

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 III”);
- Companies Act no 71 of 2003 (“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

In essence, an independent director is a non-executive director who:

- is not a representative of a shareholder who has the ability to control or **significantly influence management or the Board;**
- does not have a direct or indirect interest in the Company (including any parent or subsidiary in a consolidated group with the company) which exceeds **5% of the group’s total number of shares in issue;**
- does not have a direct or indirect interest in the Company which is **less than 5% of the group’s total number of shares in issue, but is material to his or her personal wealth;**
- has not been employed by the Company or the group of which it currently forms part in any executive capacity, or appointed as the designated auditor or partner in the group’s external audit firm, or senior legal adviser for the preceding three financial years;

- is not a member of the immediate family of an individual who is, or has during the preceding three financial years, been employed by the Company or the group in an executive capacity;
- is not a professional adviser to the Company or the group, other than as a director;
- is free from any business or other relationship (contractual or statutory) which could be seen by an objective outsider to interfere materially with the individual's capacity to act in an independent manner, such as being a director of a material customer of or supplier to the Company, or
- does not receive remuneration contingent upon the performance of the Company.

King III suggests that it may be useful to appoint a lead independent director who, as a result of his or her senior status, has the authority to facilitate any issues that may arise between executive and non-executive directors of the board. Such a function is noted as being especially relevant where the chairperson is an executive director.

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.

"Each board should determine that it has the skills and knowledge needed to make business judgement calls on behalf of the company." - KING III

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 King III the core functions of the chairperson include:

- setting the ethical tone for the Board and the Company;
- providing overall leadership to the Board;
- formulating (with the CEO and company secretary) the yearly work plan for the board against agreed objectives, and playing an active part in setting the agenda for board meetings;
- presiding over board meetings and ensuring that time in meetings is used productively;
- manage conflicts of interest;
- acting as the link between the Board and management and particularly between the Board and the CEO;
- ensuring that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable directors to reach an informed decision;
- monitoring how the Board works together and how individual directors perform and interact at meetings;
- ensuring that good relations are maintained with the Company's major shareholders and its strategic stakeholders, and presiding over shareholders' meetings;
- upholding rigorous standards of preparation for meetings; and
- ensuring that decisions by the board are executed;

Further responsibilities of the chairperson would be to identify and participate in selecting new board members (via a nomination committee), and overseeing a formal succession plan for the Board, CEO and certain key senior management appointments such as the chief financial officer (CFO).

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 III 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

"Board committees constitute an important element of the governance process and should be established with clearly agreed reporting procedures and a written scope of authority. The Act recognises the right of a board to establish board committees but by doing so, the board is not exonerated of complying with its legal responsibilities." - KING III

3.3.1 AUDIT COMMITTEE

Notwithstanding the requirements of the Act, King III 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 III 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 III 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 III recommends that the committee should have at least three members, and may comprise executive and non-executive directors, and even non-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 or prescribed officers 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.

4. THE CURRENT BOARD (INDEPENDENT VS. NON-INDEPENDENT)

INDEPENDENT NON-EXECUTIVE BOARD MEMEBERS:

- MH TSOLO (CHAIRMAN)*;
- AE WENTZEL;
- M MINNAAR*;
- JP SNYMAN*;

* does not have a direct or indirect interest in the company exceeding **5% of the group's total number of shares in issue**; or does not have a direct or indirect interest in the company which is **less than 5% of the group's total number of shares in issue, but is material to his or her personal wealth**;

NON-INDEPENDENT BOARD MEMEBERS:

- FJJ MARAIS (CEO);
- SJ KRUGER;
- K PASHIOU;
- D VAN STRATEN;
- P PIENAAR;
- JC VERWAYEN

5. THE CURRENT BOARD (EXECUTIVE VS. NON-EXECUTIVE)

EXECUTIVE DIRECTORS

FJJ MARAIS (CEO);
DE VAN STRATEN (FD);
K PASHIOU;
PA PIENAAR

NON- EXECUTIVE DIRECTORS

MH TSOLO (CHAIRMAN);
AE WENTZEL;
M MINNAAR;
JP SNYMAN;

JC VERWAYEN;
SJ KRUGER

6. BOARD COMMITTEE COMPOSITION

6.1 **AUDIT COMMITTEE**

AE WENTZEL (CHAIRMAN);
HM TSOLO; and
JP SNYMAN.

6.2 **NOMINATION COMMITTEE**

MH TSOLO (CHAIRMAN);
JP SNYMAN; and
M MINNAAR.

6.3 **REMUNERATION COMMITTEE**

AE WENTZEL (CHAIRMAN);
FJJ MARAIS;
M MINNAAR; and
JP SNYMAN.

6.4 **SOCIAL AND ETHICS COMMITTEE**

AE WENTZEL (CHAIRMAN);
FJJ MARAIS;
MH TSOLO; and
PA PIENAAR

6.5 **RISK COMMITTEE**

M MINNAAR (CHAIRMAN);
AE WENTZEL; and
PA PIENAAR

7. **CONCLUSION:**

- The current board is sufficient and compliant with the Act & King III.
- Directors classified as independent should ensure and confirm their independence in terms of the requirements listed in 2.3 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 III 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.