

PRINCIPLES OF CORPORATE GOVERNANCE



The following table sets out the principles contained in the King Code of Governance Principles for South Africa 2009 ("King III") and how Safari Investments (RSA) Limited ("Safari") applies such principles.

GOVERNANCE ELEMENT	PRINCIPLE		SUMMARY OF HOW SAFARI APPLIES THE KING III PRINCIPLES
Chapter 1 – Ethical Leadership and Corporate Citizenship			
Responsible Leadership	1.1	The board should provide effective leadership based on an ethical foundation	The board's actions are guided by its charter as well as the company values and the company code of ethics. The board's ethical approach is further strengthened by the diverse experience of its non-executives most of whom are independent.
Ethical Foundation	1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	The board reviews annually the corporate responsibility strategy, priorities and action plans of the company. Through the social and ethics committee ("SECOM"), guidance and feedback is given to the company. The board ensures that the work of the company is communicated via, amongst others, the corporate website and corporate reports
	1.3	The board should ensure that the company's ethics are managed effectively	The board, with the assistance of SECOM, promotes the integration of ethical policies and standards in all the company's actions. Progress is measured and concerns or transgressions are identified through regular surveys
Chapter 2 - Boards and directors			
Role and function of the board	2.1	The board should act as the focal point for and custodian of corporate governance	The board's role as focal point of sound corporate governance is set out in the board charter. The board meets regularly throughout the year and provides oversight and guidance on governance matters. The board receives regular updates on key stakeholder relationships from management.
	2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	The board reviews and approves the strategy, helping to ensure alignment with the purpose of the company, the value drivers, sustainability and legitimate interests and expectations of its stakeholders. The board considers whether risks that could impact on the strategy or business plans have been adequately examined and mitigated by management
	2.3.	The board should provide effective leadership based on an ethical foundation	The board's actions are guided by its charter as well as the company values and the company code of ethics. The board's ethical approach is further strengthened by the diverse experience of its non-executives most of whom are independent.
	2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	The board reviews annually the corporate responsibility strategy, priorities and action plans of the company. Through the social and ethics committee ("SECOM"), guidance and feedback is given to the company. The board ensures that the work of the company is communicated via, amongst others, the corporate website and corporate reports
	2.5	The board should ensure that the company's ethics are managed effectively	The board, with the assistance of SECOM, promotes the integration of ethical policies and standards in all the company's actions. Progress is measured and concerns or transgressions are identified through regular surveys
	2.6	The board should ensure that the company has an effective and independent audit committee	Safari has an effective and independent audit and risk committee ("ARCOM") with terms of reference approved by the board. ARCOM meets regularly to fulfil its duties and its performance is periodically assessed and reviewed by the board. Also refer to point 3.
	2.7	The board should be responsible for the governance of risk	The board is responsible for the governance of risk at Safari, assisted by the group risk management team and ARCOM. The board considers and determines the levels of risk tolerance as well as risk appetite during its periodic review of the group's risk profile. In executing the group strategy, management considers risk tolerance and appetite for specific risks and projects, on a case-by-case basis.

PRINCIPLES OF CORPORATE GOVERNANCE



	2.8	The board should be responsible for information technology (IT) governance	The board is responsible for IT governance. Safari promotes an ethical IT governance culture and the responsibility for IT management and performance is outsourced.
	2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Safari has a compliance culture with a legal compliance programme which supports efforts to identify and comply with applicable laws and regulations. Compliance also forms part of Safari's code of ethics. The board is briefed on new regulations and reports from the legal compliance program are provided regularly to ARCOM and the board.
	2.10	The board should ensure that there is an effective risk-based internal audit	Internal audit is independent and objective and its audit plan is informed by the strategy and risks of the company. Safari has outsourced an effective risk based internal audit function headed by a Dedicated Internal Audit Manager ("DIAM"), on terms approved by ARCOM and the board. Internal audit adheres to the IIA Standards and code of ethics. Internal audit focuses on governance, risk management, the internal control framework, follows a systematic approach and investigates and reports on fraud, corruption, unethical behavior and irregularities.
	2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	The Integrated Report and the sustainability report reflect the interests of Safari's Stakeholders and key actions to maintain positive perceptions about Safari and its activities on an ongoing basis. The board considers feedback regarding the perceptions of particular stakeholder groups.
	2.12	The board should ensure the integrity of the company's integrated report	The board, assisted by ARCOM and management, has established controls and processes to gather, review and report adequate information regarding the company's financial and sustainability performance in the integrated report.
	2.13	The board should report on the effectiveness of the company's system of internal controls	The board, assisted by ARCOM and management, has established controls and processes to gather, review and report adequate information regarding the company's financial and sustainability performance in the integrated report. IT systems and processes have been developed for managing information assets effectively, including personal information. This includes information security, information management and privacy. The information security strategy has been approved by the board and delegated to management for implementation.
	2.14	The board and its directors should act in the best interests of the company	Conflict of interest rules are set out in Safari 's code of ethics. Conflicts are disclosed to and managed by the board. Directors are required by both the code of ethics and the board charter to act in the interests of the company.
	2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	<p>Solvency, liquidity and cash balances are monitored frequently, as is the debt maturity profile. Sufficient cash and facility headroom is maintained to ensure adequate liquidity in times of financial distress.</p> <p>The presence of legal expertise both in the Company Secretary and on the board coupled with the diverse experience of the board members enables the board if need be to properly consider business rescue proceedings or other turnaround mechanisms.</p> <p>ARCOM has oversight as part of the quarterly going concern analysis. The new companies act rules regarding solvency and liquidity tests are applied when required. Business rescue or</p>

