

## KING III PRINCIPLES COMPLIANCE SUMMARY

|      | King III principle  | Application Status | Commentary   | Cross Reference             |
|------|---|--------------------|--|-----------------------------|
| 1    | <b>Ethical leadership and corporate citizenship</b>   |                    |  |                             |
| 1.1  | The board should provide effective leadership based on an ethical foundation.   | Yes                | The board takes responsibility for strategic direction based on a set of values through interaction with the group executives                            | Corporate Governance Report |
| 1.2  | The board should ensure that the company is and is seen to be a responsible corporate citizen.  | Yes                | The group believes its focus extends beyond considering the group's financial performance  | Sustainability Report       |
| 1.3  | The board should ensure that the company's ethics are managed effectively.  | Yes                | Reviewed by Transformation, Social and Ethics Committee.<br>The group has a zero tolerance policy towards unethical behaviour                            | Corporate Governance Report |
| 2    | <b>Boards and directors</b>   |                    |  |                             |
| 2.1  | The board should act as the focal point for and custodian of corporate governance.  | Yes                | The board has adopted a charter setting out its responsibilities which includes being custodian of corporate governance                                  | Corporate Governance Report |
| 2.2  | The board should appreciate that strategy, risk, performance and sustainability are inseparable.  | Yes                | The board directs and approves the formal business plans and that the strategy takes into account the value drivers of the business and its stakeholders | Corporate Governance Report |
| 2.3  | The board should provide effective leadership based on an ethical foundation.   | Yes                | Refer to principle 1.1   |                             |
| 2.4  | The board should ensure that the company is and is seen to be a responsible corporate citizen.  | Yes                | Refer to principle 1.2   |                             |
| 2.5  | The board should ensure that the company's ethics are managed effectively.  | Yes                | Refer to principle 1.3   |                             |
| 2.6  | The board should ensure that the company has an effective and independent audit committee.  | Yes                | Refer to item 3 – Audit committees   |                             |
| 2.7  | The board should be responsible for the governance of risk.   | Yes                | Refer to item 4 – Governance of risk   |                             |
| 2.8  | The board should be responsible for information technology governance.  | Yes                | Refer to item 5 – Governance of information technology   |                             |
| 2.9  | The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards. | Yes                | Refer to item 6 – Compliance with laws, rules, codes and standards   |                             |
| 2.10 | The board should ensure that there is an effective risk-based internal audit.   | Yes                | Refer to item 7 – Internal audit   |                             |

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| 2.11               | The board should appreciate that stakeholders' perceptions affect the company's reputation.  | Yes                | Refer to item 8 – Governing shareholder  |                               |
| 2.12               | The board should ensure the integrity of the company's integrated report.  | Yes                | Refer to item 9 – Integrated reporting and disclosure  |                               |
| 2.13               | The board should report on the effectiveness of the company's system of internal controls.   | Yes                | Refer to items 7 and 9 – Internal audit and Integrated reporting and disclosure  |                               |
| 2.14               | The board and its directors should act in the best interests of the company.   | Yes                | Board members disclose potential conflicts of interest   | Corporate Governance Report   |
| 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.                   |                    | Noted – not been necessary to date. The board considers the group's solvency and liquidity through the Audit Committee   | Report of the Audit Committee |
| 2.16               | The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfill the role of chairman of the board. | Yes                | The board deems the Chairman to be independent and free of conflict. Succession plan for the Chairman is addressed by the Remuneration and Nomination Committee          | Corporate Governance Report   |
| 2.17               | The board should appoint the chief executive officer and establish a framework for the delegation of authority.  | Yes                | The board approves all senior executive appointments and a defined authority framework has been approved by the board  | Corporate Governance Report   |
| 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.                       | Yes                | Hulamin has a unitary board consisting of three executive directors and ten non-executive directors of whom seven are independent.                                       | Corporate Governance Report   |
| 2.19               | Directors should be appointed through a formal process.  | Yes                | The Remuneration and Nomination Committee identifies suitable members for the board, following a formal process  | Corporate Governance Report   |
| 2.20               | The induction and ongoing training and development of directors should be conducted through formal processes.  | Yes                | Newly appointed directors are introduced to the group via a formal induction programme and are updated on legal and regulatory and other developments on a regular basis | Corporate Governance Report   |
| 2.21               | The board should be assisted by a competent, suitably qualified and experienced company  | Yes                | The Company Secretary is appointed by the board. The Company Secretary has a formal arm's length relationship with the board and is not a director of any                | Corporate Governance Report   |

