

*adding value to life*

**KING III REPORT  
2015**

**adcock ingram** 

# CORPORATE GOVERNANCE

This King III Reporting is prepared in terms of the JSE Listings Requirements for the period 1 July 2014 to 30 June 2015

King III "apply or explain" approach is set out below

- ✓ Compliant
- \* Under review
- ✗ Non-compliant
- # Partially compliant

Principle	Indicator	Comment	Reference
<b>1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP</b>			
<b>1.1</b>		✓ The Board should provide effective leadership based on an ethical foundation.	Refer to page 12 of the Integrated Report.
<b>1.2</b>		✓ The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	Refer to – Pages 11, 26 to 30 and 32 of the Integrated Report.
<b>1.3</b>		✓ The Board should ensure that the Company's ethics are managed effectively.	Refer to page 12 of the Integrated Report.

Principle	Indicator	Comment	Reference	
<b>2. BOARD AND DIRECTORS</b>				
<b>2.1</b>	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 12 to 13 of the Integrated Report on how the Board manages corporate governance.
<b>2.2</b>	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	✓	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 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 Company's Chief Executive Officer is responsible for the management of risk while the Risk and Sustainability Committee is the oversight Committee on behalf of the Audit Committee and Board. Executive management is responsible for the day-to-day management of risk. This is monitored through periodic compilation of risk registers which are regularly reviewed and updated.	Refer to pages 26 and 44 of the Integrated Report.
<b>2.3</b>	The Board should provide effective leadership based on ethical foundation.	✓	Refer to principle 1.1 above.	
<b>2.4</b>	The Board should ensure the Company is and is seen to be a responsible citizen.	✓	As stated in 1.2 above, 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 from page 26
<b>2.5</b>	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 Social, Ethics and Transformation Committee. In addition disciplinary action is taken when appropriate.	Refer to page 12 of the Integrated Report.
<b>2.6</b>	The Board should ensure that the Company has an effective and independent Audit Committee.	✓	The Audit Committee of the Board is composed of a majority of independent non-executive directors and is elected by shareholders at every annual general meeting as set out in the Companies Act. The Audit Committee is effective and independent.	Refer to pages 10 and 49 of the Integrated Report.

# CORPORATE GOVERNANCE CONTINUED

Principle	Indicator	Comment	Reference	
<b>2.7</b>		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 page 44 of the Integrated Report.
<b>2.8</b>	✓	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 pages 12 and 44 of the Integrated Report.
<b>2.9</b>	✓	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 pages 12, 13 and 49 of the Integrated Report.
<b>2.10</b>	✓	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. The Internal Audit Head attends all meetings of the Audit Committee and Risk and Sustainability Committee. The Internal Audit conducted the Enterprise Risk Management (ERM) process during February 2015. The purpose thereof was to better formalise the process of identifying and managing risks per division.	Refer to pages 12 and 49.
<b>2.11</b>	✓	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. Adcock Ingram is aware of its responsibility to present a balanced and comprehensive assessment of the Group to all of its identified stakeholders. The Group aims to develop mutually beneficial relationships with its stakeholders, built on a foundation of effective and practical communication strategies, for the benefit of stakeholders and society as a whole.	Refer to page 32 of the Integrated Report.
<b>2.12</b>	✓	The Board should ensure the integrity of the Company's Integrated Report.	The Board, through its various Committees (in particular the Audit Committee) ensures that the internal audit function and the external auditors, as 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.	Refer pages 46, 47 and 49 of the Integrated Report.
<b>2.13</b>	✓	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.

Principle	Indicator	Comment	Reference
<b>2.14</b> 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.	Refer to page 13 of the Integrated Report.
<b>2.15</b> 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.	Refer to page 51 in the Integrated Report where the going-concern principle was confirmed by the Board.
<b>2.16</b> The Board should elect a Chairman of the Board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of Chairman of the Board.	✓	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 conflict of interest. The CEO is not fulfilling the role of Chairman of the Board.	Refer to page 8 of the Integrated Report.
<b>2.17</b> 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 46 of the Integrated Report.
<b>2.18</b> 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 page 8 of the Integrated Report.
<b>2.19</b> 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.	

