



KING IV™ COMPLIANCE CHECKLIST

<u>Principle #</u>	<u>Governance outcome</u>	<u>Principle</u>	<u>Application</u>
1	<i>Ethical leadership</i>	The governing body should lead ethically and effectively	<p>The Board is committed to achieving the highest standards of corporate governance and ensuring strong ethical behaviour across the company.</p> <p>Board members are required to comply with the Company's Code of Ethics which embodies the ethical characteristics listed in King IV and the JSE Listings Requirements.</p> <p>The Company's corporate governance practices are reviewed frequently in view of changes within the Company, and national and international developments in respect of corporate governance, in order to pro-actively adapt the corporate governance practices to the Company, should it be in the best interest of the Company and stakeholders to do so.</p>
2	<i>Organisational ethics</i>	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<p>The Board provides effective leadership on an ethical foundation. The Board also ensures that the Company's ethics are managed effectively. To this end, a formal risk and governance framework and policy has been established and implemented.</p> <p>The Company's Code of Ethics and policies are published on both the internal and external websites of the Company and are incorporated in supplier and employee contracts. The Company's Code of Ethics is a guide for all employees to follow when facing questions of business ethics. The Company also has a Whistleblowing policy which is reviewed and approved by the Board annually. Whistleblowing activities are monitored by the Audit and Risk Committee bi-annually.</p> <p>The Board further ensures that the company's ethics performance is assessed, monitored, reported and disclosed.</p>
3	<i>Responsible corporate citizenship</i>	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>The Board ensures that the company is and is seen to be a responsible corporate citizen.</p> <p>It ensures that in formulating the group's strategy, it considers a full range of issues that influence the sustainability of the business,</p>



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			<p>create value over the long term and takes into account the social, economic, and natural environments in which the group operates. The Social and Ethics Committee provides oversight of the group's activities relating to responsible corporate citizenship.</p>
4	<i>Strategy and performance</i>	<p>The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process</p>	<p>The Board contributes to and approves the mission, vision and strategy of the company. The Board satisfies itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by Management and considering sustainability as a business opportunity that guides strategy formulation</p> <p>The group's strategy is consistent with integrated thinking, which links different capitals and ensures sustainable outcomes. The Board sets out an annual two-day strategy session, in which the Board deliberates on the group's strategy, assesses the risks and opportunities, considers progress on implementation of the strategy and ensures that it is in line with group values and ensures long term success and sustainability of the group.</p>
5	<i>Reporting</i>	<p>The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.</p>	<p>The Board, assisted by its committees, will oversee that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders.</p> <p>The Board ensures that an Integrated Report issued is in line with the Companies Act, the JSE Listings Requirements and King IV.</p> <p>The Board ensures the integrity of the Company's integrated report on an annual basis.</p>
6	<i>Role and responsibilities of the governing body</i>	<p>The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>The Board has overall responsibility for corporate governance across the group. It operates within a defined governance framework.</p> <p>The Board has adopted a Board Charter that ensures its roles, responsibilities and accountability are documented and adhered to, which includes responsibilities relating to corporate governance. 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 Board at every Board meeting.</p>



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			The Board Charter and Board Committees’ Terms of Reference are reviewed annually.
7	Composition of the governing body	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	<p>The Board is assisted by the Nomination Committee who considers, on a regular basis, the composition, balance of skills, experience, race and gender diversity, independence and knowledge of the Cullinan Board in order to determine their effectiveness to discharge their duties as Board members</p> <p>The Board has adopted a Gender Diversity policy to ensure diversity, including that of backgrounds, experience, skills, geography, race, age, and gender, and ensuring that this diversity is also reflected in its composition.</p>
8	Committees of the governing body	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	<p>The Board has delegated certain functions to its committees in line with the corporate governance framework and relevant legislation.</p> <p>Each committee comprises an experienced chairman, a majority of non-executive directors and where necessary, a majority of independent non-executive directors. In determining the composition of committees, the Board considers the skills and experience of its members, applicable regulations, and the committee mandate.</p> <p>All Committees have a term of reference approved by the Board. The Committees terms of reference deal with: composition; objectives, purpose and activities; delegated authorities - including the extent of power to make decisions; tenure; and reporting mechanism to the Board.</p>
9	Evaluations of the performance of the governing body	The governing body 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>The Nomination Committee oversees an evaluation of the Board and the individual directors bi-annually.</p> <p>The Chairman of the Board is able to engage with each individual Board members on a regular basis, as well as to discuss any areas of concern / improvement.</p> <p>The Company Secretary performance is also evaluated to ensure that there is an arm’s length relationship between the Board and the</p>



