

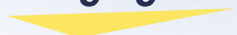


CALGRO M3
Group

Corporate
Governance Report

2019

Building legacies. Changing lives



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The following can be viewed
on the Calgro M3 website
www.calgrom3.com:

[Integrated Annual
Report 2019](#)

[Notice of AGM](#)

[Annual Financial
Statements 2019](#)

[King IV application
register](#)

[Sustainability Report](#)

[GRI Index](#)

[Corporate Governance
Report](#)

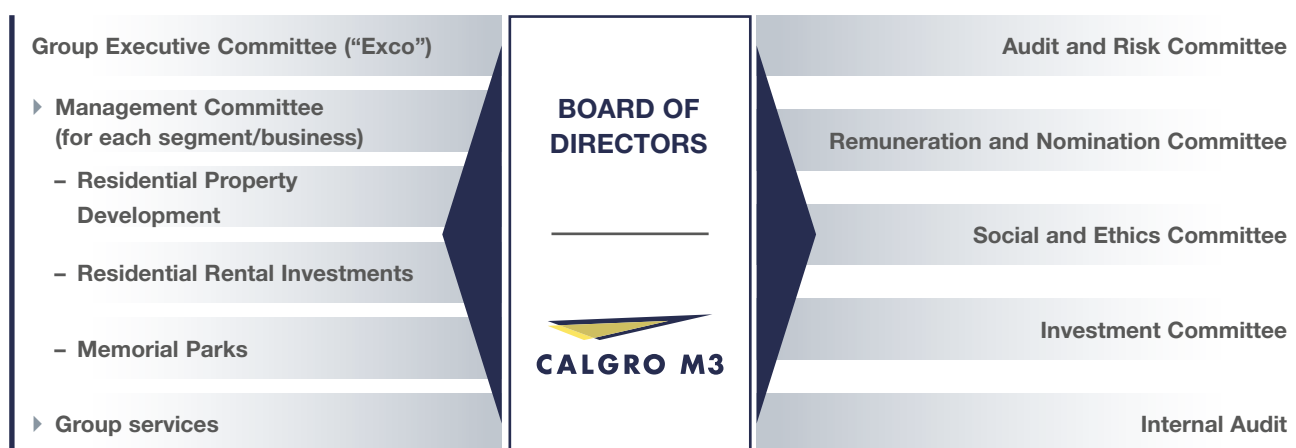
INTRODUCTION

The Board of Directors (“the Board”) believes that sound corporate governance structures and processes are crucial to delivering responsible and sustained growth of the Group for the benefit of all stakeholders. The Group has implemented controls to provide reasonable assurance of its compliance with these requirements, insofar as they are applicable. Transparency,

accountability and openness in reporting and disclosure of information, both operational and financial, are vital to the practice of good corporate governance. Achieving these objectives demonstrates the Group’s commitment to good corporate governance and that it conducts its business within acceptable ethical standards and prudent risk parameters.

Corporate governance structure

The Group is committed to transparency in its communication and reporting and manages the business along the lines of best practice principles.



Statement of compliance

The Group endorses the corporate governance and other requirements of the JSE. The Group also supports and complies with the principles of the King Report on Corporate Governance (“King IV”) and the International Integrated Reporting Framework.

The Group remains committed to sound corporate governance, sustainability principles and compliance with the JSE Listings Requirements and King IV Report. In line with paragraph 8.63(a) of the JSE Listings Requirements, the Group has published its King IV application register on its website www.calgrom3.com.

The Board is satisfied that there has been no material instances of non-compliance with King IV or the JSE Listings Requirements during the reporting period.