PRINCIPLES OF CORPORATE GOVERNANCE



			turnaround mechanisms would be considered by the board if the situation arose.
	2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	The chairman of the board is a non-executive director. As the chairman is not necessarily independent a lead independent non-executive director has also been appointed. The chairman's role is formalised and his performance is assessed periodically. The CEO does not fulfil the role of chairman of the board.
	2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	A CEO has been appointed by the board and an authority framework is in place. The role of the CEO is formalised and is evaluated regularly against specified criteria.
Composition of the board	2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The majority of board members are non-executive directors most of whom are independent. The board members have a spread of experience and skills and reflect diversity and demographics all of which help the board to perform its activities.
Board appointment process	2.19	Directors should be appointed through a formal process	Appointment of directors is a formal process, with oversight of the nomination and governance committee. Background checks are performed and a letter of appointment is issued. Directors' CVs are included in the integrated report.
Director development	2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	There is an induction process as well as ongoing training and development for directors. This process is managed by the company secretary. In general, Safari appoints experienced directors.
Company secretary	2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	A competent, suitably qualified and experienced company secretary has been appointed by the board and is sufficiently empowered to fulfil its duties.
Performance assessment	2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Evaluations of the board, its committees and individual directors are conducted each year. More detailed reviews of individual director's performance are conducted in the year prior to a director's retirement by rotation. The chairman has oversight of the evaluation process.
Board committees	2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The board is assisted in fulfilling its duties by well-structured board committees. Each committee has formal terms of reference, which are reviewed annually. The majority of members on the committees are non-executive and independent. The board chairman attends board committee meetings <i>ex officio</i> .
Group boards	2.24	A governance framework should be agreed between the group and its subsidiary boards	If any subsidiary companies are formed or acquired, a governance framework will be put in place between the board of Safari and the boards and management teams of such subsidiaries.
Remuneration of directors and senior executives	2.25	Companies should remunerate directors and executives fairly and responsibly	Directors and executives are remunerated fairly and responsibly, in terms of the company strategy and linked to individual performance
	2.26	Companies should disclose the remuneration of each individual director and certain senior	The remuneration paid to directors and certain senior executives is disclosed via the remuneration report in the integrated report