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|                    | secretary.   |                    | company in the group, provides guidance to the board and has qualifications fit for the purpose                     |                             |
| 2.22               | The evaluation of the board, its committees and the individual directors should be performed every year.                                     | Yes                | Annual evaluations alternate between internal and external evaluations  | Corporate Governance Report |
| 2.23               | The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.                   | Yes                | Formal approved terms of reference are in place for each committee of the board                                     | Corporate Governance Report |
| 2.24               | A governance framework should be agreed between the group and its subsidiary boards.   | Yes                | All policies, processes or procedures approved by Hulamín's board and its committees relate to the group as a whole |                             |
| 2.25               | Companies should remunerate directors and executives fairly and responsibly.   | Yes                | Remuneration is benchmarked against current market remuneration for similar roles and individual performance        | Corporate Governance Report |
| 2.26               | Companies should disclose the remuneration of each individual director and prescribed officer.   | Yes                | Refer to the Remuneration Report  | Corporate Governance Report |
| 2.27               | Shareholders should approve the company's remuneration policy.   | Yes                | The current remuneration policy was approved by shareholders at the annual general meeting held on 23 April 2015.   | Corporate Governance Report |
| <b>3</b>           | <b>Audit committees</b>  |                    |   |                             |
| 3.1                | The board should ensure that the company has an effective and independent audit committee.   | Yes                | The board believes this to be the case.   | Corporate Governance Report |
| 3.2                | Audit committees' members should be suitably skilled and experienced independent non-executive directors.                                    | Yes                | The board and Remuneration and Nomination Committee believe this to be the case                                     | Corporate Governance Report |
| 3.3                | The audit committee should be chaired by an independent non-executive director.  | Yes                | The chairman of the Audit Committee is an independent non-executive director  | Corporate Governance Report |
| 3.4                | The audit committee should oversee integrated reporting.   | Yes                | The Audit Committee reviews the Integrated Annual Report  | Audit Committee Report      |
| 3.5                | The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities. | Yes                | Evaluated on an annual basis  | Audit Committee Report      |

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| 3.6                | The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.                | Yes                | Done annually  | Audit Committee Report      |
| 3.7                | The audit committee should be responsible for overseeing of internal audit.  | Yes                | The Audit Committee is regularly updated on internal audit matters   | Audit Committee Report      |
| 3.8                | The audit committee should be an integral component of the risk management process.  | Yes                | The Audit Committee regularly reviews the process and the consequences for financial reporting   | Audit Committee Report      |
| 3.9                | The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process. | Yes                | A responsibility of the Audit Committee  | Audit Committee Report      |
| 3.10               | The audit committee should report to the board and shareholders on how it has discharged its duties.                                   | Yes                | Performed at board meetings and within the integrated report   | Audit Committee Report      |
| <b>4</b>           | <b>The governance of risk</b>  |                    |  |                             |
| 4.1                | The board should be responsible for the governance of risk.  | Yes                | The Risk and SHE Committee oversees risk management in the company.  | Corporate Governance Report |
| 4.2                | The board should determine the levels of risk tolerance.   | Yes                | Risk tolerance levels are included in the risk management framework which has been approved by the Risk and SHE Committee and the board                                    | Corporate Governance Report |
| 4.3                | The risk committee or audit committee should assist the board in carrying out its risk responsibilities.                               | Yes                | Refer to commentary for principle 4.1 above  | Corporate Governance Report |
| 4.4                | The board should delegate to management the responsibility to design, implement and monitor the risk management plan.                  | Yes                | Management represented on the Risk Management Committee are responsible for integrating risk in the day-to-day activities of the company                                   | Corporate Governance Report |
| 4.5                | The board should ensure that risk assessments are performed on a continual basis.  | Yes                | Risk assessment is ongoing within the group. The Risk Management Committee is responsible for effecting risk assessments, which are reviewed by the Risk and SHE Committee | Corporate Governance Report |
| 4.6                | The board should ensure that frameworks and methodologies are implemented to increase  | Yes                | A formal risk identification process is in place to identify unpredictable risks, which process is undertaken at every Risk Management Committee meeting                   | Corporate Governance Report |