BOARD OF DIRECTORS

The Board is the focal point of corporate governance in the Group and it is ultimately accountable and responsible for the performance and affairs of the Group. The Board has a charter that has been drawn up in terms of the recommendations contained in King IV and it is subject to the provisions of the Companies Act and the Memorandum of Incorporation (“MOI”), as amended from time to time, the Listings Requirements of

the JSE and any other applicable law or regulatory provision. The charter is reviewed on an annual basis. As detailed in its charter, the Board’s objective is to provide responsible business leadership to the Group, acting ethically, with leadership and integrity in the execution of its duties with due regard to the interest of all stakeholders.

BOARD OF DIRECTORS (CONTINUED)

Responsibilities of the Board

Some of the key responsibilities of the Board include:

- ▶ Approve, monitor and review corporate strategy, including business plans and budgets and bring independent, informed and effective judgement and leadership on material decisions of the Group;
- ▶ Manage and monitor the relationship with management, the shareholders and other stakeholders of the Group along sound corporate governance principles;
- ▶ Ensure that an adequate and effective process of corporate governance is established, maintained and compliant with King IV;
- ▶ Oversight of the Group's systems of internal control, governance, risk management and information technology;
- ▶ Approve major acquisitions, disposals and corporate actions;
- ▶ Guide Group values, including being a responsible corporate citizen and principles of ethical business practice;
- ▶ Ensure the mandate of transformation is upheld by the Group;
- ▶ Appointment of the Chairperson and Chief Executive Officer ("CEO"), nomination of Directors and review of Directors' and Senior Management's remuneration, appointments and succession plan;
- ▶ Approval of the authorities assigned to the Board, its Committees and management; and
- ▶ Ensure disputes are resolved as effectively, efficiently and expeditiously as possible.



The scope of authority, responsibilities and functions of the Board are reviewed on an annual basis.

The quorum for Board meetings is 60% of the Directors.

The Board is supplied with all relevant information and has unrestricted access to the management of the Group and all Group information, which enables the Directors to adequately discharge their responsibilities. Directors are afforded the opportunity to engage meaningfully in Board deliberations and challenge when they have a concern. Full and effective control over all operations of the Group is retained by the Board at all times.

All Directors and Board Committees have unrestricted access to the Company Secretary and may, if deemed necessary and in appropriate circumstances, take independent professional advice at the Group's expense.

Directors are required to complete and sign declaration of interests forms annually as well as in respect of all matters on the Board agenda at every Board meeting.

In line with King IV, the Board conducts biennial performance assessments of the Chairperson, the Board as a whole, and Board Committees, including Committee members, in order to evaluate their effectiveness and performance.

The independence of all Non-Executive Directors with nine or more years of services is reviewed annually.

At the last concluded appraisals, the Board and its Committees were found to have operated and functioned effectively.

Board composition

The Board operates as a unitary Board comprising five Executive Directors, one Non-Executive Director and six Independent Non-Executive Directors. The Board Chairperson is an Independent Non-Executive Director. The Board also has a Lead Independent Non-Executive Director whose functions include to serve as a sounding board for the Board Chairperson, to strengthen the independence of the Board and to offer support and guidance to the Directors.

The Board reviews, on an annual basis, its composition of Directors. When determining the number of Directors to serve on the Board, the knowledge, skills and resources required as appropriate to the business of the Group is considered. The Group has adopted a policy on the promotion of gender and race diversity. The targets set out in the gender and race diversity policy are in line with national demographics and aims to achieve a balance of representation at Board level. Any new appointments are considered against these targets.

The roles of Chairperson and CEO are separate, with a clear division of roles and responsibilities defined in the Board Charter.

In considering candidates that will serve on the Board, consideration is also given to candidates who qualify to serve on Board Committees. All Board members have the necessary knowledge, experience and expertise to serve on the Board.

