

Principle 1	The governing body should lead ethically and effectively.	
	IR Page number	
	<p>The Board, as the custodian of Adcock Ingram’s ethical leadership and corporate governance, is committed to leading ethically and effectively and strives to govern according to the letter and spirit of good corporate governance. The Board, collectively and individually, is satisfied that the ethics of the organisation are governed in a manner that supports the establishment of an ethical culture. The Board invests effort to ensure that it sets the tone for Adcock Ingram and actively monitors the implementation of ethics and observes the culture of the organisation by engagement with management (inside and outside of the boardroom) of the Company. Management provides regular progress reports to the Board on the Company and its subsidiaries.</p> <p>The Board is of the view that a healthy culture of ethics permeates at the Board and across the Group, with no material ethical infractions.</p> <p>The Board has consistently emphasised the importance of acting with integrity to ensure fairness, accountability and transparency in governing the Company.</p> <p>During 2021, an evaluation of performance and effectiveness of the Board, its committees, the chairpersons and individual directors was conducted, with a report in this regard submitted to the Board. The evaluation assessed the structures of leadership including the effect of recent changes at the Board, dynamics at the boardroom including the culture, governance, the nature of the relationship with stakeholders and efficacy of reporting.</p> <p>The Company continues to take reasonable steps to ensure that the Board is effectively supported to play its oversight role in response to COVID-19.</p>	<p>Page 15</p>

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<p>Principle 2</p>	<p>The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>						
	<table border="1"> <thead> <tr> <th data-bbox="371 544 1641 587"></th> <th data-bbox="1641 544 1935 587">IR Page number</th> <th data-bbox="1935 544 2219 587"></th> </tr> </thead> <tbody> <tr> <td data-bbox="371 587 1641 1310"> <p>The Board controls the Company and has ensured that the Code of Conduct and Ethics, and the Conflict of Interests policy are in place to “<i>set the tone from the top</i>”. The Board oversees the process of disclosure and communications, ensures that appropriate systems for financial control, and for reporting and monitoring risk are in place, appoints and evaluates the performance of the executive directors, and balances the potential for conflicts between the interests of management and the wider interests of the Company and shareholders; this ensures that the management of ethics results in the outcomes envisaged by King IV, namely Ethical Culture, Good Performance, Effective Control and Legitimacy.</p> <p>Furthermore, ethics are the foundation of Adcock Ingram’s business and an unequivocal commitment to fairness, transparency and integrity inspire all facets of the Group’s operations. Adcock Ingram’s Board, assisted by its different committees, is responsible for setting the ethical tone “<i>at the top</i>” and monitors its implementation, to ensure that business is conducted in a manner that is beyond reproach at all levels in the Group.</p> <p>The Board reviews the Code of Ethics and Conduct (the Code) annually or when a need arises to ensure that it remains relevant. The Code <i>inter alia</i> directs, Board members, employees and other stakeholders (when dealing with Adcock Ingram) to model their conduct in accordance with its provisions and to report any suspected inappropriate, unethical and illegal activity or misconduct.</p> <p>The SET committee plays a key role in exercising oversight of Adcock Ingram’s ethics, and ensures that the Board is sufficiently equipped to deliver on its goal of having a sustainable ethical culture. Although this responsibility has been delegated, the Board remains accountable for the way in which same is discharged.</p> </td> <td data-bbox="1641 587 1935 1310"> <p>Page 15</p> </td> <td data-bbox="1935 587 2219 1310"></td> </tr> </tbody> </table>		IR Page number		<p>The Board controls the Company and has ensured that the Code of Conduct and Ethics, and the Conflict of Interests policy are in place to “<i>set the tone from the top</i>”. The Board oversees the process of disclosure and communications, ensures that appropriate systems for financial control, and for reporting and monitoring risk are in place, appoints and evaluates the performance of the executive directors, and balances the potential for conflicts between the interests of management and the wider interests of the Company and shareholders; this ensures that the management of ethics results in the outcomes envisaged by King IV, namely Ethical Culture, Good Performance, Effective Control and Legitimacy.</p> <p>Furthermore, ethics are the foundation of Adcock Ingram’s business and an unequivocal commitment to fairness, transparency and integrity inspire all facets of the Group’s operations. Adcock Ingram’s Board, assisted by its different committees, is responsible for setting the ethical tone “<i>at the top</i>” and monitors its implementation, to ensure that business is conducted in a manner that is beyond reproach at all levels in the Group.</p> <p>The Board reviews the Code of Ethics and Conduct (the Code) annually or when a need arises to ensure that it remains relevant. The Code <i>inter alia</i> directs, Board members, employees and other stakeholders (when dealing with Adcock Ingram) to model their conduct in accordance with its provisions and to report any suspected inappropriate, unethical and illegal activity or misconduct.</p> <p>The SET committee plays a key role in exercising oversight of Adcock Ingram’s ethics, and ensures that the Board is sufficiently equipped to deliver on its goal of having a sustainable ethical culture. Although this responsibility has been delegated, the Board remains accountable for the way in which same is discharged.</p>	<p>Page 15</p>	
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<p>Principle 3</p>	<p>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>						
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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.	
	IR Page number	
	<p>The integrated thinking in our business model section illustrates how all the different elements are linked as inseparable elements of the value creation process.</p> <p>Pages 27 to 31 which highlights the key material risks, also indicate which strategic pillar will mitigate this risk, as well as the opportunities identified. Capital impacted are also indicated for each risk.</p>	<p>Pages 4 and 5 Pages 27 to 31</p>
Principle 5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium- and long-term prospects.	
	IR Page number	
	<p>The performance is detailed from page 38 onwards and each section has a view of the future.</p>	<p>Pages 38 - 71</p>
Principle 6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	
	IR Page number	
	<p>The Board continues to demonstrate its commitment to adhere to good corporate governance, including the structures, processes and practices used to direct and manage the Company's operations. As the custodian of corporate governance, the Board is aware of its responsibility to lead the Group competently and with integrity, to ensure fairness, accountability and transparency.</p> <p>The Board, is committed to ensuring that Adcock Ingram has appropriate governance structures, processes and practices that entrench ethical, effective and responsible leadership at Board and executive level and throughout the Group.</p> <p>Each committee promotes strong principles of integrity within the Company and the Board remains the overall custodian of good corporate governance. There is a culture of delegation and trust by the Board with respect to the committees and the role they play in providing the Board with the necessary support and oversight of the Company. The Board is satisfied that the arrangements for delegation within its own</p>	<p>Page 15</p>

