

KING III CHECKLIST

Principle number	Description	Compliance
Chapter 1: Ethical leadership and corporate citizenship		
1.1	The board should provide effective leadership based on an ethical foundation.	In accordance with the Board Charter the board is the guardian of the values and ethics of the group.
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	The social, ethics and transformation committee which reports to the board and shareholder reflects and effects Cullinan Holdings commitment to responsible corporate citizenship. In addition to compliance with King III the group has also adopted the principles of the Global Reporting Initiative (GRI) which guide it in its corporate responsibility.
1.3	The board should ensure that the company's ethics are managed effectively.	Cullinan Holdings has a Code of Ethics, to which all members of the board, management and employees of the group are required to adhere. The code promotes and enforces ethical business practices.
Chapter 2: Boards and directors		
2.1	The board should act as the focal point for and custodian of corporate governance.	In accordance with the Board Charter the board is committed to the highest standards of corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	The board, in accordance with the Board Charter, is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The group's formalised risk management process takes into account the full range of risks including strategic and operational risk encompassing performance and sustainability.
2.3	The board should provide effective leadership based on an ethical foundation.	See 1.1 above
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	See 1.2 above
2.5	The board should ensure that the company's ethics are managed effectively.	See 1.3 above
2.6	The board should ensure that the company has an effective and independent audit committee.	See Chapter 3 below
2.7	The board should be responsible for the governance of risk.	See Chapter 4 below
2.8	The board should be responsible for information technology (IT) governance.	See Chapter 5 below
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	See Chapter 6 below
2.10	The board should ensure that there is an	See Chapter 7 below

	effective risk-based internal audit.	
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	See Chapter 8 below
2.12	The board should ensure the integrity of the company's integrated report.	See Chapter 9 below
2.13	The board should report on the effectiveness of the company's system of internal controls.	See Chapter 7 and 9 below
2.14	The board and its directors should act in the best interests of the company.	The board acknowledges its role as a trustee on behalf of the shareholders and is required to act at all times in the company's best interests.
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.	Business rescue has not been required.
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 Cullinan Holdings, Mr Gavin Tollman is a non – executive Director.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	The board has appointed Mr Michael Tollman as CEO.
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 board has a majority of independent non-executive directors. There are six non-executive directors of which three are Independent and three executive directors.
2.19	Directors should be appointed through a formal process.	A formal appointment process is in place driven by the nomination committee.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	New appointees to the board are appropriately familiarised with the company.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	Bradley Allison is the Company Secretary and the board deems him to be suitably qualified and experienced.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	The Chairman of the company performs an internal board assessment.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The board has delegated certain functions without abdicating its own responsibilities to the following committees: Audit committee Risk and sustainability committee Remuneration and nomination committee Social, ethics and transformation committee Investment committee
2.24	A governance framework should be agreed between the group and its subsidiary boards.	A governance framework is in place, in that governance practices for Cullinan Holdings cover the subsidiaries.

2.25	Companies should remunerate directors and executives fairly and responsibly.	The group's remuneration committee determines the remuneration policy for the group including executive and senior management remuneration in line with the group's remuneration philosophy and strategy. The total remuneration packages of the executive directors and senior management are subject to annual review.. A detailed remuneration report is contained in the integrated report.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	The remuneration of directors and prescribed officers is disclosed in the integrated report.
2.27	Shareholders should approve the company's remuneration policy.	Shareholders consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy at the annual general meeting.

Chapter 3: Audit committee

3.1	The board should ensure that the company has an effective and independent audit committee.	The group has an audit committee comprising three independent non-executive directors.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	Members of the audit committee are all suitably skilled and experienced independent non-executive directors.
3.3	The audit committee should be chaired by an independent non-executive director.	The audit committee is chaired by Rudewaan Arendse, an independent non-executive director.
3.4	The audit committee should oversee integrated reporting.	The audit committee oversees integrated reporting.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The audit committee oversees the assurance activities to ensure that they are constructed in a co-ordinated manner.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	The audit committee considered the expertise, resources and experience of the chief financial officer and the finance function and concluded these were appropriate.
3.7	The audit committee should be responsible for overseeing of internal audit.	The audit committee reviews and approves the internal audit..
3.8	The audit committee should be an integral component of the risk management process.	The audit committee reviewed the group's risk approach and found it to be sound and considered and reviewed the findings and recommendations of the risk committee.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	The audit committee recommended to the board and to shareholders the appointment of Mazars as the external auditors. The audit committee oversees the audit process.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	The audit committee formally reports to the board after each meeting and the report of the Chairman of the audit committee is in the integrated report.