BOARD OF DIRECTORS (CONTINUED)

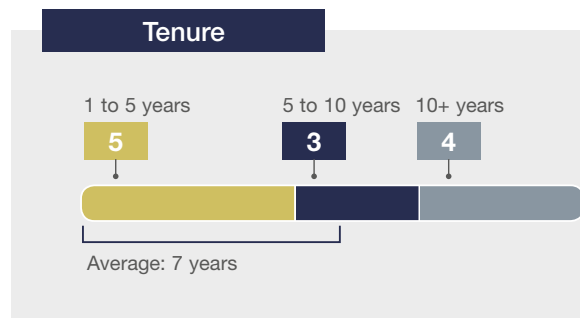
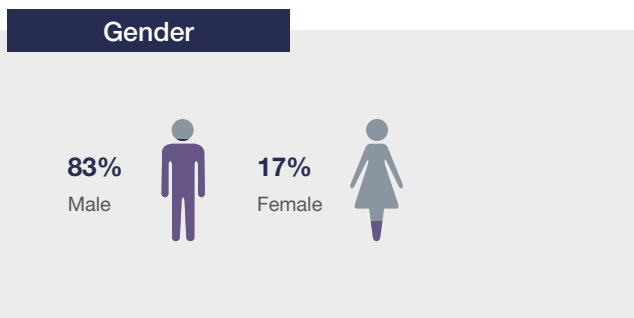
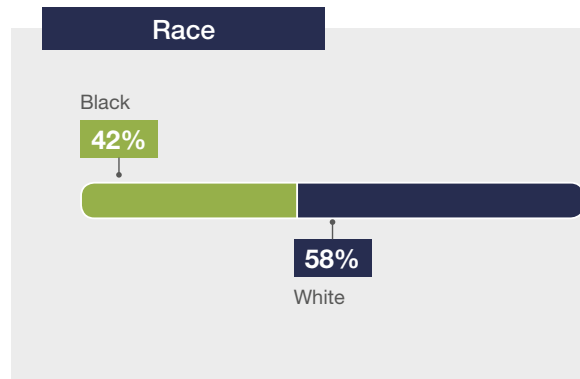
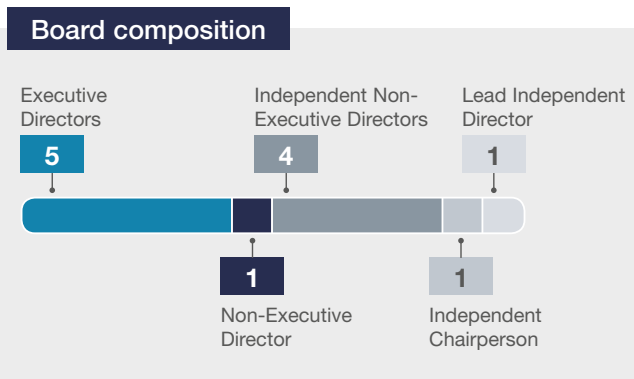


Remuneration and Nominations Committee	Audit and Risk Committee	Investment Committee	Social and Ethics Committee	Stakeholder Relations
Pumla Radebe (Chairperson Nomination Committee)	George Hauptfleisch (Chairperson)	Ben Pierre Malherbe (Chairperson)	Mdu Gama (Chairperson)	Wikus Lategan
Ralph Patmore (Chairperson Remuneration Committee)	Ralph Patmore	Hatla Ntene	Hatla Ntene	Waldi Joubert
Venete Klein*	Mdu Gama	George Hauptfleisch	Waldi Joubert	Wayne Williams
Wikus Lategan#	Wikus Lategan#	Wikus Lategan	Manda Nkuhlu#	
	Waldi Joubert#	Waldi Joubert	Wikus Lategan#	
		Derek Steyn#	Wayne Williams#	
		Manda Nkuhlu#		
		Wayne Williams#		

Invited to Committee meetings in FY2019.

* Resigned on 14 February 2019.

BOARD OF DIRECTORS (CONTINUED)



Independent Non-Executive Directors

All Independent Non-Executive Directors have been reassessed for independence.

Appointment and re-election of Directors

Executive and Non-Executive Directors are appointed for their knowledge, skills and experience. In accordance with the Calgro M3 Holdings MOI, one-third of Non-Executive Directors are subject to rotational retirement every year and re-election by shareholders at the Annual General Meeting.

