

KING IV CODE APPLICATION

The Institute of Directors in Southern Africa released the King IV Report on Corporate Governance for South Africa, 2016 (King IV) on 1 November 2016, which is effective for financial years from 1 April 2017. Hulamin has adopted the new code and this report therefore addresses all the principles of King IV, save for principle 17 as this relates to institutional investor companies.

1. LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

1.1 LEADERSHIP

Principle 1: The governing body should lead ethically and effectively.

The primary mission of the Hulamin board of directors ("the Board") is to ensure that Hulamin acts responsibly in pursuit of its business goals in a manner which balances the interests of all stakeholders.

The Board views the implementation of good corporate governance practices as integral to its business and recognises the importance between effective governance, sustainable organisational performance and creating long-term value for all stakeholders. The Board is committed to act in good faith and in the best interest of the organisation, to act ethically and to maintain the highest standards of good governance in order to promote quality decision-making and the execution thereof. The directors as set out in the director's code of conduct are required to comply with two overriding standards of diligence (duties of care and skill) and good faith (fiduciary duties). As a steward of the company each director of Hulamin also needs to discharge the following moral duties:

Conscience: a director needs to act with intellectual honesty and independence of mind in the best interest of the company and all its stakeholders, set the tone for an ethical organisational culture and ensure that the organisation does not adversely affect the natural environment, society and future generations.

Inclusivity: of stakeholders to achieve sustainability and the interests of stakeholders must be taken into account in decision-making and strategy.

Competence: a director should have the knowledge and skills required for governing a company effectively and continually develop this competence.

Commitment: a director should be diligent in performing his/her duties and devote sufficient time to company affairs.

Courage: a director should also have the courage to act with integrity in all Board decisions and activities and to take the risks associated with directing a successful sustainable business as well as taking responsibility for the prevention of any negative outcomes.

The Board assumes collective responsibility for steering and setting the direction of Hulamin as detailed in the roles and responsibilities of the Board as set out in the Board Charter which was updated with reference to King IV and adopted by the Board. Members of the Board are committed to transparency, accountability, fairness,

integrity and ethical leadership.

In 2017 all directors were encouraged to complete the code of ethics training module made available to Hulamin employees. The evaluation of the ethical performance and corporate leadership of the Board forms part of the board and director performance evaluations which are currently performed on an annual basis.

1.2 ORGANISATIONAL ETHICS

Principle 2: The governing board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Hulamin has adopted a Code of Ethics which has been actively endorsed by the Board and distributed to all employees in the group and is made available on both the group intranet ("Hulanet") and on the Hulamin website as well as related policies such as the policy guidelines on fraud, theft, corruption and other unethical behaviour. The Code of Ethics requires all employees and directors of the group to be committed to fair dealing, honesty and integrity in the conduct of its business and also outlines the group's position on gifts and entertainment. The Code of Ethics is designed to raise ethical awareness, act as a guide to day-to-day decisions and to assure customers, suppliers and other stakeholders of the group's commitment to ethical behaviour.

An important element of the employee induction process is to communicate to new employees the Code of Ethics, the group's core values and its compliance procedures. Compliance with the Code of Ethics is included in contracts of employment. Compliance by all employees with the high moral, ethical and legal standards of the Code of Ethics is mandatory, and if employees become aware of, or suspect, a contravention of the Code of Ethics, they must promptly and confidentially report it in the prescribed manner.

The Code of Ethics for employees and the Code of Conduct for Suppliers and Service Providers which is made available to suppliers and service providers is approved by the Transformation, Social and Ethics Committee ("TSEC"), which also oversees the embedding of the Code of Ethics and reporting. In 2017, an updated conflict of interest and gift policy for employees was adopted and the ongoing training of employees on the Code of Ethics was a key action. The continued roll-out of this training remains a focus for 2018.

Appropriate action is taken in respect of all reported instances of non-compliance with the Code of Ethics and Code of Conduct for Suppliers and Service Providers.

