1).
	2.9. The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.		The Board reviews the Group's compliance with laws, rules, codes and standards through the work plan of the social & ethics committee. Assurance on perceived high risk compliance matters for the South African operations has been obtained, and a high degree of assurance relating to compliance for operations in foreign jurisdictions was provided in the 2014 financial year (see also principle 6.1).
	2.10. The Board should ensure that there is an effective risk-based internal audit.		The Group chief audit executive leads internal audit which covers the global operations of the Group, and is resourced with both internal employees and resources obtained from KPMG. Internal audit assists the Board and management in maintaining an effective internal control environment by

Governance element	King III Principle(s)	Application level	How is the principle applied?
			<p>continuously evaluating the company's system of internal control policies and procedures, using a risk-based approach, to determine whether the controls are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance obtained consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model is in place that ensures a coordinated approach to all assurance activities, appropriate to address the significant risks the Group faces.</p> <p>The annual audit plan is based on an assessment of risk areas as identified by internal audit and management, as well as focusing on areas highlighted by the audit committee. The plan also considers work performed by other sources of assurance in and across the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business environment. A comprehensive report on internal audit findings is presented to the audit committee half-yearly. Follow-up audits are conducted in areas where major internal control weaknesses or failures are found. The audit committee has approved internal audit's risk-based audit plan for 2015.</p> <p>In addition to its other reporting lines, internal audit reports directly to the audit committee and the committee's mandate in relation to internal audit is to:</p> <ul style="list-style-type: none"> • approve the appointment, performance and dismissal of the chief audit executive;

Governance element	King III Principle(s)	Application level	How is the principle applied?
			<ul style="list-style-type: none"> • review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of internal audit; • receive a summary report of the major findings of internal audit and management’s responses; • review the internal audit programme, co-ordination between the internal and external auditors and the resourcing and standing within the company of internal audit; • monitor and evaluate the performance of internal audit in terms of agreed goals and objectives; • receive confirmation that internal audit is in general conformance with the <i>IIA’s International Standards for the Professional Practice of Internal Auditing</i>; and • ensure that the chief audit executive has unrestricted access to the chairman of the audit & sustainability committee. <p>An internal audit charter, reviewed by the audit & sustainability committee and approved by the Board, formally defines the purpose, authority and responsibility of internal audit. The charter gives the chief audit executive, who reports to the group commercial director, direct and unrestricted access to the chief executive officer, chief financial officer, chairman of the audit & sustainability committee and chairman of the Board. The chief audit executive has unfettered access to Board and committee minutes and submissions, and the risk register of the Group and operations.</p>
	2.11. The Board should appreciate that stakeholders’ perceptions affect the company’s reputation.		Murray & Roberts strives to communicate and engage transparently, effectively and inclusively with all its key stakeholder groups. Ongoing engagement processes seek to ensure that interaction with stakeholders in all our markets is

Governance element	King III Principle(s)	Application level	How is the principle applied?
			effective and ongoing. See the stakeholder engagement report in the 2014 annual integrated report for more information (see also principle 8.1).
	2.12. The Board should ensure the integrity of the company's integrated report.		The Board, assisted by the audit & sustainability committee, assumes responsibility for the annual integrated report and ensures that the report fairly represents the performance of the Group (see also principle 9.1).
	2.13. The Board should report on the effectiveness of the company's system of internal controls.		Group internal audit forms an integral part of the combined assurance model as the internal assurance function, and submits an annual assessment to the audit & sustainability committee and the risk management committee on the effectiveness of the Group's system of internal control and risk management (see also principle 7.3).
	2.14. The Board and its directors should act in the best interests of the company.		<p>The Board acts in the best interests of the Group, in compliance with the Code of Conduct for directors, by ensuring that individual directors:</p> <ul style="list-style-type: none"> • adhere to legal standards of conduct as set out in the Companies Act; • exercise their fiduciary duties with the best interest of the Group in mind; • are permitted to take independent advice in connection with discharging their duties following an agreed procedure; • disclose real or perceived conflicts to the Board and deal with them accordingly; and