Procedures for appointments to the Board are formal and transparent and are a matter for the Board as a whole, with the assistance of the Nomination Committee. Prospective appointees are nominated by the Nomination Committee with the nomination being approved by the Board and the appointment being made by shareholders at the Annual General Meeting. Where possible, new appointments will be made with the consideration of gender and race diversity and in line with the adopted policy dealing with such by Calgro M3.

Induction of new Directors

Individual competence of Board members is imperative as they are the decision-makers of the Group and are ultimately responsible for its success.

The governance of Calgro M3 requires that Directors have a sound understanding of the business and knowledge of the

Non-Executive Directors standing for re-election:

1. Ben Pierre Malherbe
2. Mdu Gama

Non-Executive Directors standing for ratification:

1. George Hauptfleisch

markets in which the Group operates and must exercise due care and skill in their fiduciary duties. The selection of Directors is based on their knowledge, experience, business skills, the diversity of their business backgrounds and their academic qualifications. Race and gender also play an important role in the appointment of Directors to ensure that the composition of the Board is in line with the demographics of South Africa. The Group has adopted and implemented a policy that sets out the approach to achieve gender diversity on the Board of Directors in accordance with the JSE Listings Requirements.

A formal orientation programme for new Directors is in place to ensure they acquire the requisite level of competence and knowledge of the Group's structure, operations and policies to enable them to fulfil their fiduciary duties and responsibilities.

Independence

In accordance with the Companies Act No. 71 of 2008 (“the Act”) and the guidelines of King IV, the independence of Non-Executive Directors is evaluated by the Remuneration and Nomination Committee and reviewed by the Board on an annual basis. Similar principles and processes are in place to ensure that no single Director may exercise unfettered decision-making powers.

Where the CEO is responsible for the implementation and strategic direction and daily operation of the Group, the Board provides guidance and leadership, and oversees the implementation of the strategy. The CEO is assisted in his responsibilities by an Executive Committee (“Exco”).

Assessment of the Board

The Board analyses and evaluates its effectiveness in line with the King Report on Corporate Governance.

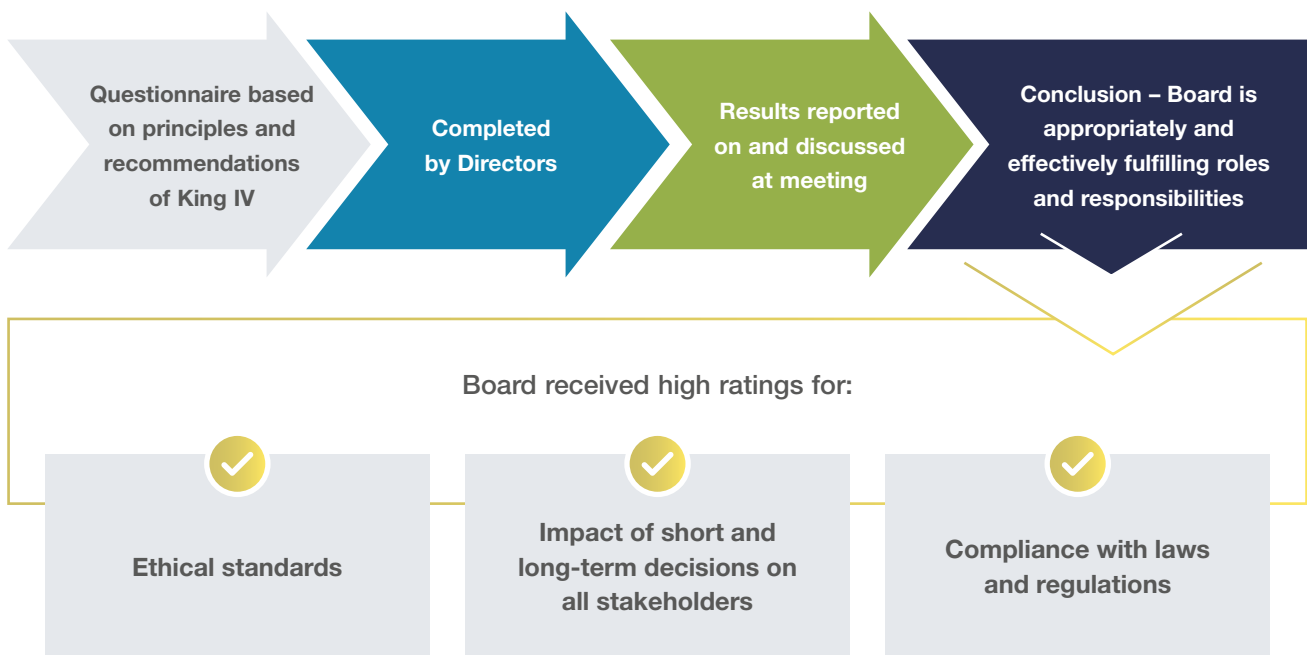
The analysis and evaluation of the effectiveness of the Board was conducted in the form of a questionnaire that is based on the principles and practice recommendations contained in the