WHISTLE-BLOWING

Hulamin has established a whistle-blowing policy and has an anonymous reporting facility (the Hulamin Vuvuzela Fraud and Ethics Line), enabling employees and other

stakeholders to report fraudulent, corrupt or unethical behaviour related to any of the group's activities, without fear of victimisation and retribution. Anonymity is guaranteed and the facility is managed in compliance with the Protected Disclosures Act, No 26 of 2000.

Contact details of the Vuvuzela Fraud and Ethics Lines are as follows:

Toll-free number: 080 225 5 688

Toll-free facsimile: 080 000 7788

Email: Hulamin@tip-offs.com

Website: www.tip-offs.com

All fraud and theft matters are reported to the Audit Committee and TSEC. There were no significant frauds or thefts during the report period. No material matters were reported to the committees during the reporting period.

1.3 RESPONSIBLE CORPORATE CITIZEN

Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board has delegated to the TSEC the responsibility to oversee corporate citizenship by setting the direction for how it should be approached and it oversees the implementation thereof. The primary objective of TSEC is to lead the formulation and articulation of Hulamin's transformation, B-BBEE strategy, social and ethics strategy, to align this with the overall business strategy of Hulamin, to assist and advise on the setting of targets and to review the progress in achieving those targets. Further, *inter alia*, TSEC and the Risk and Safety, Health and Environment ("SHE") Committee assist the Board to ensure Hulamin is seen to be a responsible corporate citizen and to ensure that Hulamin's impact on the economy (including economic transformation, prevention, detection and response to fraud and corruption), the society (including employee and contractor health and safety, consumer protection and protection of human rights) and the environment (including responsibilities in respect of pollution and waste disposal) is sustainable. Further key responsibilities of TSEC are to oversee the general compliance with labour and employment law including the Bill of Rights.

TSEC also oversees initiatives to promote equality, to prevent unfair discrimination and to contribute to the development of the communities in which Hulamin's activities are predominately conducted, as well as sponsorships and donations.

Further reporting on the activities of TSEC and reporting on the above matters are set out on page 84 of this report and in the Sustainability Report available on Hulamin's website at www.hulamin.co.za.

Planned areas of future focus include the refinement of environmental sustainability measures and targets and to address action items arising from the supplier engagement survey conducted in 2017.

2. STRATEGY, PERFORMANCE AND REPORTING

2.1 STRATEGY AND PERFORMANCE

Principle 4: 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.

A key responsibility of the Board as set out in its Charter is to delegate to management the formulation of Hulamin's strategy and at the annual Board strategic workshop where the proposed strategy is considered by the Board, management is challenged with reference, *inter alia*, to the timelines and key performance measures to give effect to the strategy, the key risks and opportunities identified, the key resources and relationships connected to the various forms of capital, the interests of all stakeholders, the transformation initiatives and the inter-independence of the above.

The Board has also delegated to management the responsibility to implement and execute the approved policies and operational plans. A Board business plan workshop is typically held in October of each year where the Board considers the medium to long-term business plan of the group and the related key performance measures, as well as the projected financial performance of the business and the proposed hedging and funding strategy.

The strategy and the business plan, including key performance measures and targets, are approved at Board meetings. The Board actively monitors performance against all the targets.

Further information of the business, strategic leadership and value creation is set out on pages 32 to 71 of this report.

2.2 REPORTING

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisations performance, and its short, medium and long-term prospects.

In developing the integrated report for Hulamin, the Board is guided by the International Integrated Reporting Framework, the King IV Report on Corporate Governance, the JSE Listings Requirements and the Companies Act, No 71 of 2008, as amended, and the Companies Regulations. This report includes, *inter alia*, information relative to an overview of Hulamin, the business in context, strategic leadership, value creation, performance management, financial statements and shareholder information.

The Board has delegated to the Audit Committee the responsibility to oversee the reporting of all financial infrastructure, and any other information, which together constitute Hulamin's integrated reporting, prior to its approval by the Board. The Audit Committee responsibilities, *inter alia*, also include recommending to the Board for approval how assurance should be approached to ensure the integrity of external reports, such as those related to material sustainability issues and financial results. In this regard the Audit Committee takes into account the legal requirements in relation to assurance. Hulamin's website is used, *inter alia*, to report to stakeholders its integrated reports, annual financial statements and newsworthy items also released on the Stock Exchange News Service.

