

Safari Investments (RSA) Limited ("Safari" or "Company") is fully committed to comply with the King Code of Governance Principles and the King Report on Governance ("King IV") the Companies Act no 71 of 2008 ("the Companies Act"), the Financial Markets Act no 19 of 2012 ("the Financial Markets Act") and the Listings Requirements as prescribed by the Johannesburg Stock Exchange Limited ("JSE"). Full details of the Company's compliance with the KING IV can be found at [www.safari-investments.com](http://www.safari-investments.com)

## 1. BOARD OF DIRECTORS

The Board of Directors of Safari ("the Board") is collectively responsible to Safari and or any subsidiaries of Safari's ("the Group") stakeholders for the long-term success of the Group and for the overall strategic direction and control of the Group. This responsibility is explicitly assigned to the Board in its charter and the Company's Memorandum of Incorporation ("MOI").

The Directors have, accordingly, established mechanisms and policies appropriate to Safari's business according to its commitment with best practices in corporate governance in order to ensure compliance with King IV. The Board will review these mechanisms and policies from time to time.

### 1.1. Summary of the Board charter

The main functions of the Board covered by the Board charter are:

- determining the Company's purpose, values and identifying its stakeholders and developing strategies in relation thereto;
- being the focal point for and custodian of good corporate governance by managing the Board's relationship with management, the shareholders of the Company and other stakeholders of Safari;
- providing strategic direction and leadership which is aligned to the Company's value system by reviewing and approving budgets, plans and strategies for Safari and monitoring the implementation of such strategic plans and approving the capital funding for such plans;
- ensuring that Safari's business is conducted ethically and monitoring the ethical performance of Safari;
- approving business plans, budgets and strategies which are aimed at achieving Safari's long-term strategy and vision;
- annually reviewing the Board's work plan;
- ensuring the sustainability of Safari's business;
- reporting in Safari's integrated annual report on the going concern status of Safari and whether Safari will continue to be a going concern in the next financial year;
- determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect Safari's assets and reputation;
- identifying and monitoring key performance indicators of Safari's business and evaluating the integrity of the systems used to determine and monitor such performance;
- monitoring and ensuring compliance with the Company policies, codes of best business practice, the recommendations of King IV and all applicable laws and regulations;
- adopting and annually reviewing the information technology governance framework and receiving independent assurance on such framework;
- considering, through the Audit Committee, specific limits for the levels of risk tolerance;
- defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management of the Company;
- ensuring that the Company's annual financial statements are prepared and are laid before a duly convened Annual General Meeting of the Company;

- ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements, that such policy contains accepted principles of accurate and reliable reporting including being open, transparent, honest, understandable, clear and consistent in Safari's communications with stakeholders;
- considering recommendations made to the Board by the Remuneration and Nomination Committee with regard to the nomination of new directors and the re-appointment of retiring directors, both as executive Directors and non-executive Directors;
- ensuring that the competency and other attributes of the Directors are suitable for their appointment as directors and the roles which they are intended to perform on the Board and that they are not disqualified in any way from being appointed as Directors;
- ensuring that appointments to the Board are formal and transparent and comply with all prescribed procedures;
- ensuring that a succession plan for the executive Directors and senior management is implemented;
- ensuring the appointment and removal of the Company Secretary;
- reviewing the competence, qualifications and experience of the Company Secretary annually;
- selecting and appointing suitable candidates as members of committees of the Board and the chairmen of such committees;

## **1.2. Composition of the Board**

The Board comprises 9 (nine) directors of which 3 (three) are executive directors and 6 (six) are non-executive directors

The directors are:

DC Engelbrecht	Chief Executive Officer
WL Venter	Financial Director
K Pashiou	Operational Director
JP Snyman	Director (Independent non- executive Chairperson)
L Letlape	Director (Independent non-executive)
FN Khanyile	Director (Independent non-executive)
C Roberts	Director (Independent non-executive)
AE Wentzel	Director (Lead Independent non-executive)
M Minnaar	Director (Independent non-executive)

## **1.3. Chairman and lead independent director**

The roles of the chairman and CEO are separate and the office of the chairman is occupied by a non-executive director. Dr.JP Snyman is the chairman and the Board has appointed Mr. AE Wentzel as lead independent non-executive director, in line with the recommendations of KING IV.

## **1.4. The chief executive officer**

The Board has appointed DC Engelbrecht as CEO and will establish a framework for delegation of authority. The Board will ensure that the role and function of the CEO will be formalised and that the CEO's performance is evaluated against specified criteria.

## **1.5. Balance of power**

The Company's executive directors are involved in the day-to-day business activities of the Group and are responsible for ensuring that the decisions of the Board of directors are implemented in accordance with the mandates given by the Board.