Governance element	King III Principle(s)	Application level	How is the principle applied?
			<ul style="list-style-type: none"> deal in securities only in accordance with the policy adopted by the Board.
	2.15. The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.		The Board is apprised of the Group's going concern status at the interim and full year Board meetings, and monitors the solvency and liquidity of the company on a regular basis.
	2.16. The Board should elect a chairman of the Board who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the Board.		The chairman of the Board is an experienced independent non-executive director, free of conflict at the time of her appointment and was so elected by the Board. The chairman is elected annually, and the Board assesses the independence of the chairman upon appointment. The chairman has no executive function or responsibility.
	2.17. The Board should appoint the chief executive officer and establish a framework for the delegation of authority.		The Board appointed the chief executive officer from a recommendation of the nomination committee and provides input into senior management appointments. The role and function of the chief executive officer is formalised and the Board evaluates the performance of the chief executive officer annually. Succession plans are in place for the chief executive officer and other members of senior management. A comprehensive authority matrix has been reviewed and approved by the Board. The authority matrix is reviewed annually, and updated when necessary.
Composition of the Board	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 majority of Board members are independent non-executive directors. Directors are appointed through a formal process by the nomination committee which takes into consideration the knowledge, skills and resources required by members of the Board. The size and diversity of the Board

Governance element	King III Principle(s)	Application level	How is the principle applied?
			allows for the Board to conduct its business effectively. The chief executive officer and chief financial officer are executive directors of the Board.
Board appointment processes	2.19. Directors should be appointed through a formal process.		The nomination committee assists in identifying suitable candidates that will address the Board's requirements in terms of knowledge, skills and resources. All appointments comply with the requirements of the Companies Act and the company's memorandum of incorporation. Non-executive directors are formally appointed with a letter of appointment.
Director development	2.20. The induction of and ongoing training and development of directors should be conducted through formal processes.		A formal induction programme is in place for new directors, which provides them with information on the Group's strategy and operations, and sets out their responsibilities as directors. Continuing development training is available to directors on request.
Company secretary	2.21. The Board should be assisted by a competent, suitably qualified and experienced company secretary.		A competent and experienced company secretary, who is not a director of the Board, assists the Board with: <ul style="list-style-type: none"> • the nomination and appointment of directors through the nomination committee; • director induction and training programmes; • providing guidance to the Board on director duties, responsibilities and good governance; • keeping the Board and committee charters up to date; • preparing and circulating Board papers; • drafting the Board annual work plan; • preparing and circulating minutes of Board and committee meetings; and • evaluation of the Board, committees and individual directors.

Governance element	King III Principle(s)	Application level	How is the principle applied?
			The appointment and functions of the company secretary are in line with the requirements of the Companies Act.
Performance assessment	2.22. The evaluation of the Board, its committees and the individual directors should be performed every year.		The directors undertake an annual evaluation during which each director and the relevant Board committee is assessed. The chairman of the Board discusses the results of the reviews with each director and committee member.
Board committees	2.23. The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.		<p>The following committees are in place:</p> <ul style="list-style-type: none"> • audit & sustainability committee; • remuneration & human resources committee; • nomination committee; • risk management committee; • health, safety & environment committee; and • social & ethics committee. <p>Each committee has a formal term of reference (reviewed annually) that sets out its role, powers and responsibilities.</p> <p>Committee chairpersons report back to the Board after each meeting on key issues covered at the meeting.</p> <p>The audit & sustainability committee comprises three independent non-executive directors as required in terms of the Companies Act. The terms of reference of the audit & sustainability committee sets out all the statutory functions of the committee.</p>