KING IV CODE APPLICATION CONTINUED

3. GOVERNING STRUCTURES AND DELEGATION

3.1 PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Board's primary role and responsibilities as set out in its approved Board Charter which is reviewed as and when required include:

- Approving corporate strategy, including business plans and budgets and to bring independent, informed and effective judgement and leadership to bear on the material decisions of the company.
- Overseeing and monitoring management's implementation of the approved strategies and business plans and budgets.
- Ensure accountability for the group's performance by means of, among others, reporting and disclosure.

The Board Charter also highlights the role of the Board as the custodian of corporate governance, and addresses the fiduciary duties and responsibilities of the Board and directors. It also sets out the procedures to be followed

in the event Board members or Board committee's need to obtain independent, external professional advice, and the procedures to be followed by non-executive Board members for access to senior staff and the books and records of Hulamin, to enable them to make competent decisions about the affairs of Hulamin.

An annual Board plan is in place to assist the Board to fulfil its responsibilities in accordance with the Board Charter.

The Board is satisfied that it has done so relative to the 2017 reporting period.

3.2 COMPOSITION OF THE GOVERNING BODY

Principle 7: 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.

BOARD COMPOSITION

Hulamin has a unitary Board structure which at 31 December 2017 comprised of 12 non-executive directors, of whom 10 are independent, two of whom are non-executive directors and one alternative non-executive director and three executive directors (which includes the CEO and CFO), drawn from a broad spectrum of business.

THE BOARD AT A GLANCE

	Year of appointment	Age	Audit	Risk and SHE*	Remuneration and Nomination	TSE [^]	Chairman's Committee
Independent non-executive directors							
ME Mkwanazi (Chairman)	2007	63		Member	Member		Chairperson
CA Boles	2016	48			Member		
LC Cele ¹	2007	63	Member			Chairperson	
RL Larson ²	2017	62					
TP Leeuw	2007	54	Chairperson	Member			Member
N Maharajh	2016	51	Member				
NNA Matyumza	2010	54	Member		Chairperson		Member
Dr B Mehlo Makulu	2016	45					
AT Nzimande ²	2017	47				Member	
PH Staude	2007	64		Chairperson			Member
GHM Watson	2011	66		Member	Member		Member
Non-executive directors							
VN Khumalo ³	2006	55				Chairperson	Member
SP Ngwenya	2007	64				Member	
GC Zondi (Alternate)	2016	44					
Executive directors							
RG Jacob (CEO)	2010	52		Member		Member	
AP Krull (CFO)	2016	43		Member			
MZ Mkhize	2007	56		Member			

Directors' ages are quoted as at 31 December 2017.

* Safety, Health and Environment.

[^] Transformation, Social and Ethics.

¹ LC Cele resigned 30 April 2017.

² RL Larson and AT Nzimande appointed 1 April 2017.

³ VN Khumalo became Chairperson with effect from 1 May 2017. Prior to this period he was a member.

Collectively the directors have a wide array of skills, knowledge and experience, and bring independent judgement to Board deliberations and decisions, and with no one individual or group having unfettered powers of decision-making. The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. The Board has adopted a Gender and Race Diversity Policy with set targets in accordance with the JSE Listings Requirements and which were taken into consideration in addressing the Board succession plan.

The voluntary target for female representation on the Board of Hulamín by the end of 2018, is a range of 25% to 40%. At the end of December 2017 three board members of the 15 were female (20%).

The voluntary race targets by the end of 2018 assuming a board complement of 14 members are as follows:

African: 50% (seven directors), Indian/Coloured's: 15% (two directors), Whites: 35% (five directors).

As at the end of December 2017 there were eight Africans, one Indian, and six White directors.

CHANGES TO THE BOARD IN 2017

LC Cele resigned on 30 April 2017 after having served on the Board for more than nine years, whilst AT Nzimande and RL Larson were appointed with effect from 1 April 2017.

Appointments to the Board follow a formal and transparent process and are a matter for the Board of directors as a whole, assisted by the Remuneration and Nomination Committee.

BOARD PRACTICE

The role of the Chairman (ME Mkwanazi), and that of the Chief Executive Officer (RG Jacob), are separate with a clear division of responsibilities as set out in the Board Charter.