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|                    | the probability of anticipating unpredictable risks.  |                    |   |                             |
| 4.7                | The board should ensure that management considers and implements appropriate risk responses.  | Yes                | This is reviewed by the Risk and SHE Committee and the board.   | Corporate Governance Report |
| 4.8                | The board should ensure continual risk monitoring by management.  | Yes                | This has been addressed in the risk management framework  | Corporate Governance Report |
| 4.9                | The board should receive assurance regarding the effectiveness of the risk management process.  | Yes                | Written assurance from internal audit is obtained on the effectiveness of the risk management process which is a responsibility of the Risk Management Committee  | Corporate Governance Report |
| 4.10               | The board should ensure that there are processes in place enabling complete, timely, accurate and accessible risk disclosure to stakeholders. | Yes                | The board's view on the effectiveness of the risk management process is included in the risk management report in the integrated report. Material undue, unexpected or unusual risks will be disclosed where these occur  | Risk Management Report      |
| <b>5</b>           | <b>The governance of information technology</b>   |                    |   |                             |
| 5.1                | The board should be responsible for information technology (IT) governance  | Yes                | The board deals with the strategic fit of IT to the business needs and the appropriateness of Hulamin's IT efforts as part of the strategic and business plans. The Audit Committee assists the board with its IT governance responsibilities   | Corporate Governance Report |
| 5.2                | IT should be aligned with the performance and sustainability objectives of the company.   | Yes                | As above  | Corporate Governance Report |
| 5.3                | The board should delegate to management the responsibility for the implementation of an IT governance framework.                              | Yes                | The IT Management Committee is responsible for the implementation of structures, processes and mechanisms for the IT governance framework   | Corporate Governance Report |
| 5.4                | The board should monitor and evaluate significant IT investments and expenditure.   | Yes                | The board has delegated this to the IT Management Committee   | Corporate Governance Report |
| 5.5                | IT should form an integral part of the company's risk management.   | Yes                | IT risks are reviewed by the Risk and SHE Committee. A formal disaster recovery plan was approved by the IT Management Committee and there are regular update reports on the progress and improvements thereof. Actions have also been taken by the IT Management Committee to address compliance with IT | Corporate Governance Report |