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	<p>structures promotes independent judgement and assists with balance of power and the effective discharge of its duties. The Board is of the view that the established committees are appropriate, relevant and adequate for the Group.</p> <p>An account of the Board’s activities during FY2021 outlining how the Board applied principles of good governance to enable and support our value creation process is set out on page 18.</p>			
Principle 7	<p>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.</p>	IR Page number		
	<p>The Nominations Committee operates in accordance with its terms of reference which were approved by the Board and plays an important role in the nomination and appointment of new and suitable directors as well as the identification and removal of underperforming or unsuitable directors. Before nominating a candidate for election, the Nominations Committee considers the collective knowledge, skills and experience required, diversity of the Board and whether the candidate meets the fit and proper criteria. The Board considers its composition holistically and procedures for appointments to the Board are formal and transparent and conducted by the Nomination Committee.</p> <p>The Nominations Committee is also responsible for assessing the independence of the directors. Independence is determined according to the Companies Act, JSE Listings Requirements and the recommendations of King IV.</p> <p>The Board is constituted in terms of the Company’s Memorandum of Incorporation (MOI) and in line with King IV. The majority of Board members are independent nonexecutive directors who bring diversity to board deliberations and create sustained value by constructively challenging management.</p>	Pages 11,13, 20 and 101		
	<p>As the Board is led by a non-independent nonexecutive Chairman, in the objective and effective discharge of its governance role and responsibilities, a lead independent director was appointed to achieve a balance of power and reinforce accountability mechanisms on the Board.</p> <p>A clear separation of power exists between the Chairman of the Board and the Chief Executive Officer.</p>			

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	<p>The Board is committed to forward-thinking succession planning and to ensure stability and leadership structures. During the year the Nominations Committee reviewed the Board’s succession planning and changes were made in this regard.</p>		
<p>Principle 8</p>	<p>The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.</p>	IR Page number	
	<p>The Board is governed by an approved Charter and the Company’s Memorandum of Incorporation (MOI), amongst others. The Board charter regulates the parameters within which the Board operates and ensures the application of the principles of good corporate governance in all its dealings. The Charter sets out the roles and responsibilities of the Board and individual directors, the composition and relevant procedures of the Board, including the powers delegated to various Board committees and the relevant principles of the Group’s approval limits and delegations of authority. The Charter ensures that there is a clear division of roles and responsibilities on the Board and that no chairperson has a casting vote. The Charter is aligned with the provisions of relevant statutory and regulatory requirements, including, the Companies Act, the JSE Listings Requirements, King IV and the MOI. The Board is satisfied that the delegation of authority framework of the Company contributes to role clarity and effective exercise of authority and responsibilities.</p>	<p>Page 17</p>	
<p>Principle 9</p>	<p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	IR Page number	
	<p>During the year, the Board embarked on a journey of a Board evaluation with a difference. The evaluation was facilitated by an independent service provider, Luvivi Proprietary Limited, trading as Luvivi Governance Services (Luvivi). A qualitative assessment of structures of leadership, including the effect of recent changes at the Board, dynamics at the boardroom, including the culture, governance, the nature of the relationship with stakeholders and efficacy of reporting.</p>	<p>Page 18 and 19</p>	