DIRECTOR ROTATION AT ANNUAL GENERAL MEETING

In accordance with the company's Memorandum of Incorporation, executive directors in addition to non-executive directors are subject to retirement by rotation at intervals of three years and may be re-elected at the AGM at which they retire. Newly appointed directors may hold office until the next AGM, where their appointments are required to be ratified and they will be required to retire and offer themselves for election. Retiring at the next AGM by rotation are NNA Matyumza, SP Ngwenya, RG Jacob, VN Khumalo and PH Staude and who, being eligible and available, will seek re-election as directors. The Remuneration and Nomination Committee have assessed each of the retiring directors and the Board unanimously recommend their re-election.

New appointments in 2017 who were also assessed by the Remuneration and Nomination Committee, will also be seeking re-election as directors at the AGM. The Board confirms its support of their standing for re-election. There are no term contracts of service between any of the directors and Hulamín.

BOARD SUCCESSION PLANNING

A Board succession review process commenced in 2016 as part of a structured plan to appoint new non-executive directors. A Board composition expert was appointed to assist the Board in mapping the skills and experience necessary to meet the needs of the stakeholders, shareholders, the Board and its committees. This process was completed by the end of March 2017.

NOMINATION, ELECTION AND APPOINTMENT OF MEMBERS

A formal and transparent process is in place for nomination, election and appointment of members to the Board. The nomination of candidates for election as members is recommended by the Remuneration and Nomination Committee for approval by the Board. Matters such as member's performance and attendance at meetings is considered by the Board in nominating members for re-election. Candidates for election as non-executive directors provide confirmation that they have sufficient time available to fulfil the responsibilities of a member of the Board. Candidate's background and qualifications are independently verified prior to their nomination. A brief profile of the directors retiring and standing for re-election at the 2018 AGM is included in the AGM notice. All newly appointed directors receive a letter of appointment and follow an appropriate induction programme. Members of the Board are provided with relevant articles and presentations to enhance their level of professional development.

INDEPENDENCE AND CONFLICTS

Directors' responsibilities relative to conflicts of interest and the pro-active monitoring thereof are dealt with in the Board Charter and directors' Code of Conduct. Directors' general disclosure of interest is considered at least annually by the Board, and whenever there are significant changes. Conflicts of interest are considered at Board and committee meetings. The requirements of, *inter alia*, King IV are considered in assessing the independence of non-executive directors on an annual basis.

In terms of the Board Charter a non-executive director may continue to serve, in an independent capacity, for longer than nine years if, upon assessment by the Board conducted every year after nine years, it is concluded that the non-executive director exercises objective judgement and there is nothing when judged from the perspective of a reasonable and informed third party, that is likely to influence unduly or cause bias in decision-making. The independent classification of all Board members was considered by the Board.

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BOARD CHAIRMAN

The appointment and performance of the Board chairman is reviewed annually. The current Board chairman, ME Mkwanazi, has indicated that he will resign at the 2018 AGM after having served as Board chairman for more than 10 years. A process to appoint a successor to ME Mkwanazi was addressed by the Remuneration and Nomination Committee and following a recommendation of the committee, the Board resolved to appoint TP Leeuw as Board chairman with effect from the 2018 AGM.

TP Leeuw has confirmed that he will have adequate capacity and time to serve as chairman of the Board despite his outside positions and commitments. Following an independent assessment review of TP Leeuw, the Board was not able to flag any matter of

concern regarding the classification of TP Leeuw as an independent non-executive director considering the King IV guidelines and despite him serving on the Board of Hulamin for more than nine years.

The Board further concluded that currently there was no need to appoint a lead independent non-executive director. If and when required, the Board may consider the appointment of a lead independent non-executive director.

Following his appointment as Board chairman, TP Leeuw will resign as chairman of the Audit Committee. The Board resolved to nominate N Maharajh as chairman and CA Boles as a member of the Audit Committee with effect from the 2018 AGM. Further changes to the composition of Board Committees will be considered in 2018 considering the change to the Board chairman position.

