

Corporate Governance/King III and Companies Act 71 of 2008 (“Companies Act”) reviews

[King III’s “apply or explain” approach will be addressed below]

✓ Compliant

★ Under review

X Non-compliant

Partially compliant

PRINCIPLE	INDICATOR	COMMENT	REFERENCE	
1.	ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP			
1.1	THE BOARD SHOULD PROVIDE EFFECTIVE LEADERSHIP BASED ON AN ETHICAL FOUNDATION.	✓	The Board leadership is underpinned by its unequivocal commitment to fairness, transparency and integrity which underlies all facets of the Group’s operations. Adcock Ingram’s Board, assisted by its various committees, is responsible for setting the ethical tone “ <i>at the top</i> ” and monitors its implementation, including training of employees regarding the Code of Ethics, to ensure that business is conducted in a manner that is beyond reproach at all levels in the Group.	Refer to page 11 of the Integrated report.
1.2	THE BOARD SHOULD ENSURE THAT THE COMPANY IS AND IS SEEN TO BE A RESPONSIBLE CORPORATE CITIZEN.	✓	The Board has committed the Company to: achieving the highest standards of transparency, accountability and integrity in all aspects of its operations and in its dealings with stakeholders and the community at large; providing stakeholders and the investor community with clear, meaningful and timely information about the Company’s operations and results; conducting its business on the basis of fair commercial and competitive practice; building business relationships with suppliers and customers who endorse ethical business practices and who comply with the laws of the jurisdictions where they operate; actively pursuing transformation and ensuring	Refer to - Pages 10, 13 and 32 of the Integrated report.

			employment practices which are non-discriminatory and which seek to maximise the potential of all its employees through training and skills development; and proactively accepting responsibility for, and managing the environmental and sustainability issues associated with its business.	
1.3	THE BOARD SHOULD ENSURE THAT THE COMPANY'S ETHICS ARE MANAGED EFFECTIVELY.	✓	Management and employees operate in terms of a Code of Ethics approved by the Board. The Code requires compliance with all applicable laws and maintenance of the highest levels of integrity in the conduct of all aspects of the business. Training initiatives relating to ethics include training of employees by a Certified Ethics Officers employed by the Group. Employees are encouraged to report any suspected inappropriate, unethical, or illegal activity, or misconduct, through an independently operated Tip-Offs Anonymous line. This whistle-blowing facility is available 24 hours per day, 365 days per year. All complaints lodged through this service are investigated and reported to the Board through the Human Resources, Remuneration and Nominations Committee as well as the Social, Ethics and Transformation Committee. In addition disciplinary action is taken when appropriate.	Refer to page 11 of the Integrated report.
2.	BOARD AND DIRECTORS			
2.1	THE BOARD SHOULD ACT AS THE FOCAL POINT FOR AND CUSTODIAN OF CORPORATE GOVERNANCE.	✓	The Board, through effective corporate governance directs and manages the operations of the Company and its subsidiaries. The Board reviews the policies of the Company when a need arises for it to do so. Some of the policies of the Company have provision to be reviewed annually.	Refer to pages 10 to 13 of the Integrated report on how the Board manages corporate governance.
2.2	THE BOARD SHOULD APPRECIATE THAT STRATEGY, RISK, PERFORMANCE AND SUSTAINABILITY ARE	✓	The Board is ultimately responsible to shareholders for the performance of the Group. The Board broadly gives strategic direction to the Group; approves and regularly reviews business plans, budgets and	Refer to page 12 of the Integrated report.