PRINCIPLES OF CORPORATE GOVERNANCE



		executives	
	2.27	Shareholders should approve the company's remuneration policy	Shareholders endorse the company's remuneration policy via a non-binding advisory vote. The board sets the remuneration of executive directors in line with the policy
Chapter 3 – Audit Committees			
Audit committee	3.1	The board should ensure that the company has an effective and independent audit committee	Safari has an effective and independent audit and risk committee (“ARCOM”) with terms of reference approved by the board. ARCOM meets regularly to fulfil its duties and its performance is periodically assessed and reviewed by the board.
Membership and resources of the audit committee	3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	ARCOM comprises suitably skilled, experienced independent non-executive directors one of whom acts as its chairperson
	3.3	The audit committee should be chaired by an independent non-executive director	ARCOM is chaired by an independent non-executive director.
Responsibilities of the audit committee	3.4	The audit committee should oversee integrated reporting	ARCOM provides oversight of the integrated reporting activities.
	3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Safari has developed a combined assurance model which provides a coordinated approach to assurance activities, with oversight by ARCOM, in respect of key risks facing the company
	3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	A review is conducted by ARCOM each year of the finance function, in terms of resources, expertise and experience.
Internal assurance providers	3.7	The audit committee should be responsible for overseeing internal audit	ARCOM with management reviews the effectiveness of Safari's internal control systems and takes responsibility for overseeing the internal audit.
	3.8	The audit committee should be an integral component of the risk management process	ARCOM is an integral part of the risk management process. ARCOM's terms of reference set out its responsibilities for risk management and specifically oversight over financial risks, related business controls and financial reporting fraud risks.
External assurance providers	3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	ARCOM has responsibilities for and oversight of the external audit activities, including their appointment, qualifications, independence, approach, reporting and performance
Reporting	3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	ARCOM reports to the board as well as to the shareholders on how it has discharged its duties. ARCOM's report to stakeholders is included in the integrated report
Chapter 4 – Governance of Risk			
The board's responsibility for risk governance	4.1	The board should be responsible for the governance of risk	The board is responsible for the governance of risk at Safari, assisted by the group risk management team and ARCOM.
	4.2	The board should determine the levels of risk tolerance	The board considers and determines the levels of risk tolerance as well as risk appetite during its periodic review of the group's risk profile. In executing the group strategy, management considers risk tolerance and appetite for specific risks and projects, on a case-by-case basis
	4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	The board has appointed ARCOM to assist in carrying out its risk responsibilities by providing oversight of Safari's risk management activities
Management's responsibility for risk management	4.4	The board should delegate to management the responsibility	The board has delegated the responsibility to design, implement and monitor Safari's risk management plan, to

PRINCIPLES OF CORPORATE GOVERNANCE



		to design, implement and monitor the risk management plan	management and ARCOM.
Risk assessment	4.5	The board should ensure that risk assessments are performed on a continual basis	Management performs risk assessments on a continual basis and provides regular feedback to ARCOM and the board.
	4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Safari's framework and risk methodology (which includes consideration and implementation of appropriate risk responses) increases the probability of anticipating unpredictable risks.
Risk response	4.7	The board should ensure that management considers and implements appropriate risk responses	Safari's risk methodology includes the consideration and implementation of appropriate risk responses.
Risk monitoring	4.8	The board should ensure continual risk monitoring by management	Risk monitoring is achieved through a combination of daily and periodic activities undertaken by management at various levels in the organisation, culminating in the activities of ARCOM.
Risk assurance	4.9	The board should receive assurance regarding the effectiveness of the risk management process	Assurance regarding the effectiveness of the risk management process is provided by both management and internal audit to ARCOM and the board
Risk disclosure	4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The relevant risks for Safari are disclosed to stakeholders in the integrated report.
Chapter 5 – IT governance			
IT governance	5.1	The board should be responsible for information technology (IT) governance	The board is responsible for IT governance. Safari promotes an ethical IT governance culture and the responsibility for IT management and performance is outsourced.
	5.2	IT should be aligned with the performance and sustainability objectives of the company	IT is aligned with the performance and sustainability objectives of the company from a strategic and business process perspective. There are also processes to identify and exploit opportunities to improve performance and sustainability through the use of IT.
	5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	The outsourced IT service provider ("ITSP") reports to management which in turn presents to ARCOM to ensure that IT risk management is aligned with the company's risk management process.
	5.4	The board should monitor and evaluate significant IT investments and expenditure	IT risk assessment updates are undertaken every six months using the group's risk management software
	5.5	IT should form an integral part of the company's risk management	Feedback on IT risks, business continuity and disaster recovery is provided by the ITSP to ARCOM and the board.
	5.6	The board should ensure that information assets are managed effectively	IT systems and processes have been developed for managing information assets effectively, including personal information. This includes information security, information management and privacy. The information security strategy has been approved by the board and delegated to management for implementation
	5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	ARCOM which assists the board in risk management has oversight of IT risks, IT controls and related combined assurance. This includes financial reporting matters. IT is used to improve audit coverage and efficiency
Chapter 6 – Compliance with laws, rules, codes and standards			
Compliance	6.1	The board should ensure that the company complies with applicable laws and considers	Safari has a compliance culture with a legal compliance programme which supports efforts to identify and comply with applicable laws and regulations. Compliance also forms