Chapter 4: The governance of risk

4.1	The board should be responsible for the governance of risk.	The risk committee is responsible for overseeing the group's risk management programme and reporting thereon to the audit committee and the board, which
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		retains ultimate responsibility for the control and mitigation of risk.
4.2	The board should determine the levels of risk tolerance.	The risk committee assesses the levels of risk tolerance and limits of risk appetite for the group.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	See 4.1
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	The board has delegated the day-to-day responsibility for risk management to management.
4.5	The board should ensure that risk assessments are performed on a continual basis.	The risk committee actively monitors the group's key risks as part of its standard agenda.
4.6	The board should ensure that the frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	All risks are identified and steps to mitigate these are outlined, including reasonably unpredictable risks
4.7	The board should ensure that management considers and implements appropriate risk responses.	The risk committee ensures that the executive committee has in place appropriate responses to perceived risks.
4.8	The board should ensure continual risk monitoring by the management.	Responsibility for identified risks is assigned to an appropriate member of the group's senior management team, who is required to report to the executive committee on the steps being taken to manage or mitigate such risks.
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	The risk committee is provided with the assurance of the effectiveness of the risk management process by constantly reviewing the results thereof.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	The group's integrated report provides a detailed outline of the risk management process to its stakeholders.

Chapter 5: The governance of information technology

5.1	The board should be responsible for information technology (IT) governance.	The board understands the importance, relevance and inherent risks in IT and has delegated the management thereof to management. The risk and audit committees assist in ensuring appropriate compliance structures are in place.
5.2	IT should be aligned with the performance and sustainability objectives of the company.	The chief information officer has taken direct responsibility for the introduction of a standardised and consistent platform across the group which is necessary to align the IT infrastructure with the strategy of the group as well as the performance and sustainability objectives of the group. As this is a long-term project, regular updates on the progress of this initiative are presented to both the audit and risk committees and bi-annual updates are presented to the board. These updates include the business case for the proposed IT spend, as well as the status of the implementation of the overall project.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	
5.4	The board should monitor and evaluate significant IT investments and expenditure.	
5.5	IT should form an integral part of the company's risk management.	
5.6	The board should ensure that information assets are managed effectively.	
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	

Chapter 6: Compliance with laws, codes, rules and standards

6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The risk committee together with the company's legal counsel review the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities.
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.	The directors and the board understand the appropriate applicable laws, rules, codes of standards required by the company and its business.
6.3	Compliance risk should form an integral part of the company's risk management process.	Compliance is an identified significant risk and addressed as part of the risk management process.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	This has been done by the Social and Ethics Committee..

Chapter 7: Internal risk

7.1	The board should ensure that there is an effective risk-based internal audit.	A simple, annual balance sheet review internal audit is in place. In addition, ongoing training is provided to ensure controls are followed.
7.2	Internal audit should follow a risk-based approach to its plan.	A risk-based approach is followed.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	A written assessment of the effectiveness of the company's system of internal control and risk management is provided.
7.4	The audit committee should be responsible for overseeing internal audit.	The audit committee is responsible for overseeing the internal audit. (See 3.7 above.)
7.5	Internal audit should be strategically positioned to achieve its objectives.	Internal audit is independent.

Chapter 8: Governing stakeholder relations

8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	Cullinan Holdings recognises that developing and nurturing positive relationships with its significant stakeholders are key drivers of success that inform business strategy and enable the group to better understand and address the impact of its activities on society.
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	Management is responsible for maintaining stakeholder relationships.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	The appropriate balance is assessed on a continuous basis.
8.4	Companies should ensure the equitable treatment of shareholders.	The board ensures the equitable treatment of shareholders.
8.5	Transparent and effective communication	The company has a comprehensive stakeholder

	with stakeholders is essential for building and maintaining their trust and confidence.	engagement process in place and communicates with stakeholders in a variety of ways, detailed in the Integrated Report..
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	The board ensures that disputes are resolved effectively as is possible.

Chapter 9: Integrated reporting and disclosure

9.1	The board should ensure the integrity of the company's integrated report.	The board is responsible for the integrity of the integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	The company's vision and mission statements, strategic objectives and value system are integrated into all policies, procedures, decision-making and operations, with sustainability as the ultimate objective.
9.3	Sustainability reporting and disclosure should be independently assured.	At present the company does not obtain independent assurance. This will be considered in future.