	INSEPARABLE.		<p>policies; appoints the Chief Executive Officer and ensures that power and authorities delegated to management are clearly and comprehensively documented and regularly reviewed; and that the governance framework and strategic direction of the Group remain appropriate and relevant. The Board retains control over the Group, monitors risk and oversees the implementation of approved strategies through a structured approach to reporting and accountability. The Board, through the Risk and Sustainability Committee, monitors the Group's risk tolerance and appetite and approves the enterprise risk management plan for the Company. The Risk and Sustainability Committee reports to the Board on a quarterly basis.</p>	
<u>2.3</u>	THE BOARD SHOULD PROVIDE EFFECTIVE LEADERSHIP BASED ON ETHICAL FOUNDATION.	✓	Refer to principle 1.1 above.	
<u>2.4</u>	THE BOARD SHOULD ENSURE THE COMPANY IS AND IS SEEN TO BE A RESPONSIBLE CITIZEN.	✓	The Board ensures that the Company complies with its legal requirements and structures are in place to ensure compliance. The Company further manages its employees in a fair and responsible manner, looks after the environment and society in which it operates.	Refer to the Sustainability report on pages 28 -31 and to the Stakeholder Engagement report on pages 32 – 33.
<u>2.5</u>	THE BOARD SHOULD ENSURE THAT THE COMPANY ETHICS ARE MANAGED EFFECTIVELY.	✓	Management and employees operate in terms of a code of ethics approved by the Board. The code requires compliance with all applicable laws and maintenance of the highest levels of integrity in the conduct of all aspects of the business. Training initiatives relating to ethics include training of employees on ethics by the Certified Ethics Officer employed by the Group. Employees are encouraged to report any suspected inappropriate, unethical, illegal activity or misconduct through an independently operated Tip-Offs Anonymous line. This whistle-blowing facility is available 24 hours per day, 365 days per year. All complaints lodged through this service are investigated and reported to the Board through the	Refer to page 11 of the Integrated report.

			Human Resources, Remuneration and Nominations Committee and the Social, Ethics and Transformation Committee. In addition disciplinary action is taken when appropriate.	
2.6	THE BOARD SHOULD ENSURE THAT THE COMPANY HAS AN EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE.	✓	The Audit Committee of the Board is composed by a majority of independent non-executive directors and is elected by shareholders at every annual general meeting as set out in the Companies Act.	Refer to page 10 of the Integrated report.
2.7	THE BOARD SHOULD BE RESPONSIBLE FOR THE GOVERNANCE OF RISK.		The Board, through its Risk and Sustainability Committee is responsible for the governance of risk. Refer to principle 2.2 above	Refer to pages 10 and 13 of the Integrated report.
2.8	THE BOARD SHOULD BE RESPONSIBLE FOR INFORMATION TECHNOLOGY (IT) GOVERNANCE.	✓	The Board, through its Audit Committee, ensures that the Company's IT systems and processes are audited by independent auditors and these auditors report their findings to the Audit Committee which in turn reports to the Board.	Refer to page 13 of the Integrated report.
2.9	THE BOARD SHOULD ENSURE THAT THE COMPANY COMPLIES WITH APPLICABLE LAWS AND CONSIDERS ADHERENCE TO NON-BINDING RULES, CODES AND STANDARDS.	✓	Management and employees of the Company operate in terms of a Code of Ethics approved by the Board. In turn, the Code requires compliance with all applicable laws and maintenance of the highest levels of integrity in the conduct of all aspects of the business.	Refer to page 49 of the Integrated report.
2.10	THE BOARD SHOULD ENSURE THAT THERE IS AN EFFECTIVE RISK-BASED INTERNAL AUDIT.	✓	The Audit Committee evaluates the effectiveness and performance of the internal audit function and has satisfied itself of the quality of the internal audit processes and reporting.	Refer to pages 13 and 49
2.11	THE BOARD SHOULD APPRECIATE THAT STAKEHOLDERS' PERCEPTIONS AFFECT THE COMPANY'S REPUTATION.	✓	The Company endeavours to create trust and goodwill with stakeholders which will ultimately foster a positive business environment that facilitates business growth while building the Group's image and brand as an ethical, responsible and concerned corporate citizen.	Refer to pages 10, 32 and 33 of the Integrated report.
2.12	THE BOARD SHOULD ENSURE THE INTEGRITY OF THE COMPANY'S INTEGRATED	✓	The Board, through its various committees (in particular the Audit Committee) ensures that the internal audit function and the external auditors, as	Refer page 46 of the Integrated report.