BOARD AND BOARD COMMITTEE ATTENDANCE REGISTER

	Board		Audit		Risk and SHE*		Remuneration and Nomination		TSE [^]		Chairman's Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Independent non-executive directors												
ME Mkwanazi	7	7			3	3	4	4	3	2 [#]	5	5
CA Boles	7	7	5	4 [#]			4	3			5	5 [#]
L Cele ¹	3	2	1	1							3	2
RL Larson ²	5	5										
TP Leeuw	7	7	5	5	3	3					5	4
N Maharajh	7	7	5	5								
NNA Matyumza	7	5	5	3			4	4			5	4
Dr B Mehlomakulu	7	5										
AT Nzimande ²	5	5							3	3		
PH Staude	7	5			3	3					5	2
GHM Watson	7	7			3	2	4	4			5	5
Non-executive directors												
VN Khumalo	7	7	5	4 [#]					3	3	2	1
SP Ngwenya	7	5							3	3		
GC Zondi (Alternate)	7	1										
Executive directors												
RG Jacob (CEO)	7	7			3	3	4	4 [#]	3	3	5	5 [#]
AP Krull (CFO)	7	7	5	5 [#]	3	3			3	2 [#]	5	5 [#]
MZ Mkhize	7	6			3	3						

* Safety, Health and Environment.

[^] Transformation, Social and Ethics Committee.

A Indicates the number of meetings held during the year while the director was a member of the Board and/or committee.

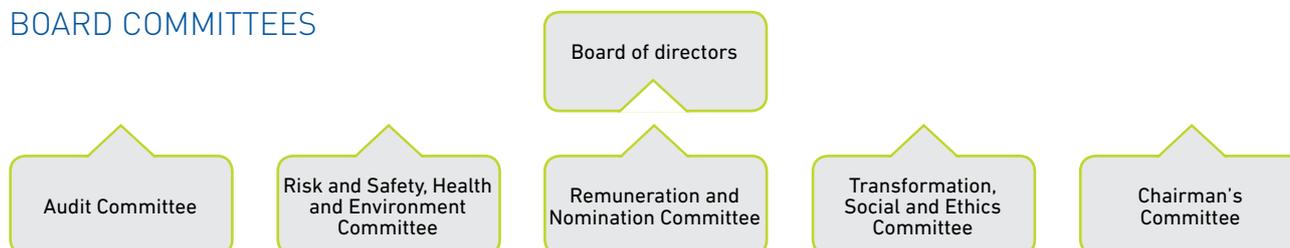
B Indicates the number of meetings attended during the year while the director was a member of the Board and/or committee.

¹ LC Cele resigned 30 April 2017.

² RL Larson and AT Nzimande appointed 1 April 2017.

[#] Attendance by invitation.

BOARD COMMITTEES



GROUP EXECUTIVE COMMITTEES



3.3 COMMITTEES OF THE BOARD

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of duties.

GOVERNANCE STRUCTURE – BOARD COMMITTEE'S

General

The Board has mandated the following committees, an Audit Committee, a Risk and SHE Committee, a Remuneration and Nomination Committee, a TSEC, and a Chairman's Committee, each with Board approved terms of reference, to support it in the execution of its governance responsibilities. This delegated responsibility, however, does not reduce the individual and collective responsibilities of Board members. These terms of reference are subject to an annual review and they include, *inter alia*, the composition of the committee, the overall role and responsibilities of the committee, delegated authority, the tenure of the committee, reporting requirements, procedures to access resources and information, meeting procedures and procedures to evaluate performance of the committee.

The Remuneration and Nomination Committee addresses the composition of Board Committees for approval by the Board so that it has the necessary knowledge, skills, experience and capacity to execute its duties effectively. Directors may attend committee meetings which they are not members of as an invitee, subject to the consent of the chairman of the committee. In such cases they may not vote on any matter decided upon by the committee. There is full disclosure of matters handled by a committee to the Board. Committees play an important role in enhancing high standards of governance and achieving increased effectiveness within the group. The core responsibilities of the Board and group Executive Committees are set out on pages 82 to 87 of this report. The respective Board Committees are satisfied that they have fulfilled their responsibilities in accordance with their respective terms of reference in 2017.

