

| King III Ref  | King III Principle  | Comply/<br>Partially<br>Comply/<br>Do Not<br>comply | Commentary  |
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| <b>CHAPTER 1 - ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP</b> |   |   |   |
| Principle 1.1   | The Board of Directors of the Company (the Board) provides effective leadership based on an ethical foundation. | Comply  | In accordance with the Board Charter the board is the guardian of the values and ethics of the group.   |
| Principle 1.2   | The Board ensures that the Company is and is seen to be a responsible corporate citizen.                        | Comply  | The social and ethics committee reports to the board and shareholders and reflects Huga's commitment to responsible corporate citizenship.  |
| Principle 1.3   | The Board ensures that the Company's ethics are managed effectively.  | Comply  | The Board is responsible for ensuring that the Company protects, enhances and contributes to the wellbeing of the economy, society and natural environment.   |
| <b>CHAPTER 2 - BOARDS AND DIRECTORS</b>                         |   |   |   |
| Principle 2.1   | The Board acts as the focal point for and custodian of corporate governance.                                    | Comply  | The Board will ensure that the Company applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices through the Group's governance structures, systems, processes and procedures.   |
| Principle 2.2   | The Board appreciates that strategy, risk, performance and sustainability are inseparable.                      | Comply  | The Board, as a whole and through its Committees, will approve and monitor the implementation of the strategy and business plan of the Company, will set objectives, review key risks and will evaluate performance against the background of economic, environmental and social issues relevant to the Company and global economic conditions. |
| Principle 2.3   | The Board provides effective leadership based on an ethical foundation.   | Comply  | See 1.1 above   |
| Principle 2.4   | The Board ensures that the Company is and is seen to be as a responsible corporate citizen.                     | Comply  | See 1.2 above   |
| Principle 2.5   | The Board ensures that the Company's ethics are managed effectively   | Comply  | See 1.3 above   |
| Principle 2.6   | The Board has ensured that the Company has an effective and independent audit committee.                        | Comply  | See Chapter 3 below   |
| Principle   | The Board is  | Comply  | See Chapter 4 below   |

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| 2.7            | responsible for the governance of risk.  |                  |   |
| Principle 2.8  | The Board is responsible for information technology (IT) governance.   | Partially comply | See Chapter 5 below   |
| Principle 2.9  | The Board ensures that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.  | Comply           | See Chapter 6 below   |
| Principle 2.10 | The Board should ensure that there is an effective risk-based internal audit.  | Do not comply    | See Chapter 7 below   |
| Principle 2.11 | The Board should appreciate that stakeholder perceptions affect a Company's reputation.  | Comply           | See Chapter 8 below   |
| Principle 2.12 | The Board should ensure the integrity of the Company's integrated report.  | Comply           | See Chapter 9 below   |
| Principle 2.13 | The Board reports on the effectiveness of the Company's internal controls.   | Comply           | See Chapter 7 and 9 below   |
| Principle 2.14 | The Board and its directors should act in the best interests of the Company.   | Comply           | Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. Written records of Directors' financial interests are kept and updated on an on-going basis. The Board as a whole acts as a steward of the Company and each Director acts with independence of mind in the best interests of the Company and its stakeholders. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the Company's stakeholders.                                       |
| Principle 2.15 | The Board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Companies Act, 71 of 2008. | Comply           | The Board is aware of the requirements of the Companies Act regarding business rescue. The Company will establish a risk management process that will evaluate controllable and non-controllable risks continuously, as well as threats and opportunities to ensure that the Company is operating optimally and is not in distress. In connection with the issuance of the Interim and Provisional Results management has been requested to table a solvency and liquidity memorandum whose content will be considered and confirmed by the Board on a regular basis. |
| Principle      | The Board has elected  | Partially        | The Chairman of Huger is a non-executive  |