King IV Report. The questionnaire was completed by the Directors and the results of the evaluation were reported at the meeting of the Board.

On the basis of results gained in performing the analysis and evaluation, the Board concluded that the Board is appropriately and effectively fulfilling its role and responsibilities.

High ratings were given for the manner in which the Board established high ethical standards to which members of the Board are committed and ensuring that management is held to those standards. Actions and decisions of the Board take into consideration short and long-term impacts of the Group’s business on all its stakeholders. High ratings were further given for the manner in which the Board ensures that proper attention is paid to compliance with laws and regulations, as well as other rules, standards and codes adopted by the Group and the fact that opportunities are given to all members of the Board to raise issues.

The results of the analysis and evaluation also highlighted issues that will have to be addressed in order to ensure that the Board is more effective.



The Executive Committee (“Exco”)

Exco is responsible for the day-to-day running of the Group. The CEO is the head of Exco which is, in turn, accountable to the Board for the actions and decisions taken by Exco.

Exco’s initiatives and progress are reported to the Board via Board packs made available in advance of the Board meetings or whenever deemed appropriate or necessary. Exco meets regularly at set intervals, but also holds ad hoc meetings as required.

ATTENDANCE REGISTER (CONTINUED)

Board meetings	11 May 2018	30 July 2018	30 August 2018 (special meeting)	19 October 2018	4 February 2019	15 February 2019
Pumla Radebe	✓	✓	✓	✓	✓	✓
Ralph Patmore	✓	✓	✓	✓	✓	✓
Mdu Gama	✓	✓	✓	✓	✓	✓
Hatla Ntene	✓	✓	✓	✓	✓	✓
George Hauptfleisch	n/a	✓	✓	✓	✓	✓
Venete Klein♦	✓	✓	✓	✓	✓	n/a
Ben Pierre Malherbe	✓	✓	✓	✓	✓	✓
Wikus Lategan	✓	✓	✓	✓	✓	✓
Waldi Joubert	✓	✓	✓	✓	✓	✓
Wayne Williams	✓	✓	✓	✓	✓	✓
Derek Steyn	✓	✓	✓	✓	✓	✓
Manda Nkuhlu	✓	✓	✓	x	✓	✓
Tumi April	*	*	*	*	*	*
Sponsor						
Grindrod Bank	✓	✓	n/a	✓	✓	✓