3.4 EVALUATION OF THE PERFORMANCE OF THE GOVERNING BODY

Principle 9: 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 performance and effectiveness.

A formal annual evaluation process of the Board collectively and of the directors individually, the chairman, the Board Committees, the CEO and of the company secretary is addressed. This typically involves the completion of evaluation questionnaires when performed internally, whilst when they are externally facilitated one-on-one interviews are also held with the directors and the company secretary. External facilitated evaluations are typically done every three years. The Board is of the opinion that the evaluation process does uplift the performance and effectiveness of the Board and this is evident in the relative high scores achieved.

No major areas of concern were raised relative to the 2016 evaluation process considered by the Board in February 2017. It was noted that the Board in 2016 and 2017 was in a transition phase with several new appointments as some long-serving directors resigned.

3.5 APPOINTMENT AND DELEGATION TO MANAGEMENT

Principle 10: 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.

3.5.1 CEO APPOINTMENT AND ROLE

The Remuneration and Nomination Committee recommends and the Board approves the appointment of the CEO and executives. The Remuneration and Nomination Committee and the Board also ensures and reviews the succession plan for the CEO and executives on a periodic basis.

KING IV CODE APPLICATION CONTINUED

The roles and responsibilities of the CEO are detailed in the Board Charter.

The CEO's membership and professional commitments outside of Hulamín are monitored by the chairman.

3.5.2 DELEGATION

The Board has approved an authorities framework which sets out the powers it reserves for itself and those delegated to management. The CEO is responsible for executing the Board approved strategy and business plans and ensuring that the authorities framework for delegation of authority to management is adhered to. The Board is of the opinion that the authorities framework contributes to role clarity.

3.5.3 PROFESSIONAL CORPORATE GOVERNANCE SERVICES TO THE GOVERNING BODY

Company secretary

The Board has considered and is satisfied that the company secretary is appropriately qualified, competent and experienced for his position in a listed company. Hulamín's company secretary plays a pivotal role in the continuing effectiveness of the Board, ensuring that all directors have full and timely access to information that helps them to perform their duties and obligations, and enables the Board to function effectively.

The company secretary's key duties with regard to the directors include, but are not limited to, the following:

- Collating and distributing relevant information, such as Board meeting agenda items, and Board and committee meeting papers, corporate announcements, investor communications and any other developments affecting the Hulamín Group.
- Providing guidance to the directors on their individual and collective powers and duties.
- Inducting new directors together with the company's sponsor. This includes a briefing of their fiduciary and statutory duties and responsibilities, including those arising from the JSE Listings Requirements.
- Providing regular updates on changes to laws and regulations affecting Hulamín.
- The company secretary is responsible for the functions specified in section 88 of the Companies Act, 2008 (as amended). All meetings of shareholders, directors and Board Committees are properly recorded as per the requirements of the Act.

The company secretary is not a director of any of the group operations, nor is he related to or connected with any of the directors which could result in a conflict of interest and accordingly it is concluded that an arm's length relationship with the Board and its directors is maintained. The company secretary reports to the Chief Financial Officer and has a direct channel of communication to the Chief Executive Officer and to the Chairman. The removal, appointment and remuneration of the company secretary would be a matter for the Board as a whole as set out in the authorities framework.

4. GOVERNANCE FUNCTIONAL AREAS

4.1 RISK GOVERNANCE

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board assumes overall responsibility for risk in the group. It has delegated the oversight of risk management to the Risk and SHE Committee. Refer to pages 40 to 47 for more detail on the group's risk management approach and governance. The SHE Committee and the Risk Management Committee reports to the Risk and SHE Committee. 

4.2 TECHNOLOGY AND INFORMATION GOVERNANCE

Principle 12: The governing body should govern technology and information in way that supports the organisation setting out achieving its strategic objectives.

The Board has delegated the responsibility for oversight of information technology and information management to the Audit Committee. The Information Technology Management Committee reports to the Audit Committee in this regard.

Systems, policies and procedures relative to information governance, the group's information technology security strategy, and a revised information technology strategy will be key focus areas in 2018 relative to technology and information governance.