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| 2.16           | a chairman of the board who is an independent non-executive director. The CEO of the company does not also fulfil the role of chairman of the Board. | comply           | director. The roles of the Chairman and Chief Executive Officer are separate and clearly defined.   |
| Principle 2.17 | The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority.                                 | Comply           | While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority to the Chief Executive Officer and other Executive Directors to run the day-to-day affairs of the Company. A delegation of authority document has been prepared and will be reviewed and approved by the audit committee in due course.   |
| Principle 2.18 | The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent.         | Partially comply | The board has a preponderance of non-executive directors. There are four non-executive directors (of which two are independent non-executive directors), and two executive directors. The Company has a Lead independent non-executive director.  |
| Principle 2.19 | Directors are appointed through a formal process.  | Comply           | To ensure a transparent process, any new appointment of a Director is considered by the Board as a whole. The selection process involves considering the existing balance of skills and experience on the Board and a continual process of assessing the needs of the Company. Directors are appointed in terms of the Company's MOI and these interim appointments are confirmed at the next Annual General Meeting. |
| Principle 2.20 | The induction of and on-going training, as well as the development of directors is conducted through a formal process.                               | Comply           | New appointees to the board are familiarised with the company appropriately through an induction programme and on-going training will be provided when needed.  |
| Principle 2.21 | The Board is assisted by a competent, suitably qualified and experienced Company Secretary.  | Comply           | The Company Secretary is appointed by the Board in accordance with the Companies Act and the JSE Listings Requirements and is evaluated annually. The Board is satisfied that the Company Secretary is independent and is properly qualified and experienced to competently carry out the duties and responsibilities of Company Secretary.   |
| Principle 2.22 | The evaluation of the Board, its committees and individual directors is performed every year.  | Partially comply | The performance of the Board as a whole and the Board Committees individually is not evaluated on an annual basis currently. The performance of the Executive Directors is evaluated by the Remuneration Committee.   |
| Principle 2.23 | The Board delegates certain functions to   | Comply           | The board has delegated certain functions without abdicating its own responsibilities to the  |

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|                                     | well-structured committees without abdicating its own responsibilities.                           |                  | following committees: <ul style="list-style-type: none"> <li>• Audit and Risk committee; and</li> <li>• Social and ethics committee.</li> </ul>  |
| Principle 2.24                      | A governance framework has been agreed between the Group and its Subsidiaries' boards.            | Partially comply | The governance of wholly-owned Subsidiaries is handled by Board and Board Committee resolutions.   |
| Principle 2.25                      | The Company remunerates its directors and executives fairly and responsibly.                      | Comply           | The Remuneration Committee and the Board oversee the remuneration of Directors and Senior Executives and make determinations taking into account market conditions, expert advice from remuneration specialists and in accordance with the Remuneration policy. Non-executive Directors' fees are submitted annually to shareholders for approval at the Annual General Meeting. |
| Principle 2.26                      | The Company has disclosed the remuneration of each individual director and prescribed officer     | Comply           | The remuneration of Directors and Prescribed Officers is included in the Integrated Annual Report.   |
| Principle 2.27                      | The shareholders have approved the Company's remuneration policy.                                 | Comply           | The Company's Remuneration Policy, approved by the Board, will be tabled for a non-binding advisory vote at each Annual General Meeting of shareholders.   |
| <b>CHAPTER 3 - AUDIT COMMITTEES</b> |   |                  |  |
| Principle 3.1                       | The Board has ensured that the Company has an effective and independent audit committee.          | Comply           | The board considers that it has an effective and independent Audit Committee. The effectiveness of the Committee is evaluated annually by the Directors. The audit committee comprises three non-executive directors.  |
| Principle 3.2                       | Audit committee members are suitably skilled and experienced independent non-executive directors. | Partially comply | All members of the Audit Committee are non-executive directors, of which two are independent. The Board will consider the independence (in terms of King III), skills and experience of the Committee members annually.  |
| Principle 3.3                       | The audit committee is chaired by an independent non-executive director.                          | Comply           | The Board has appointed a suitably qualified Independent Non-executive Director to chair the Audit Committee.  |
| Principle 3.4                       | The audit committee oversees integrated reporting.  | Comply           | The Audit Committee has oversight over the preparation of the Integrated Annual Report including the annual financial statements and sustainability information, and recommends the approval of the Integrated Annual Report to the Board.   |
| Principle 3.5                       | The audit committee has ensured that a combined assurance model has been applied which provides a | Do not comply    | The Group does not have any independent assurance processes in place at present.   |