The Board will ensure that there is an appropriate balance of power and authority on the Board, such that no one individual or block of individuals dominates the Board's decision-taking. The non-executive directors are individuals of calibre, credibility and have the necessary skills and experience to bring independent judgement on issues of strategy, performance, resources, and standards of conduct and evaluation of performance.

### **1.6. Code of ethics**

The Board will be responsible for the strategic direction of the Company. It will set the values which the Company will adhere to and will formulate in this regard a code of ethics which will be applied throughout the operation of the Company, as provided below.

The current Board's diversity of professional expertise and demographics make it a highly effective board with regard to Safari's current strategies. The Board shall ensure that, in appointing successive board members, the Board as a whole will continue to reflect, whenever possible, a diverse set of professional and personal backgrounds.

### **1.7. Information and other professional advice**

The informational needs of the Board will be reviewed annually and directors will have unrestricted access to all company information, records, documents and property to enable them to discharge their responsibilities efficiently. Efficient and timely methods of informing and briefing board members prior to board meetings will be developed and in this regard steps have been taken to identify and monitor key risk areas, key performance areas and non-financial aspects relevant to Safari.

The Board will establish a formal induction programme to familiarise incoming directors with the Company's operations, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities. Directors will receive further briefings from time to time on relevant new laws and regulations as well as on changing economic risks.

Directors will ensure that they have a working understanding of applicable laws. The Board will ensure that the Company complies with applicable laws and considers adherence to non-binding industry rules, codes and standards. In deciding whether or not non-binding rules shall be complied with, the Board will factor the appropriate and ethical considerations that must be taken into account. New directors with no or limited Board experience will receive appropriate training to inform them of their duties, responsibilities, powers and potential liabilities.

The Board will establish a procedure for directors, in furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense. All directors will have access to the advice and services of the Company Secretary.

### **1.8. Board evaluation**

The Board will disclose details in their directors' report on how it has discharged its responsibilities to establish an effective compliance framework and process.

The Board will appraise the chairman's performance and ability to add value to the Company on an annual or such other basis as the Board may determine. The chairman, or a sub-committee appointed by the Board, will appraise the performance of the CEO at least annually.

The Board as a whole and individual directors will have their overall performance periodically reviewed in order to identify areas for improvement in the discharge of individual director's and the Board's functions on an annual basis. This review will be undertaken by the chairman and, if so determined by the board, an independent service provider.

The board has developed a charter setting out its responsibilities for the adoption of strategic plans, monitoring of operational performance and management, determination of policy and processes to ensure the integrity of the company's risk management and internal controls, communication policy and director selection, orientation and evaluation.

**1.9. Board meetings**

Board meetings will be held at least quarterly, with additional meetings convened when circumstances necessitate. The Board will set the strategic objectives of the Company and determine investment and performance criteria as well as be responsible for the sustainability, proper management, control, compliance and ethical behaviour of the businesses under its direction. The Board will establish a number of committees to give detailed attention to certain of its responsibilities which will operate within defined, written terms of references.

**1.10. Directors' declarations and conflict of interests**

The Board will determine a policy for detailing the manner in which a directors' interest in transactions is to be determined and the interested directors' involvement in the decision-making process. Real or perceived conflicts will be disclosed to the Board and managed in accordance with the pre-determined policy used to assess a director's interest in transactions.

**1.11. Dealing in securities**

Directors, executives and senior employees are prohibited from dealing in Safari securities during certain prescribed restricted periods. A formal Dealing in Securities policy has been developed to ensure directors' and employees' compliance with the JSE Listings Requirements and the insider trading legislation in terms of the Securities Services Act no 36 of 2004 ("the Securities Services Act").

**1.12. Procedures for appointments**

The Board will determine a policy for detailing the procedures for appointments to the Board. Such appointments are to be formal and transparent and a matter for the board as a whole assisted where appropriate by the Remuneration and Nominations committee.

The development and implementation of nomination policies will be undertaken by the Nominations committee and the Board as whole, respectively.

**1.13. Rotation of directors**

- the appointment of executive directors shall be terminable in terms of the provisions of their service contracts;
- at each annual general meeting thereafter one third of the directors for the time being shall retire from office, by rotation, provided that if a director is an executive, CEO or FD, or an employee of the company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors;
- the directors to retire in every year shall be those who have been longest in office since their last election; and a retiring director shall be eligible for re-election.