	REPORT		well as management, account for the work and contents of the integrated report. The Board is of the view that integrated report fairly presents the integrated performance of the Group.	
2.13	THE BOARD SHOULD REPORT ON THE EFFECTIVENESS OF THE COMPANY'S SYSTEM OF INTERNAL CONTROLS.	✓	The Audit Committee has considered the reports from the internal and external auditors and is satisfied that the reports confirm the adequacy and effectiveness of the Group's systems of internal control.	Refer to page 49 of the Integrated report for the Audit Committee report
2.14	THE BOARD AND ITS DIRECTORS SHOULD ACT IN THE BEST INTERESTS OF THE COMPANY.	✓	Issues of conflicts of interest are regulated and dealt with regularly in terms of the Board Charter and section 75 of the Companies Act. The directors' register of interests is circulated at scheduled meetings of the Board for directors to confirm its contents and the subject matter is a standing item on the Board agenda. In line with the Board's commitment to implementing the highest practicable standards of corporate governance within the Company, the Board Charter incorporates the principles of the King III Report wherever appropriate.	
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 COMPANIES ACT.	N/A	The Company is not in this position. However, the directors have considered the solvency and liquidity of the Company and Group, in addition to the sustainability of their business models, available financial resources at 30 June 2014, the current regulatory environment and potential changes thereto and are satisfied that the Company and the Group will be able to continue as a going concern for the foreseeable future. The Board also conducted a similar exercise during the preparation and review of the half-year results and conducts liquidity and solvency tests whenever required in terms of the Companies Act.	Refer to page 51 in the Integrated Report where the going concern principle was confirmed by the Board.
2.16	THE BOARD SHOULD ELECT A CHAIRMAN OF THE BOARD WHO IS AN INDEPENDENT NON-	✓	The Chairman of the Board is not independent as defined in the King report but the Board has appointed a Lead Independent Director, to mitigate any potential	Refer to pages 8 and 9 of the Integrated report.

	EXECUTIVE DIRECTOR. THE CEO OF THE COMPANY SHOULD NOT ALSO FULFIL THE ROLE OF CHAIRMAN OF THE BOARD.		<p>conflict of interest.</p> <p>The CEO is not fulfilling the role of chairman of the Board.</p>	
2.17	THE BOARD SHOULD APPOINT THE CHIEF EXECUTIVE OFFICER AND ESTABLISH A FRAMEWORK FOR THE DELEGATION OF AUTHORITY.	✓	The Board has appointed a CEO. The framework for delegation of authority has been established, which sets out general principles of what can and cannot be done, monetary limits and other limits as required by law at various levels within the organisation. The limits also provide for upward referral of certain decisions and the notifiable decisions as well as residual authority of the Board. It is reviewed by the Board annually or more regularly when there is a need.	Refer to page 12 of the Integrated 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.	✓	The Company has two executive directors and 10 non-executive directors. Six of the non-executive directors are independent.	Refer to pages 8 and 9 of the Integrated report.
2.19	DIRECTORS SHOULD BE APPOINTED THROUGH A FORMAL PROCESS.	✓	Adcock Ingram's Memorandum of Incorporation (MOI), which was approved by shareholders in January 2013, sets out a formal process for the appointment of directors to the Board. Criteria used in the selection of the directors of the Company include leadership qualities, depth of experience, skills, independence, business acumen and personal integrity beyond reproach.	
2.20	THE INDUCTION OF AND ONGOING TRAINING AND DEVELOPMENT OF DIRECTORS SHOULD BE CONDUCTED THROUGH FORMAL PROCESSES.	#	All directors are required to attend a formal annual governance training session, which is scheduled in the Board's annual calendar, to ensure their knowledge of governance remains relevant. In addition, all directors are provided with an induction file containing important legislation and the Group's governance framework (including the Board committee governance structure, the Board Charter, terms of reference of all Board committees and key Company policies, as well as recent financial statements and a list of relevant	Refer to page 13 of the Integrated report.