Governance element	King III Principle(s)	Application level	How is the principle applied?
Group Boards	2.24. A governance framework should be agreed between the Group and its subsidiary Boards.		The governance framework for subsidiary (platform) boards follows the format of the Board, and such framework has been implemented across the Group.
Remuneration of directors and senior executives	2.25. Companies should remunerate directors and executives fairly and responsibly.		Murray & Roberts believes that directors, senior executives and staff should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders. The Group's remuneration policy for executive directors and prescribed officers takes into account fixed and variable components of total reward (informed by benchmarks) linked to specific performance targets. Shareholders were consulted in this process of establishing the remuneration policy.
	2.26. Companies should disclose the remuneration of each individual director and certain senior executives.		The remuneration policy, together with its implementation is disclosed per individual executive director and prescribed officer in the company's annual integrated report and annual financial statements.
	2.27. Shareholders should approve the company's remuneration policy.		The remuneration policy, set out in the remuneration report in the company's annual integrated report, is voted on by shareholders annually. Proposed fees for non-executive directors are approved by shareholders by means of a special resolution annually.
Audit committees	3.1. The Board should ensure that the company has an effective and independent audit committee.		The Group has an audit & sustainability committee comprising at three independent non-executive directors who were nominated by the nomination committee and elected at the annual general meeting by shareholders. The audit & sustainability committee has clear terms of

Governance element	King III Principle(s)	Application level	How is the principle applied?
			<p>reference, approved by the Board, which informs the audit & sustainability committee's agenda and work plan.</p> <p>The audit & sustainability committee meets four times during the year. The external and internal auditors attend the audit & sustainability committee meetings by invitation.</p>
Membership and resources of the audit committee	3.2. Audit committee members should be suitably skilled and experienced independent non-executive directors.		All the members of the audit & sustainability committee are independent non-executive directors. The audit & sustainability committee has a good understanding of integrated reporting, internal financial controls, the external and internal audit process, corporate law, risk management, sustainability issues, information technology governance and governance processes within the Group.
	3.3. The audit committee should be chaired by an independent non-executive director.		The audit & sustainability committee is chaired by an independent non-executive director.
Responsibilities of the audit committee	3.4. The audit committee should oversee integrated reporting.		The Group produces an annual integrated report that sets out social, economic, financial and environmental information as necessary for stakeholders to be able to understand and assess how the Group creates value over the short, medium and long term. The audit & sustainability committee assists the Board in fulfilling the Board's oversight role relating to the integrity of financial reporting in terms of accounting standards and the Listings Requirements of the JSE Limited. For more detail, please see the audit & sustainability committee report and governance report in the 2015 annual integrated report.

Governance element	King III Principle(s)	Application level	How is the principle applied?
	<p>3.5. The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.</p>		<p>The audit & sustainability committee reviewed and approved the integrated assurance model, comprising risk management, regulatory compliance and internal audit, following which the Board approved the Group Integrated Assurance Policy on the strength of the committee's recommendation that the policy be adopted.</p> <p>The Group maintains a system of internal financial control designed to ensure the maintenance of proper accounting records and the reliability and integrity of financial information used within the business and for publication. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.</p> <p>The integrated assurance model assists in addressing control over the key risks facing the Group. Such risks and their mitigating controls are identified and controlled by management, within a risk framework determined by the risk management committee.</p> <p>The internal control and the integrated assurance model includes:</p> <ul style="list-style-type: none"> • a documented organisational structure with appropriate division of responsibility; • policies and procedures (including a code of conduct to foster a strong ethical climate) which are communicated throughout the Group; and • mechanisms to ensure compliance, and to monitor the effective implementation of the system on a continuous basis. <p>The audit & sustainability committee has oversight over and monitors (on a quarterly basis) the co-ordination of assurance</p>