**2. COMPANY SECRETARY**

A suitably qualified, competent and experienced company secretary is appointed and appropriately empowered to fulfil duties with regards to assistance to the Board. Pieter van Niekerk serves as the company secretary for Safari. The company secretary assists the remuneration and nomination committee with the appointment, induction and training of directors. It provides guidance to the board of directors' duties and good governance and ensures that Board and board committee charters are kept up to date. The company secretary prepares and circulates board papers and assists with

obtaining responses, input, and feedback for board and board committee meetings. Assistance is also provided with regards to the preparation and finalisation of board and board committee agendas based on annual work plan requirements.

The company secretary ensures that minutes of board and the board committees are prepared and circulated and also assists with the annual evaluations of the board, board committees and individual directors. The board of directors will consider and satisfy itself, on an annual basis, on the competence, qualifications and experience of the company secretary. Safari will confirm this by reporting to shareholders that the board of directors have executed this responsibility. As a recommended practise the Board will consider whether the company secretary maintained an arms-length relationship with the Board and effectively performs the role as gatekeeper of good corporate governance in Safari and carries out the roles and duties of a company secretary. Where the company secretary is a juristic person the board of directors in its assessment must consider the individual(s) who perform the company secretary role as well as the directors and shareholders of the juristic person because the imposition of a juristic person in itself does not create an arms-length relationship.

### **3. BOARD COMMITTEES**

The Board has delegated certain functions to the strategic committee, audit and risk committee, the nomination and remuneration committee, the management committee, the social & ethics committee. The Board is conscious of the fact that such delegation of duties is not an abdication of the board members' responsibilities. The various committees' terms of reference shall be reviewed annually and such terms of reference will be disclosed in the Company's annual report.

External advisors and executive directors who are not members of specific committees may attend committee meetings by invitation, if deemed appropriate by the relevant committees.

#### **3.1. The strategic committee**

The strategic committee is empowered and responsible for implementing the strategies approved by the board and for managing the affairs of Safari.

The committee is chaired by the CEO and comprises of all the executive directors and two non-executive directors and certain staff members from management on invitation.

The committee deliberates, takes decisions or makes recommendations on all matters of strategy and operations within its mandate. The mandate is set by the Board and sometimes the decisions or recommendations are referred to the Board or relevant board committee for final approval.

#### **3.2. Audit and risk committee**

All of the members of the committee are financially literate (and the board will ensure that any future appointees are financially literate).

Mr. AE Wentzel, an independent non-executive director, chairs the ARCOM, and its other members are Dr M Minnaar and Ms. FN Khanyile, both of whom are independent non-executive directors. The ARCOM is responsible for performing the functions required of it in terms of section 94(7) of the Companies Act. These functions include nominating and appointing the Company's auditors and ensuring that such auditors are independent of the Company; determining the fees to be paid to the auditor and the auditor's terms of engagement; ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other relevant legislation; dealing with any complaints (whether from within or outside the Company) relating to accounting practices, internal audits of the Company or the content of the

Company's financial statements and related matters.

The non-statutory functions of this committee are to assist the Board in fulfilling its responsibilities by reviewing the effectiveness of internal control systems in the Group with reference to the findings of external auditors, reviewing the annual financial statements and interim reports of the Company as well as other public communications of a financial nature, considering accounting issues, ensuring that all key areas of risks have been properly identified and that the Company mitigates such risks, reviewing audit recommendations and ensuring that the Company complies with relevant legislation and sound corporate governance principles.

In addition, and if required, the committee will review any significant cases of fraud, misconduct or conflicts of interests. The ARCOM will from time to time determine policies with regard to non-audit services provided by the external auditor.

The Company's external auditors have unrestricted access to the ARCOM and attend its meetings.

The ARCOM reviews the expertise, experience and performance of Safari's FD, Mr. WL Venter, annually and reports on whether or not it is satisfied therewith. The ARCOM has determined that it is satisfied with the FD's current expertise, experience and performance as Safari's financial director. In addition, the ARCOM reviews and reports on the expertise, resources and experience of the company's finance function.

The ARCOM is responsible for:

- (1) monitoring integrity of the financial statements of Safari including annual integrated and interim reports and formal announcements relating to its financial performance;
- (2) overseeing integrated reporting and signing off the integrated annual report;
- (3) reviewing the expertise, resources and experience of Safari's financial function;
- (4) reviewing and reporting risk related matters and overseeing the development and review of a policy and plan for risk management;
- (5) keeping under review the effectiveness of Safari's internal controls and risk management systems;
- (6) reviewing Safari's procedures for detailing fraud;
- (7) reviewing Safari's arrangements for its employees to raise concerns about possible wrongdoing in financial reporting or other matters and ensuring that these arrangements allow independent investigation and appropriate follow up action;
- (8) considering the appointment, re-appointment and removal of Safari's auditor and overseeing the relationship with the auditor;
- (9) assessing annually if the group requires an internal audit function; and
- (10) ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