			legislation). Formal meetings with the executives are arranged where the executives present their business plans and strategies to a newly appointed director. Ongoing director training sessions are held where changes in the legislative, regulatory or business environment of the Group warrant specific focus. All directors are encouraged to attend external director development. In the year under review directors were unable to attend formal training, normally offered by the Group, due to the recent corporate changes that are outlined in the corporate governance section of the integrated report.	
2.21	THE BOARD SHOULD BE ASSISTED BY A COMPETENT, SUITABLY QUALIFIED AND EXPERIENCED COMPANY SECRETARY.	✓	The Board of directors has confirmed that it has considered and satisfied itself with regard to the competence, qualifications and experience of the Company Secretary.	Refer to page 13 of the i ntegrated report.
2.22	THE EVALUATION OF THE BOARD, ITS COMMITTEES AND THE INDIVIDUAL DIRECTORS SHOULD BE PERFORMED EVERY YEAR.	#	A formal process to evaluate the performance of the Board, its committees, the Chairman, and three retiring Board members is in place. In the year under review, due to the change in financial year end of the Company, the evaluation of the Board, its committees and the Chairman was not conducted.	Refer to page 13 of the Integrated report
2.23	THE BOARD SHOULD DELEGATE CERTAIN FUNCTIONS TO WELL-STRUCTURED COMMITTEES BUT WITHOUT ABDICATING ITS OWN RESPONSIBILITIES.	✓	It is correct that certain functions are delegated to the Committees of the Board but the Committees of the Board do not have the power to approve but to rather recommend to the Board, unless expressly granted the authority to approve.	Refer to page 10 of the Integrated report-
2.24	A GOVERNANCE FRAMEWORK SHOULD BE AGREED BETWEEN THE GROUP AND ITS SUBSIDIARY BOARDS.	✓	Whilst the Group and its subsidiary Boards do not have a written governance framework between them as defined in statutes, the subsidiaries have their own governance instruments such as MOIs which define the powers and responsibilities of the subsidiaries. The subsidiaries are also audited as part of the Group. The Company Secretary conducts governance review	

			of the major subsidiaries at least once a year to ensure compliance. The international operations within the Group are governed in accordance with their own statutes.	
2.25	COMPANIES SHOULD REMUNERATE DIRECTORS AND EXECUTIVES FAIRLY AND RESPONSIBLY.	✓	The Directors and executives remuneration is benchmarked against the industry or other similar listed companies. Based on this exercise it is the Board's view that directors and executives are remunerated fairly and responsibly.	Refer to the Remuneration report on pages 37 - 43 of the Integrated report.
2.26	COMPANIES SHOULD DISCLOSE THE REMUNERATION OF EACH INDIVIDUAL DIRECTOR AND CERTAIN SENIOR EXECUTIVES IS DISCLOSED.	✓	This information is disclosed in the 2014 Integrated report.	Refer to the Remuneration Report on pages 37 - 43.
2.27	SHAREHOLDERS SHOULD APPROVE THE COMPANY'S REMUNERATION POLICY.	✓	The remuneration policy is set out on page 34 of the Integrated report and the resolution regarding the approval of the policy is set out as ordinary resolution in the notice of the annual general meeting for the consideration of and approval by of the shareholders.	
3.	AUDIT COMMITTEE			
3.1	THE BOARD SHOULD ENSURE THAT THE COMPANY HAS AN EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE.	✓	The Audit Committee is made up of a majority of independent non-executive directors and is effective in that it regulates the external auditors, including the approval of the terms of engagement and remuneration for the external audit engagement, the determination of the fees to be paid to the external auditor; monitoring and reporting on the independence of the external auditor in the annual financial statements; defining a policy for the nature and extent of non-audit services provided by the external auditor and approving the contracts for non-audit services to be rendered by the external auditor. The Audit Committee is also responsible for reviewing the method of preparation and the appropriateness of the annual financial statements as well as the assessment	