PRINCIPLES OF CORPORATE GOVERNANCE



		adherence to non-binding rules, codes and standards	part of Safari's code of ethics. The board is briefed on new regulations and reports from the legal compliance program are provided regularly to ARCOM and the board.
	6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	The board and individual directors are made aware of new regulations or changes that affect the company.
	6.3	Compliance risk should form an integral part of the company's risk management process	A compliance function has been established and the risk of non-compliance forms part of the risk management process.
	6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Safari has an established legal compliance programme including policies and procedures to educate, train, measure and communicate compliance matters. Material aspects of non-compliance would be disclosed in the integrated report if applicable. The Company Secretary is an experienced attorney sufficiently independent and skilled to act as compliance officer. As legal compliance works closely with ethics and risk management a member of the Company Secretary attends meetings of the executive committee as Compliance Officer.
Chapter 7 – Internal Audit			
The need for and role of internal audit	7.1	The board should ensure that there is an effective risk based internal audit	Safari has outsourced an effective risk based internal audit function headed by a Dedicated Internal Audit Manager (“DIAM”), on terms approved by ARCOM and the board. Internal audit adheres to the IIA Standards and code of ethics. Internal audit focuses on governance, risk management, the internal control framework, follows a systematic approach and investigates and reports on fraud, corruption, unethical behavior and irregularities.
Internal audit's approach and plan	7.2	Internal audit should follow a risk-based approach to its plan	Internal audit is independent and objective and its audit plan is informed by the strategy and risks of the company.
	7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Internal audit provides a written assessment of the effectiveness of the company's system of internal controls and risk management, including an assessment of the financial controls to ARCOM and board. Controls and a framework for governance, risk and compliance, have been established over financial, operational, compliance and sustainability matters. Internal audit is integral to the combined assurance model both as a coordinator and assurance provider
	7.4	The audit committee should be responsible for overseeing internal audit	ARCOM oversees the internal audit activity, including review and approval of the audit plan, evaluation of internal audit performance, the independent quality review process and review of reports submitted by internal audit to ARCOM.
Internal audit's status in the company	7.5	Internal audit should be strategically positioned to achieve its objectives	Internal Audit is independent and objective and reports functionally to ARCOM and is strategically positioned to achieve its objectives. The DIAM does not have a standing invitation to all executive committee meetings, but is briefed on strategic and risk related developments by senior executives who do attend, and has access to minutes of meetings. The DIAM meets frequently with senior executives. Internal audit is appropriately skilled and resourced to fulfil its mandate.
Chapter 8 – Governing stakeholder relationships			
Stakeholder relationships	8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	The Integrated Report and the sustainability report reflect the interests of Safari's Stakeholders and key actions to maintain positive perceptions about Safari and its activities on an ongoing basis. The board considers feedback regarding the perceptions of particular stakeholder groups.

PRINCIPLES OF CORPORATE GOVERNANCE



	8.2	The board should delegate to management to proactively deal with stakeholder relationships	Management has been tasked by the board with the management of stakeholder relationships, including identification of important stakeholder groupings, and development of strategies and policies to manage the relationships. There are formal and informal mechanisms for constructive stakeholder engagement with the company and shareholders are encouraged to attend the AGM. Stakeholder policies as well as information on the company's dealings with stakeholders are included in the integrated report.
	8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Safari tries to achieve an appropriate balance between various stakeholder groupings' interests and expectations, in taking decisions in the best interests of the company.
	8.4	Companies should ensure the equitable treatment of shareholders	Shareholders are treated equitably.
	8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Safari is committed to transparent and effective communication with all stakeholder groups. Such communication takes place through formal and informal channels; and through general as well as direct communication initiatives, including community, group and individual meetings
Dispute resolution	8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Safari endeavours to resolve disputes in an effective and efficient manner, through partially formalised processes and management action.
Chapter 9 – Integrated reporting and disclosure			
Transparency and accountability	9.1	The board should ensure the integrity of the company's	The board, assisted by ARCOM and management, has established controls and processes to gather, review and report adequate information regarding the company's financial and sustainability performance in the integrated report.
	9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	The integrated report provides a comprehensive view on sustainability information and financial reporting, including disclosures relating to going concern, sources of income, positive and negative impacts of the company's operations including future remediation. ARCOM together with SECOM has oversight over sustainability and reporting thereof. ARCOM assists the board by reviewing the reliability of information included in the integrated report and making sure that there are no conflicts with the financial information reported. ARCOM oversees the provision of assurance over sustainability issues.