Governance element	King III Principle(s)	Application level	How is the principle applied?
			activities that, taken together, comprise the integrated assurance model.
Internal assurance providers	3.6. The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.		The audit & sustainability committee and risk management committee annually review the appropriateness of the expertise and adequacy of the resources of the finance function, as well as the experience of the senior members of management responsible for the finance function.
	3.7. The audit committee should be responsible for overseeing of internal audit.		<p>The Group chief audit executive leads internal audit which covers the global operations of the Group, and is resourced with both internal employees and resources obtained from KPMG. Internal audit assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance provided consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model is in place that ensures a coordinated approach to all assurance activities, appropriate to address the significant risks the Group faces.</p> <p>The annual audit plan is based on an assessment of risk areas as identified by internal audit and management, as well as focusing on areas highlighted by the audit & sustainability committee. The plan also considers work performed by other</p>

Governance element	King III Principle(s)	Application level	How is the principle applied?
			<p>assurance providers in and across the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business environment. A comprehensive report on internal audit findings is presented to the audit committee half-yearly. Follow-up audits are conducted in areas where major internal control weaknesses or failures are found. The audit committee has approved internal audit's risk-based audit plan for 2015.</p> <p>In addition to its other reporting lines, internal audit reports directly to the audit committee and the committee's mandate in relation to internal audit is to:</p> <ul style="list-style-type: none"> • approve the appointment, performance and dismissal of the chief audit executive; • review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of internal audit; • receive a summary report of the major findings of internal audit and management's responses; • review the internal audit plan, co-ordination between the internal and external auditors and the resourcing and standing within the company of internal audit; • monitor and evaluate the performance of internal audit in terms of agreed goals and objectives; • receive confirmation that internal audit is in general conformance with the <i>IIA's International Standards for the Professional Practice of Internal Auditing</i>; and • ensure that the chief audit executive has unrestricted access to the chairman of the audit & sustainability committee. <p>An internal audit charter, reviewed by the audit & sustainability committee and approved by the Board, formally defines the purpose, authority and responsibility of internal audit. The</p>

Governance element	King III Principle(s)	Application level	How is the principle applied?
			charter gives the chief audit executive, who reports to the group commercial director, direct and unrestricted access to the chief executive officer, chief financial officer, chairman of the audit & sustainability committee and chairman of the Board. The chief audit executive has unfettered access to Board and committee minutes and submissions, and the risk register of the Group and operations (see also principle 2.10).
	3.8. The audit committee should be an integral component of the risk management process.		For the purpose of ensuring audit practices and endeavours are integral to the risk management activities, the chairman of the audit & sustainability committee serves on the risk management committee and the chairman of the risk management committee serves on the audit & sustainability committee. This cross participation ensures that the concerns and findings of the audit & sustainability committee become an integral component of the Group's risk management process.
External assurance providers	3.9. The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.		The audit & sustainability committee recommends to shareholders the appointment, reappointment and removal of the external auditor based on the committee's assessment of the audit firm's and the auditor's qualifications, experience, resources, effectiveness and independence. These attributes are assessed annually.
Reporting	3.10. The audit committee should report to the Board and shareholders on how it has discharged its duties.		The audit & sustainability committee reports to shareholders at the annual general meeting on how it has discharged its duties, and includes its written report in the annual integrated report and annual financial statements to this effect.
	4.1. The Board should be responsible for the governance of risk.		The Group Integrated Assurance Policy, approved by the Board, and which also covers risk management, has been