			of the internal audit function and the internal controls of the Company. The Audit Committee also reports to the Board on how it discharges its duties and the resolutions it has taken. In addition, the Audit Committee also exercises oversight over the internal audit function and is responsible for the appointment, performance assessment and or dismissal of the chief audit executive. It also considers and approves the internal audit plan; ensures that the internal audit function is subject to an independent quality review, as and when the Committee deems it appropriate, and meets with internal auditors at least once a year without management being present.	
3.2	AUDIT COMMITTEE MEMBERS SHOULD BE SUITABLY SKILLED AND EXPERIENCED INDEPENDENT NON-EXECUTIVE DIRECTORS.	✓	The Audit Committee consists of four non-executive directors who are suitably skilled and experienced and three of whom are independent.	Refer to page 9 of the Integrated report.
3.3	THE AUDIT COMMITTEE SHOULD BE CHAIRED BY AN INDEPENDENT NON-EXECUTIVE DIRECTOR.	✓	The chairman of the Audit Committee is an independent non-executive director.	Refer to page 9 of the Integrated report.
3.4	THE AUDIT COMMITTEE SHOULD OVERSEE INTEGRATED REPORTING.	✓	The Integrated Report is first presented to the Audit Committee for consideration and comments before it is recommended to the Board for approval.	Refer page 49 of the Integrated report.
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 in conjunction with other committees and the internal auditors have developed a risk-based approach in signing off and monitoring a comprehensive system of internal controls. The Audit Committee ensures that the combined assurance received from both external and internal assurance providers appropriately addresses the identified Company risks. The Audit Committee also monitors the activities of management in their role as the custodians of business processes to ensure the effective implementation, review and maintenance of internal controls as well as alignment with other	Refer to page 49 of the Integrated report.

			assurance providers. Management holds quarterly risk management meetings which are attended by external and internal auditors as well as the eCompany insurers where risk, health and safety matters are discussed and the outcome thereof is reported to the Executive Committee; Audit Committee, Risks and Sustainability Committee and the Social, Ethics and Transformation Committee.	
3.7	THE AUDIT COMMITTEE SHOULD BE RESPONSIBLE FOR OVERSEEING INTERNAL AUDIT.	✓	<p>The Committee:</p> <ul style="list-style-type: none"> • evaluates the effectiveness and performance of KPMG Services (Pty) Limited—(KPMG), the outsourced internal audit function, and compliance with its mandate; • reviews the effectiveness of the Group's system of internal financial control including receiving assurance from management and a written assessment on the effectiveness of internal control and risk management from the internal auditors; • reviews significant issues raised by the internal audit process and the adequacy of the corrective actions in response to significant internal audit findings; and • reviews policies and procedures for preventing and detecting fraud. 	Refer to page 49 of the Integrated report.
3.8	THE AUDIT COMMITTEE SHOULD BE AN INTEGRAL COMPONENT OF THE RISK MANAGEMENT PROCESS.	✓	The Audit Committee reviews the effectiveness of the Group's system of internal financial control including receiving assurance from management and a written assessment on the effectiveness of internal control and risk management from the internal auditors.	Refer to page 49 of the Integrated report.
3.9	THE AUDIT COMMITTEE IS RESPONSIBLE FOR RECOMMENDING THE APPOINTMENT OF THE EXTERNAL AUDITOR AND OVERSEEING THE EXTERNAL AUDIT PROCESS.	✓	In the execution of its duties, the Audit Committee recommends the appointment of the external auditors and is responsible for establishing the terms of engagement as well as monitoring the services provided by the external auditors, both audit and non-audit services. The Audit Committee also assesses the effectiveness of the external auditors, by reviewing	