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|                    |  |                    | rules, codes, standard and leading practices   |                             |
| 5.6                | The board should ensure that information assets are managed effectively.   | Yes                | This is managed through the IT Management Committee  | Corporate Governance Report |
| 5.7                | A risk committee and audit committee should assist the board in carrying out its responsibilities.   | Yes                | This is performed by the Risk and SHE Committee. The IT Management Committee reports to the Risk and SHE Committee.  | Corporate Governance Report |
| <b>6</b>           | <b>Compliance with laws, rules, codes and standards</b>  |                    |  |                             |
| 6.1                | The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.                                    | Yes                | A compliance policy and framework has been adopted by the Risk and SHE Committee and the implementation thereof is work in progress. The board fully appreciates that compliance is non-negotiable | Corporate Governance Report |
| 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. | Yes                | The board is informed of relevant laws, rules, codes and standards, including changes by the company's legal advisors and its sponsors   | Corporate Governance Report |
| 6.3                | Compliance risk should form an integrated part of the company's risk management process.   | Yes                | Risk of non-compliance is identified, assessed, and responded to through the risk management process   | Corporate Governance Report |
| 6.4                | The board should delegate to management the implementation of an effective compliance framework and processes.   | Yes                | Refer to comment 6.1 above   | Corporate Governance Report |
| <b>7</b>           | <b>Internal audit</b>  |                    |  |                             |
| 7.1                | The board should ensure that there is an effective risk-based internal audit.  | Yes                | This is the responsibility of the Audit Committee. An internal audit charter approved by the Audit Committee has been adopted  | Audit Committee Report      |
| 7.2                | Internal audit should follow a risk-based approach to its plan.  | Yes                | Key developments in the business and external environment and changes in key risks are incorporated in the internal audit plan   | Audit Committee Report      |
| 7.3                | Internal audit should provide a written  | Yes                | Provision for these assessments is made in the approved internal audit plan  | Audit Committee Report      |

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|                    | assessment of the effectiveness of the company's system of internal control and risk management.  |                    |   |   |
| 7.4                | The audit committee should be responsible for overseeing internal audit.  | Yes                | The internal audit plan is approved annually by the Audit Committee who also evaluate the internal audit function by discussion with management and external auditors   | Audit Committee Report  |
| 7.5                | Internal audit should be strategically positioned to achieve its objectives.  | Yes                | Hulamin has considered it appropriate to outsource the internal audit function, combined by strong oversight of the internal audit effort by the Hulamin financial manager responsible for internal audit   | Audit Committee Report  |
| <b>8</b>           | <b>Governing stakeholder relationships</b>  |                    |   |   |
| 8.1                | The board should appreciate that stakeholders' perceptions affect a company's reputation.   | Yes                | Key shareholders of the company have been identified and relationships managed by various officers and executives in the company. The reputation of the company and its linkage with stakeholder relationships is frequently dealt with by the board. | Stakeholder Engagement Report                                     |
| 8.2                | The board should delegate to management to proactively deal with stakeholder relationships.   | Yes                | Management have developed a strategy and formulated policies for the management of relationships with each stakeholder grouping   | Stakeholder Engagement Report                                     |
| 8.3                | The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company. | Yes                | The board gives consideration to the legitimate interests and expectations of its stakeholders  | Stakeholder Engagement Report                                     |
| 8.4                | Companies should ensure the equitable treatment of shareholders.  | Yes                | Management deem that the treatment of all holders of the same class of shares issued is equitable and the board ensures minority shareholders are protected   | Stakeholder Engagement Report                                     |
| 8.5                | Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.             | Yes                | Management believes it provides complete, timely, relevant, accurate, honest and accessible information to its stakeholders whenever items of communication are required  | Addressed via the Integrated Annual Report and SENS announcements |
| 8.6                | The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.                                    | Yes                | The board has adopted a dispute resolution policy to address internal and external disputes   | Stakeholder Engagement Report                                     |

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| <b>9</b>           | <b>Integrated reporting and disclosure</b>   |                    |   |                          |
| 9.1                | The board should ensure the integrity of the company's integrated report.                            | Yes                | Controls are in place to verify and safeguard the integrity of the Integrated Annual Report and the Audit Committee is empowered to evaluate sustainability disclosures   | Audit Committee Report   |
| 9.2                | Sustainability reporting and disclosure should be integrated with the company's financial reporting. | Yes                | The company publishes an Integrated Annual Report which recognizes the diverse needs of its shareholders  | Integrated Annual Report |
| 9.3                | Sustainability reporting and disclosure should be independently assured.                             | Yes                | As mentioned in 9.1 above, the Audit Committee assists the board by reviewing the Integrated Annual Report to ensure the information is reliable and the Audit Committee oversees the provision of assurance over sustainability issues | Audit Committee Report   |