Governance element	King III Principle(s)	Application level	How is the principle applied?
The Board's responsibility for risk governance			implemented by management. The Board has delegated to the risk management committee the responsibility to review in detail the risk management systems applied across the Group, to consider the reports of management regarding impending risks and mitigation measures, and to report back to the Board on its findings and recommendations. Summary risk reports are also presented to the Board with the findings and recommendations of the risk management committee.
	4.2. The Board should determine the levels of risk tolerance.		The Board is responsible for determining the Group level of risk tolerance by considering and approving the Group risk tolerance matrix against which all business risks are measured.
	4.3. The risk committee or audit committee should assist the Board in carrying out its risk responsibilities.		The audit & sustainability committee and risk management committee (with inputs from the Murray & Roberts Limited risk and project oversight committees) assist the Board in carrying out its risk oversight responsibilities by conducting detailed reviews of the Group's risk management systems and considering in detail the risks facing the Group and management's mitigation actions.
Management's responsibility for risk management	4.4. The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.		Group management is responsible for the design, implementation and monitoring of the Group risk management plan, which includes the development and maintenance of a comprehensive risk management system.
Risk assessment	4.5. The Board should ensure that risk assessments are performed on a continual basis.		The risk management system requires that a risk assessment is carried out for every project at project bidding stage. Risk assessments are then carried out across projects and businesses quarterly. Key risks are escalated to the Board

Governance element	King III Principle(s)	Application level	How is the principle applied?
			through quarterly risk reports, at which the reported risks are discussed and interrogated with Group management.
	4.6. The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.		The Board regularly satisfies itself that the embedded risk management system, comprising frameworks, standards and procedures, is operating efficiently, and is designed to anticipate and identify unpredictable and emerging risks in sufficient time for adequate management interventions to be initiated.
Risk response	4.7. The Board should ensure that management considers and implements appropriate risk responses.		Key risks and management interventions are regularly reported to the Board, and the Board considers the appropriateness of such interventions in the context of the criticality of the risks reported.
Risk monitoring	4.8. The Board should ensure continual risk monitoring by management.		Management's risk monitoring and action plans are regularly reported to the Board for evaluation and, where necessary, for further guidance.
Risk assurance	4.9. The Board should receive assurance regarding the effectiveness of the risk management process.		The Group audit executive carries out regular reviews of the risk management systems and processes, and annually reports his findings directly to the Board.
Risk disclosure	4.10. The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.		A comprehensive report on Group risks is reviewed and approved by the Board for inclusion in the annual integrated report.
The governance of information technology (IT)	5.1. The Board should be responsible for information technology ("IT") governance.		The Board is aware of and takes responsibility for IT governance in the Group. An IT charter, policies and standards have been approved by the Board and are

Governance element	King III Principle(s)	Application level	How is the principle applied?
			implemented by management. IT is a regular agenda item at Board meetings and the Board obtains annual assurance on the effectiveness of IT controls.
	5.2. IT should be aligned with the performance and sustainability objectives of the company.		A Board approved documented IT strategy is aligning IT with strategic business processes. Innovative use of IT is encouraged and the business is well supported through the use of IT.
	5.3. The Board should delegate to management the responsibility for the implementation of an IT governance framework.		Management is responsible for the implementation of IT processes and structures as per the IT charter through an effective IT steering committee and a technical advisory committee. Furthermore, a well-qualified chief information officer interacts regularly with the Board on strategic IT matters.
	5.4. The Board should monitor and evaluate significant IT investments and expenditure.		The Board has oversight of significant IT projects and makes decisions on major IT investments. The Board requires and obtains assurance annually on IT governance and controls across the Group.
	5.5. IT should form an integral part of the company's risk management.		IT strategic and operational risks have been identified and are monitored and reported at IT steering committee meetings. Strategic risks are regularly reported into the Group's risk management system. Disaster recovery is well entrenched in the Group's systems, and is tested regularly.
	5.6. The Board should ensure that information assets are managed effectively.		An Information Security Strategy has been approved by the Board. A Security Management System has been developed and is being implemented. Personal information has been