			the external auditors' progress against and fulfilment of the agreed audit plan, including any variations from the plan and provides oversight to the external 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 subsequent to all its meetings and reports to shareholders through its report as set out on page 49 of the 2014 Integrated Report.	
4.	THE GOVERNANCE OF RISK			
4.1	THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISK.	✓	Refer to principle 2.2 above.	
4.2	THE BOARD SHOULD DETERMINE THE LEVELS OF RISK TOLERANCE.		The Risk and Sustainability Committee discusses risks associated with the business and reports to the Board on tolerance thereof.	
4.3	THE RISK COMMITTEE OR AUDIT COMMITTEE SHOULD ASSIST THE BOARD IN CARRYING OUT ITS RISK RESPONSIBILITIES.	✓	Both these Committees discuss and evaluate risks related to their functions and report to the Board.	
4.4	THE BOARD SHOULD DELEGATE TO MANAGEMENT THE RESPONSIBILITY TO DESIGN, IMPLEMENT AND MONITOR THE RISK MANAGEMENT PLAN TO MANAGEMENT.	✓	This statement is correct. The Board is satisfied that the executive management team is constantly aware of risk factors and actively seeks ways in which to overcome controllable risks and those that can be influenced, and to minimise the impact of the uncontrollable risks.	
4.5	THE BOARD SHOULD ENSURE THAT RISK ASSESSMENTS ARE PERFORMED ON A CONTINUAL BASIS.	✓	Please refer to principle 4.4 above.	
4.6	THE BOARD SHOULD ENSURE THAT FRAMEWORKS AND METHODOLOGIES ARE IMPLEMENTED TO INCREASE THE PROBABILITY OF ANTICIPATING UNPREDICTABLE RISKS	★	Currently the Board utilises the risk matrix developed in conjunction with the internal audit function, following a workshop with senior management to identify and rate risk.	
4.7	THE BOARD SHOULD ENSURE	✓	The Board is satisfied that the executive management	

	THAT MANAGEMENT CONSIDERS AND IMPLEMENTS APPROPRIATE RISK RESPONSES.		team is constantly aware of risk factors and actively seeks ways in which to overcome controllable risks and those that can be influenced, and to minimise the impact of the uncontrollable risks.	
4.8	THE BOARD SHOULD ENSURE CONTINUAL RISK MONITORING BY MANAGEMENT.	✓	The management of risk is the responsibility of the CEO with oversight by the Risk and Sustainability Committee on behalf of the Board.	
4.9	THE BOARD SHOULD RECEIVE ASSURANCE REGARDING THE EFFECTIVENESS OF THE RISK MANAGEMENT PROCESS.	✓	As part of discharging its responsibilities, the Audit Committee reviews the effectiveness of the Group's system of internal financial control including receiving assurance from management and a written assessment on the effectiveness of internal controls and risk management process from the internal auditors. Based on the assessments obtained from management and the internal auditor, the Committee believes that the internal financial controls and risk management process effective and that there were no material breakdowns in internal controls.	
4.10	THE BOARD SHOULD ENSURE THAT THERE ARE PROCESSES IN PLACE ENABLING COMPLETE, TIMELY, RELEVANT, ACCURATE AND ACCESSIBLE RISK DISCLOSURE TO STAKEHOLDERS.	✓	The Company has processes in place to disclose timely, complete, relevant, accurate information to its stakeholders through SENS announcements and/or media releases as well as posting of relevant information on its website. Furthermore, where appropriate the recall of products is also communicated to the medical professionals via "Dear Professional" letters.	
5.	THE GOVERNANCE OF INFORMATION TECHNOLOGY			
5.1	THE BOARD SHOULD BE RESPONSIBLE FOR INFORMATION TECHNOLOGY (IT) GOVERNANCE.	✓	In conjunction with the Risk and Sustainability committee, the Audit Committee oversees amongst others, <u>the</u> IT risk. This responsibility is set out in the Committees' terms of reference. Both these Committees report to the Board on management and auditors (external and internal) feedback on IT governance.	