4.3 COMPLIANCE GOVERNANCE

Principle 13: 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.

In terms of the group compliance framework, compliance with all material financial laws and regulations applicable to the group is overseen and reported on by the Audit Committee (i.e. the financial regulatory universe), whilst the TSEC oversees compliance governance relative to the labour regulatory universe. The Risk and SHE Committee assumes overarching responsibility for overseeing the group's compliance governance responsibilities and the legal regulatory universe (i.e. those laws and regulations not overseen by the Audit Committee and the TSEC). There is a comprehensive six-monthly report to the respective committee's from the compliance officer, which role is currently fulfilled by the company secretary. The report is compiled based on information received from each responsible executive assigned to each high risk compliance obligation.

During the reporting period the group was audited in terms of ISO 14001 international environmental standard and there were no major findings. A key area of focus during the reporting period was compliance with the Competition Act and the development of a Competition Act compliance framework.

Planned areas of future focus include addressing assurance on the effectiveness of the compliance governance framework. The group did not have any material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations during the report period.

4.4 REMUNERATION GOVERNANCE

Principle 14: 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.

The full remuneration report, including the remuneration policy and implementation report are set out on pages 88 to 99 of this report.

4.5 COMBINED ASSURANCE

Principle 15: 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 organisations external reports.

The Board is ultimately responsible for the assurance provided in the group. Management holds ultimate responsibility for the management of risks and internal controls. The Board delegates oversight over the effectiveness of the group's internal controls, risk management processes, integrity of information to the Audit Committee. Assurance is provided over the information reported both internally and externally by management, specialist function, internal audit, external auditors and other third-party assurance providers. To this end, the Audit Committee adopted an effective combined assurance framework, which has matured over the years in the optimisation of the assurance provided. A combined assurance map is used to map and report on the risk legislation, key operational and financial risks identified through the integrated group-wide risk management process.

Oversight of the assurance provided and the opinion on the internal control environment vest with the Audit Committee.

GROUP INTERNAL AUDIT

Internal audit's mission is to enhance and protect organisational value through providing independent and objective risk-based requisite assurance, advice, and insight. In so doing, internal audit assists the Board, through the Audit Committee, and management at all levels within the group, in the effective discharge of their responsibilities by reviewing the risk management, internal controls, and governance processes. Internal audit maintains dual reporting in the group structure, administrative reporting line to the CFO and a direct reporting line to the chairman of the Audit Committee where matters relating to internal audit are discussed directly and approved.

5. STAKEHOLDER RELATIONSHIPS

5.1 STAKEHOLDER RELATIONSHIPS

Principle 16: 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.

Management has developed a strategy and formulated policies for the management of relationships with each stakeholder grouping, and an integrated approach to stakeholder management within Hulamín is adopted to strive for consistency and balance in treatment across stakeholder categories.

Hulamín communicates its strategy, performance and vision through regular presentations to investors, analysts, employees and other stakeholders. In addition, management regularly meets with investors and institutional stakeholders on a one-on-one basis. The Hulamín website (www.hulamín.co.za) is also used for this purpose. Hulamín invites all shareholders to attend its annual general meeting (AGM) and also facilitates participation by way of focused proxy solicitation. The results of the AGM are published on the Stock Exchange News Service. In the future, consideration will be given to the publication of the minutes of AGM's on the Hulamín website. All directors and the designated partner of the external audit firm typically attend the AGM. An overview of Hulamín's stakeholders and their material matters is provided on pages 28 and 29 of this report and is also dealt with in the separate Sustainability Report which can be viewed on Hulamín's website.

Hulamín strives to resolve disputes with its stakeholders effectively and expeditiously. Hulamín has a preference to settle disputes rather than to litigate and uses alternative dispute resolution mechanisms whenever appropriate.

5.2 RELATIONSHIPS WITHIN A GROUP OF COMPANIES

Hulamín Limited is an investment holding company with its single investment comprising Hulamín Operations Proprietary Limited. The group authorities framework, policies, processes or procedures approved by the Hulamín Board and committees thereof, as well as executive management relate to the group as a whole. Executive directors who participate in the approval of group policies, processes and procedures are also directors of group subsidiary companies.