# CORPORATE GOVERNANCE CONTINUED

Principle	Indicator	Comment	Reference
<b>2.20</b> 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 newly appointed 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 legislation). 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.	Refer to page 13 of the Integrated Report.
<b>2.21</b> The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	✓	The Board of directors has considered and satisfied itself with regard to the competence, qualifications and experience of the Company Secretary.	Refer to page 13 of the Integrated Report.
<b>2.22</b> 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, the following Committees were evaluated: Audit Committee, Risk and Sustainability Committee and the Human Resources, Remuneration and Nominations Committee were evaluated. The identified areas of improvement will be addressed before another evaluation is undertaken. The Board will be evaluated next.	Refer to page 13 of the Integrated Report.
<b>2.23</b> 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 by the Board or law.	Refer to pages 10 and 11 of the Integrated Report.
<b>2.24</b> 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.	
<b>2.25</b> 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 page 34 of the Integrated Report.
<b>2.26</b> Companies should disclose the remuneration of each individual director and certain senior executives.	✓	This information is disclosed in the 2015 Integrated Report.	Refer to the Remuneration Report on pages 38 to 43.

Principle	Indicator	Comment	Reference
<b>2.27</b> 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 an ordinary resolution on page 129, in the notice of the annual general meeting for the consideration of and approval by of the shareholders.	
<b>3. AUDIT COMMITTEE</b>			
<b>3.1</b> 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. The Committee operates in terms of its terms of reference.	Refer to pages 9, 11 and 49 of the Integrated Report.
<b>3.2</b> 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 pages 9 and 11 of the Integrated Report.
<b>3.3</b> 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.
<b>3.4</b> 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 pages 12 and 49 of the Integrated Report.
<b>3.5</b> 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 assurance providers. Management holds quarterly risk management meetings which are attended by internal and sometime external auditors as well as the Company insurers where risk, health and safety matters are discussed and the outcome thereof is reported to the Executive Committee; Audit Committee, Risk and Sustainability Committee and the Social, Ethics and Transformation Committee.	Refer to page 49 of the Integrated Report.

# CORPORATE GOVERNANCE CONTINUED

Principle	Indicator	Comment	Reference
<b>3.6</b> The Audit Committee should be responsible for overseeing internal audit.	✓	In accordance with its terms of reference, the Committee: <ul style="list-style-type: none"> <li>evaluates the effectiveness and performance of the internal audit function, and compliance with its mandate;</li> <li>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;</li> <li>reviews significant issues raised by the internal audit process and the adequacy of the corrective actions in response to significant internal audit findings; and</li> <li>reviews policies and procedures for preventing and detecting fraud.</li> </ul>	Refer to page 49 of the Integrated Report.
<b>3.7</b> 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.
<b>3.8</b> 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. The Audit Committee has recommended the reappointment of the external auditors.	
<b>3.9</b> 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 2015 Integrated Report.	
<b>4. THE GOVERNANCE OF RISK</b>			
<b>4.1</b> The Board is responsible for the governance of risk.	✓	Refer to principle 2.2 above.	Refer to page 44 of the Integrated Report for the risk report.
<b>4.2</b> 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.	Refer to page 44 of the Integrated Report.
<b>4.3</b> 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.	Refer to pages 11 and 44 of the Integrated Report.
<b>4.4</b> 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.	Refer to page 44 of the Integrated Report.