5.2	IT SHOULD BE ALIGNED WITH THE PERFORMANCE AND SUSTAINABILITY OBJECTIVES OF THE COMPANY.	✓	IT is aligned and performs an integral part in the performance and sustainability objectives of the Company.
5.3	THE BOARD SHOULD DELEGATE TO MANAGEMENT THE RESPONSIBILITY FOR THE IMPLEMENTATION OF AN IT GOVERNANCE FRAMEWORK.	✓	Please refer to the Committee's terms of reference, which are summarised on page 12 of the Integrated Report.
5.4	THE BOARD SHOULD MONITOR AND EVALUATE SIGNIFICANT IT INVESTMENTS AND EXPENDITURE.	✓	The Limits of Authority Framework ("LAF") requires management to notify the Board on certain investments and expenditures. It also requires investments and expenditures which exceed a certain threshold to be approved by the Board.
5.5	IT SHOULD FORM AN INTEGRAL PART OF THE COMPANY'S RISK MANAGEMENT.	✓	Yes, external and internal auditors report to the Audit Committee on any IT related risk as part of the Company's risk management. Management also focuses on IT risk management through various interventions.
5.6	THE BOARD SHOULD ENSURE THAT INFORMATION ASSETS ARE MANAGED EFFECTIVELY.	✓	Yes. Tracking mechanisms and systems are in place to manage IT assets.
5.7	A RISK COMMITTEE AND AUDIT COMMITTEE SHOULD ASSIST THE BOARD IN CARRYING OUT ITS IT RESPONSIBILITIES.	✓	In conjunction with the Risk and Sustainability Committee, the Audit Committee oversees amongst others IT risk. This responsibility is set out the Committees' terms of reference.
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 Board, through the Risk and Sustainability Committee, mandated management to implement a legislative compliance programme to ensure the Group conforms to all applicable South African laws. The process commenced with a pilot project, the formation and training of Compliance teams and the installation of appropriate software. The compliance system is currently undergoing restructuring in order to maximise its effectiveness and efficiency. The

			Board also ensures that the international operations within the Group comply with laws of the countries in which the Company operates.	
6.2	THE BOARD AND EACH DIRECTOR SHOULD HAVE A WORKING UNDERSTANDING OF THE EFFECT OF THE APPLICABLE LAWS, RULES, CODES AND STANDARDS ON THE COMPANY AND ITS BUSINESS.	✓	The Board, in consultation with the Audit Committee and the Company Secretary, has considered the effectiveness of the system for monitoring compliance with laws and regulations and for finding and investigating instances of non-compliance and is satisfied with the effectiveness thereof.	Please refer to page 49 of the Integrated report for confirmation.
6.3	COMPLIANCE RISK SHOULD FORM AN INTEGRAL PART OF THE COMPANY'S RISK MANAGEMENT PROCESS.	✓	This statement is correct. The Company is in the process of implementing an electronic compliance system which is overseen by internal auditors. The internal auditors report their findings to the Risk and Sustainability Committee.	
6.4	THE BOARD SHOULD DELEGATE TO MANAGEMENT THE IMPLEMENTATION OF AN EFFECTIVE COMPLIANCE FRAMEWORK AND PROCESSES.	✓	Yes the Board has delegated to management and as stated above the framework is in the process of being implemented.	
7.	INTERNAL AUDIT			
7.1	THE BOARD SHOULD ENSURE THAT THERE IS AN EFFECTIVE RISK-BASED INTERNAL AUDIT.	✓	Refer to the Audit report on page 49 for the confirmation.	
7.2	INTERNAL AUDIT SHOULD FOLLOW A RISK BASED APPROACH TO ITS PLAN.	✓	Please refer to principle 7.1 above.	
7.3	INTERNAL AUDIT SHOULD PROVIDE A WRITTEN ASSESSMENT OF THE EFFECTIVENESS OF THE COMPANY'S SYSTEM OF INTERNAL CONTROLS AND RISK MANAGEMENT.	✓	Please refer to the Committee's report on page 49 of the integrated report.	