Being a property entity with REIT status the Company must comply with the following distribution provisions:

- (a) the Company must distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities by no later than 6 months after its financial year end, subject to the relevant solvency and liquidity test as defined in the Act and applied in section 46 of the Act;
- (b) interim distributions may occur before the end of a financial year end;
- (c) the Company will procure that, subject to the solvency and liquidity test and section 46 of the Act, those of its subsidiaries that are property entities incorporated in the Republic of South Africa will distribute at least 75% of their total distributable profits as a distribution by no later than 6 months after their financial year ends;

### 3.3. Nomination and remuneration committee

The Nomination and remuneration committee is chaired by Mr. AE Wentzel with Dr. M Minnaar, Ms. L Letlape and Dr. JP Snyman as members. The other executives attend meetings of the Nomination and remuneration committee by invitation but do not participate in discussions regarding their own Nomination and remuneration and benefits.

The Nomination and remuneration committee has the responsibility to consider and make recommendations to the Board on, inter alia, remuneration policy of the group, the payment of performance bonuses, executive remuneration, short, medium and long-term incentive schemes and employee retention schemes.

The Nomination and remuneration committee uses external market surveys and benchmarks to determine executive director remuneration and benefits, to the extent paid by Safari, as well as non-executive directors' base fees and attendance fees. Safari's remuneration philosophy is to structure packages in such a way that long and short term incentives are aimed at achieving business objectives and the delivery of shareholder value.

### 3.4. Social and ethics committee

This committee is comprised of Mr. AE Wentzel (chairman), Ms FN Khanyile and Ms L Letlape.. The social and ethics committee ("SECOM") will monitor the group's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination; the environment, health and public safety, including the impact of the group's activities and of its products or services), consumer relationships and labour and employment issues.

The responsibility of this committee is further to advise the board on all relevant aspects that may have a significant impact on the long term sustainability of the group. The committee will also draw to the attention of the board matters within its mandate as occasion requires and report to the shareholders at the company's annual general meeting on such matters.

## 4. Communication

Safari is committed to a policy of timeous and effective communication with shareholders and other stakeholders through shareholder meetings, annual financial reports, interim financial reports and presentations to institutional investors and industry analysts. Matters of both a financial and non-financial nature will be communicated to stakeholders and shareholders in a timeous and transparent fashion.

The directors will exercise their powers in relation to the Company so as to ensure that:

- the Company carries on and conducts its business and affairs in a proper and efficient manner and for its own benefit;
- all business is transacted at arm's length;
- the Company will not enter into any agreement or arrangement restricting its competitive freedom;
- all business of the Company will be undertaken and transacted by the Board, provided that the Board will delegate certain matters to the property manager and the development and procurements manager in terms of their respective agreements;
- all business will be carried on pursuant to policies laid down by the Board;
- the Company allots and issues its shares and other securities at the best price attainable in the circumstances;
- the Company will not acquire, dispose of, hire, lease, license or receive licenses of any assets, goods, rights or services otherwise than at a reasonable price attainable in the circumstances;
- the Company will maintain books of account and record accurate and complete entries of all its dealings and transactions of and in relation to its operations;

- the Company will prepare such accounts in respect of each accounting reference period as required by statute and the JSE and procure that such accounts are audited or reviewed, as the case may be, as soon as practical and in any event not later than six months after the end of a relevant accounting reference period;
- each accounting reference period of the Company will be a period of six calendar months;
- if the Company requires any approval, consent or license to conduct its business in the places and in the manner in which it is carried on, the Company will use its best endeavors to maintain the same in full force and effect;
- the Company will adopt and maintain in force bank mandates which require that each cheque issued or bank transfer made is signed by the authorised signatories and in accordance with such mandate as the board determines from time to time and for the time being;
- if the Company conducts any property development activities and for such purpose concludes a development agreement with any third party, such development agreement will be concluded on an arm's length basis on market-related terms; and
- the Board will from time to time determine the required investment strategy for the company.

### **5. Internal control systems**

- To meet the Company's responsibility to provide reliable financial information, the Company maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded. The systems include a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the group, and the careful selection, training and development of people.
- The Company's audit and risk committee is tasked to perform an internal audit function. The Company monitors the operation of the internal control systems in order to determine if there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The Board, operating through the ARCOM, oversees the financial reporting process and internal control systems. There are inherent limitations on the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.
- the Company will re-measure investment properties to fair value annually;
- the Company will otherwise prepare its accounts on a historical cost basis and will adopt accounting policies in accordance with IFRS.