

**KING IV APPLICATION
REGISTER 2017**

CORPORATE GOVERNANCE – KING IV APPLICATION REGISTER 2017

This document has been prepared in terms of the JSE Listings Requirements and sets out the application of the corporate governance principles by Cullinan Holdings Limited (“Cullinan”) as recommended by the King IV Report on Corporate Governance™ (hereafter referred to as King IV).

PRINCIPLE #	PRINCIPLE	APPLICATION OF THE PRINCIPLE
1.	Leadership: The governing body should lead ethically and effectively.	<p>The Cullinan Board of Directors (“Cullinan Board”) is the Governing Body (“GB”) and committed to the good corporate governance principles as set forth in King IV, these being the overarching principles for an ethical foundation at Cullinan. The Cullinan Board subscribes to those generally accepted norms of conduct that find application in society as a whole.</p> <p>Cullinan has adopted a Code of Ethics and Standards for Conduct which applies to all directors and staff in order to ensure that Cullinan maintains the highest level of integrity and ethical conduct.</p>
2.	Organisational Ethics: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	<p>Cullinan is a values-based organization which defines the way we work. The Cullinan core values include accountability, integrity, teamwork, diversity, innovation and excellence. Each operating unit may alter the values slightly to suit their business but always maintain the core values in the way the organisation interacts with clients, suppliers and colleagues.</p>
3.	Responsible Corporate Citizenship: The governing body should ensure that the organisation is and is seen to be a responsible citizen.	<p>When engaging with stakeholders and various communities, Cullinan respects their rights and dignity. Cullinan is committed to improving the material well-being of societies in which it operates by designing sustainable products and introducing sustainable services which will fulfil their needs. Careful consideration is given to the utilisation of energy, water and other environmental resources to ensure an effective contribution to sustain the environment for the future.</p> <p>The Board fulfils its Corporate Citizenship responsibilities through delegated responsibility to the Cullinan Social and Ethics Committee (“SEC”) which has been established with documented Terms of Reference (Charter). The role of the SEC includes ensuring that Cullinan’s businesses are conducted in a manner that is sensitive to the social, economic and environmental factors of the economy and within the laws and regulations which apply to the business. Cullinan strives to be a good, corporate citizen to the benefit of all the countries in which it operates.</p>
4.	Strategy and Performance: 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>Cullinan has identified three strategic focus areas to guide it in living its purpose. The focus areas are growth, excellence and client centricity. The Cullinan Board strongly and continuously endorses an integrated thinking mind-set at the annual Cullinan Board Strategy Planning Sessions. The Company’s Strategy Map and Critical Focus Areas, which includes risks and opportunities, business model, performance and sustainable development, are discussed, amongst other items, at these annual sessions. The Cullinan Board has implemented strategy, risk and sustainability frameworks, to mention but a few, and continuously monitor and report on these in its annual Integrated Report.</p>

5.	Reporting: 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.	The Cullinan Board is assisted by the Audit and Risk Committee to review the integrity of the annual Integrated Report and interim reports issued by the company ("IR"). The IR includes all relevant information to enable stakeholders to make an informed assessment of Cullinan's performance in the short, medium and long term.
6.	Primary role and responsibilities of the governing body: The governing body should serve 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 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 Cullinan Board at every Board meeting. The Cullinan Board Charter and Board Committees' Terms of Reference underpin the Boards responsibility for good corporate governance.
7.	Composition of the governing body: The governing body should comprise the appropriate balance of knowledge, skill, experience, diversity and independence for it to discharge its governance roles and responsibilities objectively and effectively.	The Cullinan Board is assisted by the Remuneration 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. The Code of Conduct for Board members highlights that members shall maintain objectivity and act ethically in the best interests of Cullinan and its stakeholders in a manner consistent with the values of the business. Directors complete an annual self-assessment to identify any areas of weakness and to address, if necessary, these weaknesses.
8.	Committees of the governing bodies: 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.	The Board has exercised its prerogative to establish various Board Committees, which are legally compliant and constituted, in order to assist it to effectively discharge its duties and also allows for balance of power, since the distribution of authority between the Chairman, Board, Board Committees does not lead to instances where individual(s) dominate decision-making within governance structures or where undue dependency is initiated.
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>An annual assessment of skills by way of a self-evaluation is conducted. 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 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.	Appointment and Delegation to Management: 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 appointment of executive management roles fall within the mandate of the Chief Executive, in consultation with the Board.</p> <p>There are documented policies in place and these policies also identify matters which 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.</p>
11.	Risk Governance: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	<p>The Board is assisted by the Cullinan Audit and Risk Committee in order to govern risk in a way that supports Cullinan in achieving its strategic objectives. Cullinan prepares a risk matrix to identify and mitigate risks and this is an important business management tool for senior management and the Board as it provides a holistic view of the risk exposures within the Group.</p>
12.	Technology and information governance: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	<p>The Board is assisted by the Cullinan Audit and Risk Committee in order to oversee the governance of Information Technology (“IT”). Various IT Steering Committees have been established to manage the implementation of key IT projects. The Audit and Risk Committee also considers IT Risk and IT Audit approaches, approves major IT investments and ensures that IT best practices and trends are implemented within Cullinan.</p>
13.	Compliance Governance: The governing body should govern compliance with applicable laws and adopt, non-binding rules, codes and standards in a way which supports the organisation being ethical and a good corporate citizen.	<p>The Board is assisted by the Social and Ethics Committee and / or 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: 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>The Board is assisted by the Cullinan Remuneration Committee in order to oversee the governance of all remuneration matters.</p> <p>This Committee ensures the Group’s remuneration policy is aligned with its strategy. The Committee also reviews and approves remuneration of executive directors and senior management. Cullinan’s remuneration policy is one of the key components of the group’s overall human resources (HR) strategy. It supports the HR strategy by helping to build a high-performance, values-driven culture with a view to capitalising on growth and expansion opportunities, raising the group’s levels of innovation and entrenching its entrepreneurial approach to business. The Remuneration Committee also consider fairness and equity in all remuneration decisions and take an active role in considering the level of executive remuneration in relation to other staff.</p>

15.	Assurance: 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 Audit and Risk Committee reviews Cullinan’s combined assurance approach.</p> <p>The Audit and Risk Committee is responsible for the limited internal review function.</p> <p>The Audit and Risk Committee annually reviews the expertise, resources and experience of the company’s finance function (Head of Finance).</p>
16.	Stakeholders: 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>The Board understands the risk of reputation, and there is regular engagement with Cullinan stakeholders through various platforms and forums. The Board understand that there are a variety of stakeholders and attempts to consider all stakeholders when making any decision.</p>