7.4	THE AUDIT COMMITTEE SHOULD BE RESPONSIBLE FOR OVERSEEING INTERNAL AUDIT.	✓	This statement is correct; please refer to the Committee's report on page 49.	
7.5	INTERNAL AUDIT SHOULD BE STRATEGICALLY POSITIONED TO ACHIEVE ITS OBJECTIVES.	✓	The internal audit function has full access to management, and Company records and systems. It reports to the Audit Committee and based on its reporting lines is strategically positioned to achieve its objectives.	
8.	GOVERNANCE STAKEHOLDER RELATIONSHIPS			
8.1	THE BOARD SHOULD APPRECIATE THAT STAKEHOLDERS' PERCEPTIONS AFFECT A COMPANY'S REPUTATION.	✓	The Company recognises its responsibility to present a balanced and comprehensive assessment of the Group to all its stakeholders, as long term sustainability objectives are supported through engaging with stakeholders to address matters of mutual interest. Stakeholder support, or lack thereof, may influence the Group's performance.	Refer to page 32 of the Integrated Report.
8.2	THE BOARD SHOULD DELEGATE TO MANAGEMENT TO PROACTIVELY DEAL WITH STAKEHOLDER RELATIONSHIPS AND THE OUTCOMES OF THESE DEALINGS.	✓	The Company has employed an executive who is responsible for government relations, a senior manager responsible for investor relations as well as the Managing Directors of various business units to look after the interest of the customers. These functions are supported by the CEO and Deputy CEO and Financial Director. Management has frequent interaction with our customers through personal visits by our sales personnel. Our employees are updated through various communication mechanisms, including but not limited to the intranet, LCD screens, newsletters, performance reviews and briefings.	Refer to the Stakeholder engagement report on pages 32 and 33 in the Integrated report for more detail.
8.3	THE BOARD SHOULD STRIVE TO ACHIEVE THE APPROPRIATE BALANCE BETWEEN ITS VARIOUS STAKEHOLDER GROUPINGS, IN THE BEST INTERESTS OF THE COMPANY.	✓	The Company is dedicated to engaging with all stakeholders to address matters of mutual interest. There are dedicated personnel dealing with shareholders, the investment community, customers, business partners and suppliers, the regulatory authorities and communities.	Refer to pages 32 and 33 in the Integrated report for confirmation.

8.4	THE BOARD SHOULD ENSURE THE EQUITABLE TREATMENT OF SHAREHOLDERS.	✓	Management and the Board keep shareholders and the investment community updated on the Company financial and operational performance, strategy, risks and opportunities in a transparent way. The CEO and the Deputy CEO have two scheduled roadshows following half year results and end year results announcements during which they interact with shareholders to answer their questions about the Company. This is supported throughout the year by equitable sharing of information through various communication mechanisms, including but not limited to SENS and media announcement.	Refer to pages 32 and 33 in the Integrated report for confirmation.
8.5	TRANSPARENT AND EFFECTIVE COMMUNICATION WITH STAKEHOLDERS IS ESSENTIAL FOR BUILDING AND MAINTAINING THEIR TRUST AND CONFIDENCE.	✓	<p>The Company uses, amongst others, the Integrated Report to communicate with various stakeholders. For example, the Company's Integrated Report has previously received recognition for corporate reporting and for referencing and usability.</p> <p>The Company has a system to solicit feedback from all our stakeholders, for example from customers with regards to our products and services and their needs. Management supports the use of the Company products through education and information sharing in accordance with the law and applicable regulations to promote responsible usage.</p>	
8.6	THE BOARD ENSURES THAT DISPUTES ARE RESOLVED EFFECTIVELY, EFFICIENTLY AND EXPEDITIOUSLY AS SOON AS POSSIBLE.	✓	Disputes are investigated and resolved effectively and expeditiously. All disputes related to employees are reported to the Social, Ethics and Transformation Committee as part of the Ethics report and to the Board. Feedback on these investigations is also provided to employees through various platforms such senior management quarterly meetings, and during the Executive committee meetings.	
9.	INTEGRATED REPORTING AND DISCLOSURE			
9.1	THE BOARD SHOULD ENSURE THE INTEGRITY OF THE	✓	The Board ensures that the Group's Integrated Report meets high standards and principles of corporate	

	COMPANY'S INTEGRATED REPORT.		governance through a rigorous internal process which includes review by management and the Audit Committee.	
9.2	SUSTAINABILITY REPORTING AND DISCLOSURE SHOULD BE INTEGRATED WITH THE COMPANY'S FINANCIAL REPORTING.	✓	This statement is correct as both sustainability reporting and financial reporting are contained in the Integrated Report.	
9.3	SUSTAINABILITY REPORTING AND DISCLOSURE SHOULD BE INDEPENDENTLY ASSURED.	#	Sustainability reporting and disclosure are not independently assured. However, the Integrated Report, including sustainability reporting and disclosures is reviewed by the Board.	

Prepared by: Ntando Simelane: Group Company Secretary

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