Audit and Risk Committee	4 May 2018	19 July 2018	30 August 2018 (special meeting)	17 October 2018	8 February 2019
George Hauptfleisch	n/a	✓	✓	✓	✓
Ralph Patmore	✓	✓	✓	✓	✓
Mdu Gama	✓	✓	✓	✓	✓
By invitation					
Wikus Lategan	✓	✓	✓	✓	✓
Waldi Joubert	✓	✓	✓	✓	✓
Pumla Radebe	n/a	n/a	✓	n/a	n/a
Venete Klein♦	n/a	n/a	x	n/a	n/a
Ben Pierre Malherbe	n/a	n/a	✓	n/a	n/a
Derek Steyn	n/a	n/a	✓	n/a	n/a
Hatla Ntene	n/a	n/a	x	n/a	n/a
Manda Nkuhlu	n/a	n/a	✓	n/a	n/a
Wayne Williams	n/a	n/a	✓	n/a	n/a
Tumi April	*	*	*	*	*
Sponsor					
Grindrod Bank	✓	✓	n/a	✓	✓
Auditor					
PricewaterhouseCoopers	✓	✓	n/a	✓	✓
Internal audit					
SizweNtsalubaGobodo	✓	n/a	n/a	n/a	n/a
Prozilog	n/a	n/a	n/a	n/a	✓

* Attendance as Company Secretary ✓ Attended x Apology ♦ Resigned 14 February 2019

SizweNtsalubaGobodo resigned as internal auditors of the Group on 11 May 2018 and were replaced by Prozilog (Pty) Ltd with effect from 2 November 2018.

Remuneration and Nomination Committee	3 May 2018	7 May 2018	18 July 2018
Pumla Radebe	✓	✓	✓
Ralph Patmore	✓	✓	✓
Venete Klein ♦	✓	✓	✓
Attends sections of meeting by invitation			
Wikus Lategan	✓	✓	✓
Tumi April	*	*	*

Social and Ethics Committee	4 May 2018	19 July 2018	12 October 2018	8 February 2019
Mdu Gama	✓	✓	✓	✓
Hatla Ntene	✓	✓	✓	✓
Waldi Joubert	✓	✓	✓	✓
By invitation				
Wikus Lategan	✓	✓	x	✓
Manda Nkuhlu	x	✓	x	✓
Wayne Williams	x	✓	✓	x
Tumi April	*	*	*	*
Veriksha Baijoo	✓	✓	✓	✓
Zelna van der Walt	✓	✓	✓	✓
Camagwini Sigotyana	✓	✓	✓	✓
Takalani Sigama	n/a	n/a	n/a	✓

Investment Committee	2 May 2018	17 July 2018	26 February 2019
Ben Pierre Malherbe	✓	✓	✓
Hatla Ntene	✓	✓	✓
Wikus Lategan	✓	✓	✓
Waldi Joubert	✓	✓	✓
Tumi April	*	*	*
By invitation			
George Hauptfleisch	n/a	✓	✓
Wayne Williams	✓	✓	✓
Derek Steyn	✓	✓	✓
Manda Nkuhlu	✓	✓	✓

* Attendance as Company Secretary ✓ Attended ✕ Apology ♦ Resigned 14 February 2019

COMPANY SECRETARY

The Board is satisfied that the Company Secretary is appropriately qualified, competent and experienced for her position in a listed company. The Company Secretary plays a pivotal role in the continuing effectiveness of the Board, ensuring that all Directors have full and timely access to information that helps them to perform their duties and obligations, and enables the Board to function effectively.

The Company Secretary's key duties regarding the Directors include, but are not limited to, the following:

- ▶ Collating and distributing relevant information, such as Board meeting agenda items, Board/Committee meeting papers, corporate announcements, SENS and any other developments affecting the Group from a regulatory perspective;
- ▶ Monitoring the legal and regulatory environment and communicating new legislation and any changes to existing legislation and governance to the Board;
- ▶ Providing guidance to the Directors on their individual and collective powers and duties;

- ▶ Assisting the Chairperson and CEO with the induction of new Directors together with the Group's sponsor, in this case Grindrod Bank Limited. This includes a briefing of their fiduciary and statutory duties and responsibilities, including those arising from the JSE Listings Requirements;
- ▶ The Company Secretary is responsible for the functions specified in section 88 of the Companies Act, 2008 (as amended). All official meetings of shareholders, Directors and Board Committees are properly recorded as per the requirements of the Act.

