

Risk Management Measures

Risk Category	Mitigation Strategy
<p>Impact of COVID-19: Business continuity and continued liquidity should there be interruptions to business continuity</p>	<ul style="list-style-type: none"> • The approved 2021 budget reflects the Company's decision to substantially reduce costs in order to, amongst other things, mitigate against any potential financial losses the Company may incur as a result of COVID-19. • Refer also to the <i>Slow Growth</i> mitigation strategy
<p>Financial Reporting: The accuracy of the Company's financial reporting was identified as a key risk.</p>	<ul style="list-style-type: none"> • The Company appointed a new firm of auditors, BDO. • The Company's internal auditors confirmed the accounting treatment of Hulisani's investments.
<p>IT and Data Security: Inadequate information security measures, business continuity risk and loss of data</p>	<ul style="list-style-type: none"> • Hulisani's key contracts have been stored on a digital platform in respect of which access is limited to senior management. • Hulisani is currently undertaking an audit to assess compliance with the Protection of Personal Information Act, 4 of 2013. The results of the audit are expected to inform changes (if any) to be made by the Company in respect of the processing of personal information. • Appointment of a new information technology service provider which has bolstered the security of the Company's data and information.
<p>People risk: Key man dependency, inadequate organizational design, and absence of a human resource function.</p>	<ul style="list-style-type: none"> • Hulisani is currently engaging with advisors to undertake an organisational redesign. This process is intended to ensure that the organisation has sufficient and appropriate skills to undertake the Company's mandate and ensure adequate succession planning.
<p>Tax Structuring Efficiency:</p>	<ul style="list-style-type: none"> • Tax structuring to form a core part of all due diligence on new transactions. Tax advice to be obtained on all capital raising initiatives.
<p>Slow growth: Access to capital, high competition for assets, inefficient governance approval processes, prior experience prevents new business.</p>	<ul style="list-style-type: none"> • The focus of the management team is to continue to improve the financial performance of the Company through a reduction in operating costs. • The cost cutting measures implemented during the course of 2020 have resulted in a significant reduction of losses incurred by the Company, as evidenced by the 2021 year-end results.
<p>Asset management: Insufficient capacity, lack of access to information and appropriate skills and expertise</p>	<ul style="list-style-type: none"> • Hulisani appoints a board representative (and one alternative director) to each investee company board to hold the investee company management to account

	<ul style="list-style-type: none"> • Development and implementation of an asset management tool to monitor performance of investee companies with applicable contractual and legislative requirements • Active and periodic monitoring of the performance of the power plants
Control environment: Inadequate governance systems, technology not considered in all business areas, ineffective document management systems	<ul style="list-style-type: none"> • The services of an external service provider were obtained to assist the Company to optimise its controls and processes. The recommendations of the service provider have been implemented by the Company.
Rapid growth: Rapid movement from a small to large entity, increased shareholder uptake, inability to deploy capital secured in the market, change in business model, insufficient resources (Human Capital, Infrastructure, Systems, etc.)	<ul style="list-style-type: none"> • Continuous monitoring by management.
Climate Change: Equipment and plant designs are designed for areas with different climate conditions; impact of global warming on the reliability of resource studies and weather changes may impact on plant operations	<ul style="list-style-type: none"> • Continuous monitoring at the investee company level through the Company's representation at the investee company board.
Regulatory Uncertainty: Changing regulatory and economic environment; government policy implementation is focused on the short-term	<ul style="list-style-type: none"> • Continuous monitoring by management.