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			<p>Company Secretary, in that the objectivity and independence of the Company Secretary is not unduly influenced.</p> <p>The Financial Director is evaluated by the Audit and Risk Committee to ensure he has the relevant skills and knowledge to fulfill the requirements of the position</p>
10	<i>Appointment and to delegation management</i>	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	<p>The Nomination Committee ensures that formal succession plans for the Board, Chief Executive Officer, Chief Financial Officer, Company Secretary and other executive appointments are developed and implemented.</p> <p>The Chairman of the Board assists the Remuneration Committee and the Board in determining the performance objectives of the Chief Executive and assessing his performance against those objectives.</p> <p>The reserved powers of the Board include the approval of capital expenditure, acquisitions, joint ventures and disposals in excess of the limits set out in the delegation of authority document, to the extent provided for in the Companies Act, the JSE Listing Requirements and/or the Memorandum of Incorporation.</p> <p>The Company Secretary as an appointee of the Board possesses the requisite attributes and qualifications to properly discharge his duties.</p>
11	<i>Risk governance</i>	The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.	<p>The Board's responsibility for risk governance is expressed in the Board charter and risk policy and plan.</p> <p>The Board delegates to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address these risks, which are monitored on a continuous basis.</p> <p>The risk committee reviews the risk management progress and maturity of the company, the effectiveness of risk management activities, the key risks facing the Company, and the responses to address these key risks.</p>



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			<p>The Audit and Risk Committee ensures the implementation of risk management plan and that it is monitored continually.</p>
12	Technology information governance and	<p>The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>The Board assumes the responsibility for the governance of IT and is a standing item on the Board agenda.</p> <p>The Audit and Risk Committee are supported by business systems managers, while the IT management team are responsible for evaluating the security of computer systems and applications, and for devising the contingency plans for processing financial information in the event of a systems breakdown.</p> <p>A formal project process and/or change control policy and disaster recovery plan is currently in place, which is guided by the IT and business systems strategy.</p> <p>Management assists the Board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes.</p>
13	Compliance governance	<p>The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen</p>	<p>The Board is assisted by the Social and Ethics Committee and the Audit and Risk Committee in order to oversee the governance of compliance. Compliance falls within the risk matrix and forms part of the business risk management process.</p>
14	Remuneration governance	<p>The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>The Board, assisted by the Remuneration Committee, ensures that the Company adopts remuneration policies and practices that are aligned with the group strategy, promote sound risk management, create value for the group over the long term. It reviews the remuneration policies regularly to ensure that the design and management of remuneration practices motivate sustained high performance, promote appropriate risk-taking behaviour and are linked to individual and corporate performance.</p> <p>The Company's remuneration policy has been established to promote the achievement of strategic objectives and encourage individual performance and it follows the internationally recognised practice combining short term remuneration with long term</p>



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			incentives in order to compete for skilled resources in the short term and to align executive and senior management with long term value creation for shareholders.
15	<i>Assurance</i>	The governing body 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>The Board, assisted by the Audit and Risk Committee, ensures that the group applies a combined assurance model to provide a coordinated approach to all assurance activities. It reviews the plans and work outputs of the external and internal auditors and assesses their adequacy to address all significant financial risks facing the business.</p> <p>The Company has outsourced its internal audit function to Deloitte.</p> <p>The independence of the external and internal auditors is measured annually.</p>
16	<i>Stakeholders</i>	In the execution of its governance role and responsibilities, the governing body 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>Stakeholder engagement activities are governed by a stakeholder engagement policy approved by the Board which delegates the management of relationships with specific stakeholder groups to Management.</p> <p>The Company Secretary acts as a primary point of contact for institutional investors, other shareholders and all stakeholders, especially with regard to issues of corporate governance.</p> <p>The Board encourages proactive engagement with shareholders, including engagement at the AGM. All directors are present at the AGM to respond to shareholder queries on how the Board executed its governance duties. The designated partner of the audit firm also attends the AGM.</p>
17	<i>Responsibility of institutional shareholders</i>	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests	Not applicable