The Company Secretary is not a director of any of the Group operations, nor is she related to or connected with any of the Directors which could result in a conflict of interest and accordingly it is concluded that an arm's length relationship with the Board and its Directors is maintained. The Company Secretary reports to the Chairperson and has a direct channel of communication to the CEO and to the Financial Director ("FD"). The removal of the Company Secretary would be a matter for the Board as a whole.

Based on a formal assessment, which included a review of the Group Company Secretary's qualifications, experience and demonstration of competence in execution of the abovementioned functions, the Board is of the opinion that Itumeleng April, possesses the requisite competence, qualifications and experience and has confirmed that she is suitably qualified, competent and experienced to hold the position of Group Company Secretary.

She is a qualified attorney with eleven years' experience in commercial and company law, and six years' company secretarial experience. The academic and professional qualifications of the Group Company Secretary were externally verified prior to her appointment.

SHAREHOLDER ENGAGEMENT

Transparent communication and engagement with stakeholders is vital to ensure that the principles on stakeholder management expressed in the King IV Code is adopted. The Group regularly communicates its strategy, performance and vision to shareholders through presentations delivered during results roadshow presentations. Management regularly meets with investors and shareholders in one-on-one meetings on request. The CEO and FD with the assistance of an external investor relations consultant are tasked to be the spokespersons in the above instances.

It is the policy of the Group to pursue regular dialogue with institutional investors, engaging constructively within the frameworks provided by statutory and regulatory environments regarding the dissemination of information. This helps ensure a fair and accurate representation and valuation of the Group and its performance. Grindrod Bank Limited acts as the Group's sponsor in compliance with the JSE Listings Requirements.

The Group's Annual General Meeting provides an important platform for engagement with shareholders and offers them the opportunity to participate in discussions relating to the Group.

CODE OF ETHICS

The Group's Code of Ethics outlines the conduct that is required from all Directors and employees. The Code requires of everyone in the Group to be committed to fair dealing, honesty and integrity. The Code of Ethics has been actively endorsed by management and forms part of the induction process of all employees. It assists with:

- ▶ Distinguishing between acceptable and unacceptable practices;
- ▶ Providing a comprehensive set of ethical corporate standards;
- ▶ Encouraging ethical behaviour by the Board, management and the employees across the Group;
- ▶ Guiding ethical decision making; and
- ▶ Assisting in the resolution of conflicts.

SUSTAINABILITY

The Group is a GC advanced level and signatory to the UN Global Compact Principles ("UNGC") which requires companies and their subsidiaries to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

The Group's sustainability information (contained in the full Sustainability Report on the Group's website www.calgrom3.com) details Calgro M3's overall strategy and approach for themes such as transformation and B-BBEE, employment equity, skills transfer, training and development, succession planning, occupational health and safety, environmental matters, policies regarding HIV and Aids and human rights issues.

ACCESS TO INFORMATION

Policies and procedures have been implemented to ensure the Board has access to the relevant information as well as engagement with Senior Management at all reasonable times. Directors are expected to treat all Group information as strictly confidential and to comply with the provisions of the statutes applicable to the use of Group information.

DEALINGS IN SECURITIES

No Director, officer or employee may deal either directly or indirectly in the Group's shares based on unpublished price-sensitive information. In addition, no director, officer or employee in possession of price-sensitive information may trade in the Group's shares during closed or restricted periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the Group is under a cautionary announcement.

Before dealing in Calgro M3 shares, all Directors and the Directors of subsidiary companies are required to obtain written clearance from the Group CEO or the Chairperson. Similarly, the CEO requires prior clearance from the Chairperson. The same rules and restraints apply where securities are held by immediate family members of Directors or senior staff.