Governance element	King III Principle(s)	Application level	How is the principle applied?
			identified and is treated as an important asset in line with data privacy and protection principles.
	5.7. A risk committee and audit committee should assist the Board in carrying out its IT responsibilities.		The risk management committee has full oversight of the IT function. Formal and regular independent and internal audits are used to obtain assurance that IT risks are effectively identified and mitigated.
Compliance with laws, rules, codes and standards	6.1. The Board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards.		The Board has tasked the social & ethics committee with considering and evaluating the Group's approach to compliance with laws, rules, codes and standards. The social & ethics committee receives a regulatory compliance report at each meeting, updating it on Group activities that enforce and ensure legal compliance, and the committee reports back to the Board with its findings on a bi-annual basis. Assurance on perceived high risk compliance matters for the South African operations was obtained by the social & ethics committee through both internal audit and regulatory compliance. A high degree of assurance was also obtained for operations in foreign jurisdictions.
	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.		Through the social & ethics committee, the Board is advised of the prevailing regulatory environment and applicable and relevant changes thereto, and how those changes are likely to affect the Group. A legal update report is also submitted to the Board annually. Induction, training and legal opinions are resources made available to each individual director to ensure they are familiar with the laws, rules, codes and

Governance element	King III Principle(s)	Application level	How is the principle applied?
			standards that apply to the local and international operations of the Group.
	6.3. Compliance risk should form an integral part of the company's risk management process.		The Group Integrated Assurance Policy integrates regulatory compliance, risk management and internal audit, and governs the approach to risk management, including compliance risk, across the Group.
	6.4. The Board should delegate to management the implementation of an effective compliance framework and processes.		The Group Integrated Assurance Policy sets the mandate for regulatory compliance, which includes the implementation of a compliance framework and process. Management reports are submitted to the Board on the effective functioning of the compliance framework and processes, through the activities of the social & ethics committee.
Internal Audit The need for and role of internal audit	7.1. The Board should ensure that there is an effective risk based internal audit.		The Group audit executive leads internal audit which covers the global operations of the Group, and is resourced with both internal employees and resources obtained from KPMG. It assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance provided consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects,

Governance element	King III Principle(s)	Application level	How is the principle applied?
			<p>key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model is in place that ensures a coordinated approach to all assurance activities, appropriate to address the significant risks the Group faces.</p> <p>The annual plan is based on an assessment of risk areas as identified by internal audit and management, as well as focusing on areas highlighted by the audit committee. The plan also considers work performed by other assurance providers in and across the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business environment. A comprehensive report on internal audit findings is presented to the audit committee half-yearly. Follow-up audits are conducted in areas where major internal control weaknesses or failures are found. The audit committee has approved internal audit's risk-based audit plan for 2015.</p> <p>Internal audit reports directly to the audit committee and the committee's mandate in relation to internal audit is to:</p> <ul style="list-style-type: none"> • approve the appointment, performance and dismissal of the Chief Audit Executive; • review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of internal audit; • receive a summary report of the major findings of internal audit and management's responses; • review the internal audit programme, co-ordination between the internal and external auditors and the resourcing and standing within the Company of internal audit; • monitor and evaluate the performance of internal audit in terms of agreed goals and objectives; • receive confirmation that internal audit is in general conformance with the <i>IIA's International Standards for the Professional Practice of Internal Auditing</i>; and

Governance element	King III Principle(s)	Application level	How is the principle applied?
			<ul style="list-style-type: none"> ensure that the chief audit executive has unrestricted access to the chairman of the audit & sustainability committee. <p>An internal audit charter, reviewed by the audit & sustainability committee and approved by the Board, formally defines the purpose, authority and responsibility of internal audit. The charter gives the chief audit executive, who reports to the group commercial director, direct and unrestricted access to the chief executive officer, chief financial officer, chairman of the audit & sustainability committee and chairman of the Board. The chief audit executive has unfettered access to Board and committee minutes and submissions, and the risk register of the Group and operations (see also principle 2.10).</p>
Internal audit's approach and plan	7.2. Internal audit should follow a risk based approach to its plan.		Group internal audit is independent from management and follows a risk-based audit approach. Key to this is focusing on the Group's strategy and understanding the risks flowing from and associated with the strategy. Internal audit reporting meets the needs and requirements of management and the audit & sustainability committee.
	7.3. Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management.		Group internal audit submits an annual assessment on the effectiveness of the Group's system of internal control to the audit & sustainability committee, and an annual assessment on the effectiveness of the Group's risk management system to the risk management committee.

