



KING IV™ APPLICATION INDEX

FOR THE YEAR ENDING 31 MARCH 2024

Hosken Consolidated Investments Limited (HCI) operates as a black empowerment investment holding company, publicly traded in the financial sector on the JSE Securities Exchange South Africa. Its primary stakeholder is the South African Clothing and Textile Workers Union. HCI engages in a wide array of investments across various sectors, encompassing hospitality and leisure, interactive gaming, media and broadcasting, transportation, mining, and real estate.

To ensure sound corporate governance, HCI subscribes to the principles of the King IV™ framework. The company has also adopted an objectives and key results (OKR) approach to drive alignment, performance and results in setting and achieving its corporate governance goals. Aspirational objectives have been gleaned from the 16 core principles, with the key results leading to their attainment evidenced below for the year ended 31 March 2024.

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

Principle	Aspirational objective	Key result	Reference
Ethical and effective leadership <i>Principle 1 – The board should lead ethically and effectively.</i>	Every board member and office bearer is ethical, not conflicted, competent, sufficiently experienced, and diligent.	Full board involvement in appointment process	IAR page 50
		Detailed CVs of directors (qualifications, appointment date, key skills and experience, major external positions, directorships or associations)	IAR pages 42, 43
		Director induction	IAR page 50
Establishment of ethical culture <i>Principle 2 – The board should govern the ethics of the company in a way that supports the establishment of an ethical culture</i>	The board is responsible for the establishment of an ethical culture.	Code of ethics, ethics related policies	IAR page 48
		Code of conduct	IAR page 48
		Whistleblowing programme (policy and hotline)	IAR pages 46, 48
		No actionable instances of fraud raised or identified	IAR page 46
Responsible corporate citizenship <i>Principle 3 – The board should ensure that the company is and is seen to be a responsible corporate citizen.</i>	The board is responsible for the organisation to be a responsible corporate citizen.	Fair employment practices	IAR page 66
		CSI: HCI Foundation	IAR pages 49, 71 - 76
		Diversity, equity and inclusion (DEI): B-BBEE strategy, diversity policy, enterprise and supplier development programme	IAR pages 49, 66
		Environmental impacts: carbon disclosure project, environmental risks and opportunities reports from subsidiaries, measured carbon, water and waste footprints	IAR pages 49, 67 - 69

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STRATEGY, REPORTING AND PERFORMANCE

Principle	Aspirational objective	Key result	Reference
Strategy and performance Principle 4 – The board should appreciate that the company’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	The board ensures that the organisation holds true to its core purpose with embedded integrated thinking.	Annual strategy session	IAR page 49
		Integrated report	IAR page 2, website

Reporting Principle 5 – The board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company’s performance, and its short, medium and long-term prospects.	The board ensures that the organisation is adequately transparent to its stakeholders.	Comprehensive website	Website
		Published reports	IAR page 49, reports

GOVERNING STRUCTURES AND DELEGATIONS

Primary role and responsibilities of the board Principle 6 – The board should serve as the focal point and custodian of corporate governance in the company.	The board is responsible for the corporate governance.	Board charter	IAR page 50
		Detailed King IV™ governance register	IAR pages 46, 48 – 55, register

Composition of the board Principle 7 – The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The board is comprised with the appropriate knowledge, skill, experience, diversity and independence.	Independent chairperson	IAR page 50
		Gender and race diversity policies	IAR page 50
		Majority of independent NEDs	IAR pages 43, 50
		Director rotation	IAR page 50

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Principle	Aspirational objective	Key result	Reference
Committees of the board <i>Principle 8 – The board 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.</i>	The board ensures that the delegation to committees upholds the effective discharge of its duties.	Committee roles, charters and terms of reference	IAR pages 47, 50, 51, 56
		Performance appraisal: audit committee (written assessments)	IAR page 51
		Meeting attendance registers	IAR pages 44, 56, 65
		Audit and risk committee	IAR pages 44 - 47, 50
		Remuneration committee	IAR pages 50, 6 - 64
		Social and ethics committee	IAR pages 50, 65 - 70
Evaluation of the performance of the board governing body <i>Principle 9 – The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness.</i>	Board members and office bearers confirm / pursue optimal performance by regular appraisals.	Board self-evaluation (informal evaluation process)	IAR page 51
		Chairman appraisal by board every two years	IAR page 51
Appointment and delegation to management <i>Principle 10 – The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</i>	The board ensures appointment of optimal management team and to them delegates authority and responsibilities.	Authority framework (stipulating a balance of power and authority)	IAR page 50
		CEO appraisal	IAR pages 52, 57
		FD appraisal	IAR pages 46, 51
		CoSec appraisal	IAR page 52
		Succession plans (board contributes to decisions regarding senior executive appointments)	IAR page 52

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GOVERNANCE FUNCTIONAL AREAS

Principle	Aspirational objective	Key result	Reference
Risk governance Principle 11 – The board should govern risk in a way that supports the company in setting and achieving its strategic objectives.	The board is responsible for risk governance both of negative and positive out workings.	Risk management frameworks, methodologies, policies and plans	IAR pages 45, 52
		Chief risk officer	IAR page 44
		Continual risk assessments	IAR page 45
		Risk management policy at subsidiary level (with bi-annual reporting)	IAR pages 45, 52
Technology and information governance Principle 12 – The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives.	The board is responsible for technology and information governance.	IT strategy	IAR page 53
		IT governance framework	IAR page 53
		Outsourced IT functions (accompanied by comprehensive SLAs, reviewed periodically)	IAR pages 46, 53
		Six-monthly vulnerability tests conducted by internal audit	IAR pages 46, 53
		IT direction, approach and policies set at subsidiary level	IAR page 53
		Security management programme	IAR page 53
Compliance governance Principle 13 – The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen.	The board is responsible for compliance with regulatory requirements as well as adoption of non-binding rules, codes and standards that support P2 and P3.	Legal compliance policy	IAR page 53
		Compliance officers	IAR page 66
		Compliance framework	IAR page 53
		No penalties incurred for non-compliance	IAR page 54
		Compliance management at subsidiary level	IAR page 53



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GOVERNANCE FUNCTIONAL AREAS

Principle	Aspirational objective	Key result	Reference
Remuneration governance Principle 14 – <i>The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</i>	The board ensures that the organisation rewards and remunerates fairly and responsibly.	Remuneration policy	IAR pages 54, 56 - 58
		Remuneration implementation report	IAR pages 54, 60 - 64
		Benchmarking review	IAR page 51
		HCI Employee Share Scheme	IAR pages 57, 58, 60
		Malus and clawback policy	IAR pages 54, 57
Assurance Principle 15 – <i>The board 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 company's external reports.</i>	The board ensures that there is an effective control environment.	Combined assurance model and approach	IAR pages 44, 46, 54
		Internal audit plans and charter	IAR pages 46, 55
		Statement of assurance	IAR page 55

STAKEHOLDER RELATIONSHIPS

Stakeholders Principle 16 – <i>In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time.</i>	The board ensures that the organisation enjoys good quality relationships with all of its material stakeholders.	Stakeholder management policy and process - guidelines based on The Companies Act and JSE Listings Requirements	IAR page 55
		Stakeholder communication programme and guidelines	IAR page 55
		No stakeholder complaints received	IAR page 55