

**1. PURPOSE OF THE DOCUMENT**

The document will set out the requirements of the Safari Investments (RSA) Ltd board composition in terms of:

- Code of Corporate Practices in South Africa, representing principles of good corporate governance, as amended from time to time (“King IV”);
- Companies Act no 71 of 2008 (“the Act”);
- Johannesburg Stock Exchange Limited (“JSE”) Listing Requirements; and
- Board Charter

**2. DEFINITIONS**

**2.1 Executive Director**

An executive director is involved in the day-to-day management of the company and may be in the full-time salaried employment of Safari Investments (RSA) Limited (“the company” of “Safari”) (or its subsidiary).

Through his or her privileged position, an executive director has an intimate knowledge of the workings of the Company. The Board is therefore cautious for an imbalance in the amount and quality of information regarding the Company’s affairs possessed by executive and non-executive directors.

Executive directors carry an added responsibility as they are entrusted with ensuring that the information laid before the Board by management is an accurate reflection of their understanding of the affairs of the Company. The executive director needs to ask himself “Is this right for the Company?”, and not “Is this right for the management of the Company?”

**2.2 Non-Executive Director**

**A non-executive is not involved in the management of the Company.**

The non-executive director plays an important role in providing objective judgement, which is independent from that of management on issues facing the Company.

Non-executive directors are independent of management on all issues including strategy, performance, sustainability, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance. The non-executive directors should meet from time to time without the executive directors to consider the performance and actions of executive management.

**2.3 Independent Non-Executive Director**

King IV - Independent if an informed third party perceives the director as independent.

The Board should consider the following and other indicators, and on a substance-over-form basis, when assessing the independence of a member of the governing body. The director:

- is a significant provider of financial capital, or ongoing funding to the organisation; or is an officer, employee or a representative of such provider of financial capital or funding;
- if the organisation is a company, participates in a sharebased incentive scheme offered by the company;
- if the organisation is a company, owns securities in the company the value of which is material to the personal wealth of the director;
- has been in the employ of the organisation as an executive manager during the preceding three financial years, or is a related party to such executive manager;

- has been the designated external auditor responsible for performing the statutory audit for the organisation, or a key member of the audit team of the external audit firm, during the preceding three financial years;
- is a significant or ongoing professional adviser to the organisation, other than as a member of the governing body;
- is a member of the governing body or the executive management of a significant customer of, or supplier to, the organisation;
- is a member of the governing body or the executive management of another organisation which is a related party; or
- is entitled to remuneration contingent on the performance of the organisation.

### 3. COMPOSITION OF THE BOARD

The three different types of directors each bring a different area of focus to the board of directors. Executive directors have an intimate knowledge of the workings of the company. Non-executive directors may have a better understanding of the issues facing the group as a whole. Independent directors bring a totally unclouded, objective viewpoint to the board, as well as experience gained at other enterprises.

In South Africa, best practice dictates that the **majority of directors should be non-executive, of which the majority of the non-executive directors should be independent**. At least two executive directors (the CEO and the Finance Director) should be appointed to the board

#### 3.1 CHAIRMAN OF THE BOARD

According to Safari's Board Charter, the Chairman is required to

- a) Provide overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;
- b) Ensure that all the Board members are fully involved and informed of any business issue on which a decision has to be taken;
- c) Ensure that executive members play an effective management role and participate fully in the operation and governance of the Company;
- d) Exercise independent judgement, act objectively and ensure that relevant matters are placed on the agenda and prioritised properly;
- e) Avail himself/herself to the CEO between Board meetings to provide counsel and advice; and
- f) Ensure that the performance of the Chief Executive Officer is evaluated frequently.

The chairperson should ensure that all directors are appropriately made aware of their responsibilities through a tailored induction programme, and ensuring that a formal programme of continuing professional education is adopted at board level. Also, he or she should ensure that directors play a full and constructive role in the affairs of the Company and taking a lead role in the process for removing non-performing or unsuitable directors from the board.

#### 3.2 CHIEF EXECUTIVE OFFICER

Some of the more important functions that King IV suggests that the CEO perform include, but is not limited to:

- recommending or appointing the executive team and ensuring proper succession planning and performance appraisals;
- developing the company's strategy for consideration and approval by the Board;
- developing and recommending to the Board yearly business plans and budgets that support the Company's long-term strategy;
- monitoring and reporting to the Board the performance of the Company and its conformance with compliance imperatives;
- establishing an organisational structure for the Company which is necessary to enable execution of its strategic planning;
- setting the tone by providing ethical leadership and creating an ethical environment;

- ensuring that the Company complies with all relevant laws and corporate governance principles; and
- ensuring that the Company applies all recommended best practices and, if not, that the failure to do so is justifiably explained;

### 3.3 BOARD COMMITTEES

The governing body should determine if and when to delegate particular roles and responsibilities to an individual member or members of the governing body, or to standing or ad hoc-committees. The exercise of judgement by the governing body in this regard, is subject to legal requirements and should be guided by what is appropriate for the organization and achieving the objectives of the delegation.

#### 3.3.1 AUDIT COMMITTEE

Notwithstanding the requirements of the Act, King IV proposes that ALL companies should have an audit committee.

##### COMPOSITION:

Section 94 of the Act determines that the audit committee must consist of at least three members who must be directors of the company and not:

- involved in the day to day management of the company for the past financial year;
- a full-time employee for the company for the past 3 financial years;
- a material supplier or customer of the company such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that director is compromised by that relationship; and
- related to anybody who falls within the above criteria.