Principle	Indicator	Comment	Reference	
<b>4.5</b>	The Board should ensure that risk assessments are performed on a continual basis.	✓	The CEO submits a risk report to the Risk and Sustainability on quarterly basis which highlights risks to the business. In turn the Committee reports to the Board.	
<b>4.6</b>	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	✓	The CEO's risk report is a standing item on the Risk and Sustainability Committee's agenda. The Internal Audit Head attends all meetings of the Audit Committee and Risk and Sustainability Committee. The Internal Audit function conducted the Enterprise Risk Management (ERM) process during February 2015. The purpose thereof was to better formalise the process of identifying and managing risks per division.	
<b>4.7</b>	The Board should ensure that management considers and implements appropriate risk responses.	✓	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.	
<b>4.8</b>	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.	Refer to principle 4.5 above.
<b>4.9</b>	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 are effective and that there were no material breakdowns in internal controls.	Refer to page 49 of the Integrated Report.
<b>4.10</b>	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 Healthcare Professional" letters.	Refer to page 44 of the Integrated Report.

# CORPORATE GOVERNANCE CONTINUED

Principle	Indicator	Comment	Reference	
<b>5. THE GOVERNANCE OF INFORMATION TECHNOLOGY</b>				
<b>5.1</b>	The Board should be responsible for information technology (IT) governance.	✓	In conjunction with the Risk and Sustainability Committee, the Audit Committee oversees amongst others, the 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.	Refer to pages 12 and 44 of the Integrated Report.
<b>5.2</b>	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.	
<b>5.3</b>	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 11 of the Integrated Report.	
<b>5.4</b>	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.	
<b>5.5</b>	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.	
<b>5.6</b>	The Board should ensure that information assets are managed effectively.	✓	Yes. Tracking mechanisms and systems are in place to manage IT assets.	
<b>5.7</b>	A risk Committee and Audit Committee should assist the Board in carrying out its responsibilities.	✓	In conjunction with the Risk and Sustainability Committee, the Audit Committee oversees amongst others IT risk. This responsibility is set out in the Committees' terms of reference.	
<b>6. COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS</b>				
<b>6.1</b>	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	Refer to principle 2.9 above.	
<b>6.2</b>	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 pages 47 and 49 of the Integrated Report for confirmation.
<b>6.3</b>	Compliance risk should form an integral part of the Company's risk management process.	✓	Refer to principle 2.9 above.	
<b>6.4</b>	The Board should delegate to management the implementation of an effective compliance framework and processes.	✓	Yes, the Board has delegated to management. Please refer to page 44 of the Integrated Report.	

Principle	Indicator	Comment	Reference	
<b>7. INTERNAL AUDIT</b>				
<b>7.1</b>	The Board should ensure that there is an Effective risk-based internal audit.	✓	Refer to the Audit Committee report on page 49 for the confirmation.	
<b>7.2</b>	Internal audit should follow a risk based approach to its plan.	✓	Please refer to principle 7.1 above.	
<b>7.3</b>	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.	
<b>7.4</b>	The Audit Committee should be responsible for overseeing internal audit.	✓	This statement is correct; please refer to the Committee's report on page 49.	
<b>7.5</b>	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.	Refer to pages 12 and 49 of the Integrated Report.
<b>8. GOVERNANCE STAKEHOLDER RELATIONSHIPS</b>				
<b>8.1</b>	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.
<b>8.2</b>	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 the Company's 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 page 32 in the Integrated Report for more detail.
<b>8.3</b>	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 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 page 32 in the Integrated Report for confirmation.

# CORPORATE GOVERNANCE CONTINUED

Principle	Indicator	Comment	Reference	
<b>8.4</b>	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 scheduled an investor community teleconference following the release of the year-end results announcements during which they answered 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 announcements.	Refer to page 32 in the Integrated Report for confirmation.
<b>8.5</b>	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	✓	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.  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.	
<b>8.6</b>	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.	
<b>9. INTEGRATED REPORTING AND DISCLOSURE</b>				
<b>9.1</b>	The Board should ensure the integrity of the Company's Integrated Report.	✓	The Board ensures that the Group's Integrated Report meets high standards and principles of corporate governance through a rigorous internal process which includes review by management and the Audit Committee.	
<b>9.2</b>	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.	
<b>9.3</b>	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 are by the Board.	

Prepared by: Ntando Simelane: Group Company Secretary

Date: September 2015