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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.	
	IR Page number	
	<p>The Board is not involved in the day-to-day management of the Company as that is the responsibility of management. The Company has a delegation of authority framework which clearly defines the authority levels of the Board and management and is reviewed annually to ensure that it remains relevant.</p> <p>The Board is satisfied that the delegation of authority framework of the Company contributes to role clarity and effective exercise of authority and responsibilities.</p>	Page 17
Principle 11	The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.	
	IR Page number	
	<p>The Board ensures that risk management is embedded in key decision-making processes and that such processes incorporate and consider strategy, governance, compliance and performance. Adcock Ingram recognises the inherent exposure to a broad range of risks that the Group faces in pursuing and achieving sustainable growth. This has cultivated a philosophy which is not to entrench a compliance driven process, but rather to develop a culture which views Enterprise Risk Management (ERM) as a strategic enabler and ensures proactive and appropriate action is taken in mitigating risk exposure and taking advantage of opportunities.</p> <p>Processes have been designed and implemented to identify, assess, manage, monitor and report on the significant risks faced by each business segment individually and the Group as a whole, on a continual basis. The Group views this approach as core in terms of achieving the appropriate balance between risk and reward. This enables management to protect the Group against avoidable risks and develop mitigating controls and plans related to unavoidable risks.</p>	Pages 22 – 31

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Principle 12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	
	IR Page number	
	<p>IT governance focuses on the performance, resource and risk management processes of information and technology. It includes the process used to monitor and control key decisions around information and technology for alignment with the overall business strategy, and to ensure the delivery of value to key stakeholders.</p> <p>Both the Risk and Sustainability Committee and the Audit Committee promote the awareness of an ethical IT governance and management culture and provide transparency through regular reporting to Board, with internal audit providing independent assurance on the implemented frameworks, strategy, policy, procedures and standards.</p> <p>The Risk and Sustainability Committee considers the technology and information risk register on a regular basis.</p>	Page 23
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.	
	IR Page number	
	<p>The Board monitors the implementation of approved strategies and oversees corporate performance, approves major capital expenditure, acquisitions and divestitures, and ensures compliance with applicable laws.</p> <p>The Board is regularly kept informed of any material changes to the relevant existing legislation and regulations by the Company Secretary and where a need arises external counsel or relevant service providers are also invited to provide in depth advice related to the relevant subject matter. Compliance issues are also tabled and discussed in the respective Committees and later presented to the Board.</p>	Page 23

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<p>Principle 14</p>	<p>The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p style="text-align: right;">IR Page number</p>	
	<p>The Remuneration Committee has been delegated the responsibility for overseeing the Group’s approach to remuneration, including policy, to ensure fair, transparent, equitable and responsible remuneration in support of the Group’s strategy. Adcock Ingram remains focussed on developing and implementing robust remuneration strategies and plans that best serve shareholder interest through sustainable growth. We continually monitor developments in the healthcare sector, best practice and related changes in the market that may have an impact on our approach to remuneration, and regularly canvass input from stakeholders for consideration. The Group continued engaging an independent external remuneration consultant to ensure that our remuneration practices remain relevant and fit for purpose in a dynamic and changing environment and aligned to the achievement of our strategies. In particular, our remuneration policy is key to our ability to attract, motivate, develop and retain talent in a market where the battle for talent is fierce.</p> <p>Adcock Ingram's remuneration philosophy is aimed at driving a high-performance culture by ensuring that our employees are motivated and committed to the success of our business. It is designed to attract, develop, motivate, deploy and retain talented employees who enable the business to pursue and achieve its strategic objectives and enhance shareholder value. The remuneration philosophy is transparent and based on the principles of market competitiveness, internal equity, transformation imperatives and includes pay for performance.</p>	<p>Pages 97</p>	
<p>Principle 15</p>	<p>The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports.</p>	<p style="text-align: right;">IR Page number</p>	
	<p>Refer to page 25 for details of our combined assurance model, and page 26 for the various levels of assurance throughout the organisation.</p>	<p>Pages 25 and 26</p>	

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Principle 16	<p>In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	
	IR Page number	
	<p>The Board recently approved a policy that articulates and gives effect to its set direction on stakeholder relations management. Accordingly, the social and relationship capital pillar is embedded within the Adcock Ingram business strategy that has a defined stakeholder engagement approach.</p> <p>Adcock Ingram continuously examines its stakeholders’ needs and expectations concomitant with its aspirations and thereafter formulate mutually satisfying responses, hence, the Company developed a comprehensive stakeholder management relations policy, as a framework for upholding its commitment to social and relationship capital. Its valuable partnerships with employees, customers, consumers, research bodies, healthcare professionals, industry peers/associations and suppliers are built to last. Healthy trusting relationships with governments, regulatory authorities, fence-line communities, NGOs and trade unions are well established. Instil confidence for investors, shareholders and the media to the Adcock Ingram value proposition.</p>	<p>Pages 34-37, 48, 54, 60, 66,73,86</p>

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