Governance element	King III Principle(s)	Application level	How is the principle applied?
	7.4. The audit committee should be responsible for overseeing internal audit.		<p>An internal audit charter, reviewed by the audit & sustainability committee and approved by the Board, formally defines the purpose, authority and responsibility of internal audit. The charter gives the chief audit executive, who reports to the group commercial director, direct and unrestricted access to the chief executive officer, chief financial officer, chairman of the audit & sustainability committee and chairman of the Board. The chief audit executive has unfettered access to Board and committee minutes and submissions, and to the Group risk register.</p> <p>In addition to its other reporting lines, internal audit reports directly to the audit committee and the committee's mandate in relation to internal audit is to:</p> <ul style="list-style-type: none"> • approve the appointment, performance and dismissal of the chief audit executive; • review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of internal audit; • receive a summary report of the major findings of internal audit and management's responses; • review the internal audit plan, co-ordination between the internal and external auditors and the resourcing and standing within the company of internal audit; • monitor and evaluate the performance of internal audit in terms of agreed goals and objectives; • receive confirmation that internal audit is in general conformance with the <i>IIA's International Standards for the Professional Practice of Internal Auditing</i>; and • ensure that the chief audit executive has unrestricted access to the chairman of the audit & sustainability committee.

Governance element	King III Principle(s)	Application level	How is the principle applied?
Internal audit's status in the company	7.5. Internal audit should be strategically positioned to achieve its objectives.		Internal audit is independent of any and all management functions, reports organisationally to the group commercial director and maintains clear lines of responsibility and reporting to ensure its findings and opinions are always objective. It reports strategically to the audit & sustainability committee. The committee reviews the resources and skills of internal audit annually to ensure it is adequate to address the Group's risk and assurance requirements.
Governing stakeholder relationships	8.1. The Board should appreciate that stakeholders' perceptions affect a company's reputation.		Murray & Roberts strives to communicate and engage transparently, effectively and inclusively with all its key stakeholder groups. Ongoing engagement processes seek to ensure that interaction with stakeholders in all our markets is effective and ongoing. See the stakeholder engagement report in the 2015 annual integrated report for more information.
	8.2. The Board should delegate to management to proactively deal with stakeholder relationships.		The Board has adopted a stakeholder engagement framework which is proactively implemented and followed by management.
	8.3. The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the company's best interests.		The Board takes account of the legitimate interests and expectations of stakeholders in its decision-making process.
	8.4. Companies should ensure the equitable treatment of shareholders.		There is equitable treatment of all holders of the same class of shares issued, including minorities.
	8.5. Transparent and effective communication with stakeholders is		The Group provides complete, timely, relevant, accurate, honest and accessible information to its stakeholders.

Governance element	King III Principle(s)	Application level	How is the principle applied?
	essential for building and maintaining their trust and confidence.		
Dispute resolution	8.6. The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.		Dispute resolution clauses are included in contracts to deal with external disputes. Internal dispute processes include the human resources grievance process.
Integrated reporting and disclosure Transparency and accountability	9.1. The Board should ensure the integrity of the company's integrated report.		The Board, assisted by the audit & sustainability committee, assumes responsibility for the annual integrated report and ensures that the report fairly represents the performance of the Group, both as to the financial and the non-financial aspects of the Group's performance.
	9.2. Sustainability reporting and disclosure should be integrated with the company's financial reporting.		The annual integrated report includes the Group's summary of financial statements and commentary on material issues that affect the Group, its stakeholders and the environment.
	9.3. Sustainability reporting and disclosure should be independently assured.		The audit & sustainability committee appointed an external, independent consultant to obtain assurance in relation to the reporting and disclosure of several material sustainability issues.