#### 3.3.2 NOMINATION COMMITTEE

The role of the nomination committee is to review, on a regular basis, the composition of the board, and where it appears that the board is lacking in skills or experience in a certain area, to identify how best to rectify the situation. This may involve identifying skills that are required, and those individuals best suited to bring these to the board.

##### COMPOSITION:

King IV suggests that the committee should only comprise of members of the board. The majority of the members should be non-executive, of which the majority should be independent. The ideal situation is for the **chairperson of the board** to also chair the nomination committee, failing which an independent non-executive director should act as the chairperson

#### 3.3.3 REMUNERATION COMMITTEE

The remuneration of a company's directors is one of the most sensitive and topical issues facing the board of directors today. It is therefore considered a crucial element of good corporate governance to establish a committee whose sole focus it is to consider and recommend the level and form of the directors' remuneration.

##### COMPOSITION:

King IV suggests that the committee should **only comprise of members of the board**. The majority of the members should be **non-executive, of which the majority should be independent**. The chairman of the committee should be an independent,

non-executive director. **The chair of the board should not chair the remuneration committee, but may be a member.**

### 3.3.4 RISK COMMITTEE

Risk management is an often misunderstood discipline within a company. Too often the responsibility for ensuring that the significant risks are adequately managed is not acknowledged, or is **inappropriately delegated to the audit committee**. There are two reasons that the risk management function should not report to the audit committee, but should be monitored by a separate risk committee. The first is that, as a consequence of the composition of the committee, **the function will often have financial focus when risk management should correctly extend far beyond the finances of a company**. Secondly, the audit committee should act as an independent oversight body. Having to directly oversee the risk management function would generally involve a large amount of detailed review of the processes and workings of the company.

#### COMPOSITION:

King IV recommends that the committee should comprise of executive and non-executive directors. The chairperson of the committee should be a non-executive director. The chairperson of the board should not chair this committee, but may be a member.

### 3.3.5 SOCIAL AND ETHICS COMMITTEE

The Act provides the Minister with the authority to require certain companies to have a social and ethics committee. In terms of the Regulations, the following companies must appoint a social and ethics committee within one year after the Act becomes effective:

- every state owned company
- every **listed public company**, and
- any other company that has, in any two of the previous five years, **had a public interest score of at least 750 points**, or would have had such a score if the Act had been in effect at that time.

The social and ethics committee must report to shareholders at the annual general meeting. A social and ethics committee has to monitor the company's activities with regard to matters relating to:

- social and economic development;
- good corporate citizenship, including the company's -
  - promotion of equality, prevention of unfair discrimination, and reduction of corruption
  - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed, and
  - record of sponsorship, donations and charitable giving
- the environment, health and public safety, including the impact of the company's activities and of its products or services
- consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws, and
- labour and employment.

#### COMPOSITION:

The social and ethics committee must comprise not less than three directors of the company, at least one of whom must be a

director who is not involved in the day-to-day management of the company's business, and must not have been so involved within the previous three financial years.

**3.3.6 THE CURRENT BOARD (INDEPENDENT VS. NON-INDEPENDENT)**

**3.3.7 INDEPENDENT NON-EXECUTIVE BOARD MEMEBERS:**

- JP SNYMAN
- L LETLAPE
- FN KHANYILE
- C ROBERTS
- AE WENTZEL
- M MINNAAR

**3.3.8 THE CURRENT BOARD (EXECUTIVE VS. NON-EXECUTIVE)**

**EXECUTIVE DIRECTORS**

DIRK ENGELBRECHT (CEO);  
WILLEM VENTER (CFO);  
K PASHIOU (OPERATIONAL DIRECTOR);

**NON- EXECUTIVE DIRECTORS**

JP SNYMAN  
L LETLAPE  
FN KHANYILE  
C ROBERTS  
AE WENTZEL (LEAD INDEPENDENT)  
M MINNAAR

**4. BOARD COMMITTEE COMPOSITION**

**6.1 AUDIT AND RISK COMMITTEE**

AE WENTZEL (CHAIRMAN);  
MARK MINNAAR;  
FAITH KHANYILE

**6.2 NOMINATION AND REMUNERATION COMMITTEE**

AE WENTZEL (CHAIRMAN);  
LULU LETLAPE;  
MARK MINNAAR;  
JP SNYMAN

**6.3 STRATEGY COMMITTEE**

DIRK ENGELBRECHT (CHAIRMAN);  
CHRIS ROBERTS;  
KIKI PASHIOU;  
MARK MINNAAR;  
WILLEM VENTER

**6.4 SOCIAL AND ETHICS COMMITTEE**

AE WENTZEL (CHAIRMAN);  
FAITH KHANYILE;  
LULU LETLAPE

**6.5 MANAGEMENT**

DIRK ENGELBRECHT (CHAIRMAN);  
WILLEM VENTER AND  
MEMBERS OF MANAGEMENT

**CONCLUSION:**

- The current board is sufficient and compliant with the Act & King IV.
- Directors classified as independent should ensure and confirm their independence in terms of the JSE Listing Requirements.
- The Board should ensure that that it has the skills and knowledge needed to make business judgment calls on behalf of the Company.
- As King IV suggests the Company did appoint a **lead independent director**, AE Wentzel, who, as a result of his senior status, has the authority to facilitate any issues that may arise between executive and non-executive directors of the board. The lead independent director will also assess and monitor the performance of the chairman.
- All board committees have clear terms of reference.