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|   | coordinated approach to all assurance activities.  |               |  |
| Principle 3.6                             | The audit committee is satisfied with the expertise, resources and experience of the company's finance function.                       | Comply        | The Audit Committee has evaluated the expertise and experience of the Financial Director and the Company's finance function and reviews this annually. The Committee discloses its satisfaction with the expertise and experience of the Financial Director and the finance function annually in the Integrated Annual Report.                       |
| Principle 3.7                             | The audit committee should be responsible for overseeing the internal audit process.   | Do not comply | The Audit Committee continues to evaluate the need for an Internal Audit function, but is of the opinion that the size of the Group together with the internal controls in place, does not warrant an internal audit function at present. This is reviewed regularly by the Audit Committee.   |
| Principle 3.8                             | The audit committee is an integral component of the risk management process.   | Comply        | The Audit Committee is responsible for overseeing risk management.   |
| Principle 3.9                             | The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process. | Comply        | Annually, the Audit Committee oversees the external audit process, approves audit fees and non-audit fees above prescribed levels, reviews the independence of the external auditor including the professional suitability of the lead auditor and recommends their re-appointment to the Board and shareholders for the forthcoming financial year. |
| Principle 3.10                            | The audit committee has reported to the board and the shareholders as to how it has discharged its duties.                             | Comply        | The Audit Committee reports to the Board at each Board meeting. A report to shareholders on how the Committee discharged its duties is included in the Report of the Audit Committee in the Integrated Annual Report.  |
| <b>CHAPTER 4 - THE GOVERNANCE OF RISK</b> |  |               |  |
| Principle 4.1                             | The Board is responsible for the governance of risk.   | Comply        | The Board is responsible for the governance of risk and the Risk Committee assists the Board with this responsibility.   |
| Principle 4.2                             | The Board has determined the levels of risk tolerance.   | Comply        | The Board, through the Risk Committee, monitors the controls and residual risk profile of the principal risks of the Group against set criteria/tolerance levels and periodically reviews the levels of risk tolerance. A risk register has been established and is reviewed frequently.   |
| Principle 4.3                             | The risk committee and/or audit committee has assisted the Board in carrying out its risk responsibilities.                            | Comply        | The Board is responsible for the governance of risk and the Risk Committee will assist the Board with this responsibility.   |
| Principle 4.4                             | The Board has delegated to management the responsibility to  | Comply        | The board has delegated the day-to-day responsibility for risk management to management. A risk matrix has been established and is reviewed regularly.   |

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|                | design, implement and monitor the risk management plan.   |        |   |
| Principle 4.5  | The Board has ensured that risk assessments are performed on a continual basis.   | Comply | The Risk Committee actively monitors the group's key risks as part of its standard agenda.  |
| Principle 4.6  | The Board has ensured that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.                  | Comply | All risks are to be identified and steps to mitigate these are outlined, including reasonably unpredictable risks.  |
| Principle 4.7  | The Board has ensured that management has considered and has implemented appropriate risk responses.  | Comply | The implementation of controls is monitored by management on an on-going basis.   |
| Principle 4.8  | The Board has ensured continual risk monitoring by management.  | Comply | Responsibility for identified risks is assigned to an appropriate member of the group's senior management team, who is required to report to the Board on the steps being taken to manage or mitigate such risks. |
| Principle 4.9  | The Board has received assurance regarding the effectiveness of the risk management process.  | Comply | The Risk Committee reports to the Board regarding the efficacy of the risk management process.  |
| Principle 4.10 | The Board has ensured that there are processes in place which enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders. | Comply | Risk disclosure is made annually in the Integrated Annual Report..  |

**CHAPTER 5 - THE GOVERNANCE OF INFORMATION TECHNOLOGY**

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| Principle 5.1 | The Board is responsible for IT governance.  | Comply | The Board assesses this matter regularly.   |
| Principle 5.2 | IT has been aligned with the performance and sustainability objectives of the company. | Comply | The IT strategy and procedures are considered to be aligned with the performance and sustainability of the Company, bearing in mind the size and nature of the Company. |
| Principle 5.3 | The Board has delegated to management the  | Comply | The Board has delegated this function to senior management. The IT director of the main operating subsidiary provides regular reports in                                |

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|   | responsibility for the implementation of an IT governance framework.  |                  | this regard to the Board.  |
| Principle 5.4   | The Board monitors and evaluates significant IT investments and expenditure.  | Partially comply | This responsibility has been delegated to senior management, who provide the Board with regular report backs in this regard. .   |
| Principle 5.5   | IT is an integral part of the company's risk management plan.   | Comply           | The Board reviews this matter on a regular basis.  |
| Principle 5.6   | The Board ensures that information assets are managed effectively.  | Comply           | The Board reviews this matter on a regular basis.  |
| Principle 5.7   | A risk committee and audit committee assists the Board in carrying out its IT responsibilities.   | Comply           | The Audit and Risk Committees assist the Board with this function.   |
| <b>CHAPTER 6 - COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS</b> |   |                  |  |
| Principle 6.1   | The Board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.                               | Comply           | The Audit and Risk Committee, together with the Social and Ethics Committee and Company Secretary, review the adequacy and effectiveness of the Group's procedures on an on-going basis to ensure compliance with legal and regulatory responsibilities. |
| Principle 6.2   | The Board and each individual director have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business. | Comply           | The directors and the Board understand the appropriate applicable laws, rules, codes of standards required by the Company and its business.  |
| Principle 6.3   | Compliance risk should form an integral part of the company's risk management process.  | Comply           | Compliance risk is considered by the Risk Committee and the Social and Ethics Committee, who report back to the Board in this regard on a regular basis.   |
| Principle 6.4   | The Board should delegate to management the implementation of an effective compliance framework and related processes.  | Comply           | This function is delegated to management.  |
| <b>CHAPTER 7 - INTERNAL AUDIT</b>                                   |   |                  |  |
| Principle 7.1   | The Board should ensure that there is an effective risk based internal audit.   | Do not comply    | The Company currently does not have an internal audit function as it is not deemed necessary by the Audit and Risk Committees due to the size of the Company. The need for this  |

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|  |   |               | function is reviewed by the Audit and Risk Committees at every meeting.   |
| Principle 7.2  | Internal Audit should follow a risk based approach to its plan.   | Do not comply | See 7.1 above.  |
| Principle 7.3  | Internal Audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management.   | Do not comply | See 7.1 above.  |
| Principle 7.4  | The audit committee should be responsible for overseeing the internal audit process.  | Do not comply | See 7.1 above.  |
| Principle 7.5  | Internal audit should be strategically positioned to achieve its objectives.  | Do not comply | See 7.1 above.  |
| <b>CHAPTER 8 - GOVERNING STAKEHOLDER RELATIONSHIPS</b> |   |               |   |
| Principle 8.1  | The Board should appreciate that stakeholder' perceptions affect a company's reputation.  | Comply        | The Company engages with its stakeholders on multiple levels and this allows the Company to manage issues effectively and timeously and reduces the likelihood of reputational risks. |
| Principle 8.2  | The Board should delegate to management the authority to proactively deal with stakeholder relationships.                                   | Comply        | Management is responsible for maintaining stakeholder relationships.  |
| Principle 8.3  | The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company. | Comply        | The appropriate balance is assessed on a continuous basis.  |
| Principle 8.4  | Companies should ensure the equitable treatment of shareholders.  | Comply        | The Company will act in accordance with the requirements of the Companies Act and the JSE Listings Requirements regarding the treatment of shareholders.                              |
| Principle 8.5  | Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.             | Comply        | The Board is committed to a communication policy to ensure that timely, relevant, accurate and honest information is provided to all stakeholders.                                    |
| Principle 8.6  | The Board should ensure that disputes are resolved  | Comply        | The Board ensures that disputes are resolved effectively as is possible.  |

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|  | effectively and as expeditiously as possible.  |               |   |
| <b>CHAPTER 9 – INTEGRATED REPORTING AND DISCLOSURE</b> |  |               |   |
| Principle 9.1  | The Board should ensure the integrity of the Company's integrated report.                            | Comply        | The Board is responsible for the integrity of the integrated report.  |
| Principle 9.2  | Sustainability reporting and disclosure should be integrated with the Company's financial reporting. | Comply        | The Company's vision and mission statements, strategic objectives and value system are integrated into all policies, procedures, decision-making and operations, with sustainability as the ultimate objective. |
| Principle 9.3  | Sustainability reporting and disclosure should be independently assured.                             | Do not comply | At present the Company does not obtain independent assurance. This is reviewed regularly.   |

The above table covers all 75 principles as set out in King III as required by the JSE Listings Requirements.