The Company Secretary keeps record of all consents and dealings in Calgro M3 shares by Directors.

CONFLICT OF INTEREST

The disclosure to the Board of all and any conflicts of interest or potential conflicts of interest which Directors may have in relation to the business of the Group is required. Directors are further required to recuse themselves from discussions or decisions on those matters where conflicts or potential conflicts of interest may exist. The Board may, if deemed appropriate, request a Director to recuse himself/herself from the meeting for the duration of the matter under discussion should there be a conflict or potential conflict of interest.

IT GOVERNANCE

Information Technology (“IT”) at Calgro M3 is a strategic tool that facilitates the successful implementation of the Group’s strategy and sustainable business performance. The IT charter is based on the principles of IT governance as described in King IV, and guides the Board in discharging its IT responsibilities. The Board is responsible for IT governance and is ultimately responsible for ensuring information and IT strategies are aligned with business strategies. The Audit and Risk Committee assists the Board in carrying out these

responsibilities. An IT governance framework and reporting system provides the Board with assurance that the IT strategy, procedures and controls within the business reduce IT risk, including information security, to an acceptable level.

The Board is satisfied that, based on reports received from this Committee, an appropriate IT governance framework exists and is effectively monitored and functioning.

LEGAL MATTERS AND LITIGATION

To the best of the Board’s knowledge there is no material pending or threatening legal action that may have a material effect on the Group’s financial and non-financial position.

WHISTLE BLOWING

The Group has an anonymous reporting function (Tip-offs Anonymous line) that enables employees and any concerned individual not in the employ of Calgro to report any fraudulent, corrupt or unethical practices. Please refer to page 50 in the Sustainability Report for more information.

Contact details are as follows:

Toll-free: 0800 204 837

Email: calgrom3@tip-offs.com

Website: www.tip-offs.com



During the period under review there were no material matters reported on the whistle blowing hotline.

BOARD COMMITTEES

The Board has delegated, through formal terms of reference, specific matters to several Committees whose members and chairpersons are appointed by the Board.

There is full disclosure of matters handled by the Committees to the Board. The Committees play an important role in enhancing high standards of governance and achieving increased effectiveness within the Group. The Board has a Remuneration and Nomination Committee, an Audit and Risk Committee, an Investment Committee and a Social and Ethics Committee.

Remuneration and Nomination Committee



The full Remuneration report can be downloaded in the Notice of AGM section of the Integrated Annual Report portal on the Calgro M3 website.

The main purpose of the Remuneration Committee is to ensure the adoption of remuneration policies within the Group which aim at attracting and retaining top talent by motivating and rewarding top performers. Policies are aligned with the Group's strategy to drive performance in the long and short term.

The Remuneration Committee is chaired by Ralph Patmore, who is an Independent Non-Executive Director. This Committee also fulfils the role of Nomination Committee (chaired by Pumla Radebe), having the responsibility to evaluate the Directors and examine the skills and characteristics required of these individuals. The Nomination Committee is also required to identify suitably qualified candidates for the position of Director, when the need arises as well as ensure that appropriate succession planning is performed. The Nomination Committee considers gender diversity of Directors when determining the composition of the Board as well as any new appointments. The Committee considers compliance with gender and race diversity requirements in its terms of reference with each new appointment and termination.

The Board has adopted a separate gender and race diversity policy. Any new appointments and changes to members of the Board will be measured against this policy. Any matter of the Nomination Committee is chaired by the Chairperson of the Board. Although the Chairperson of the Board is not the Chair of the Remuneration Committee, the Chairperson of the Board is an active member.

It is the duty of this Committee to align its interests with those of the shareholders and consider the interests of the material broader grouping of stakeholders. The integration of the duties of a Nomination Committee with that of the Remuneration Committee has proved to be successful.

The Committee's terms of reference include the following responsibilities:

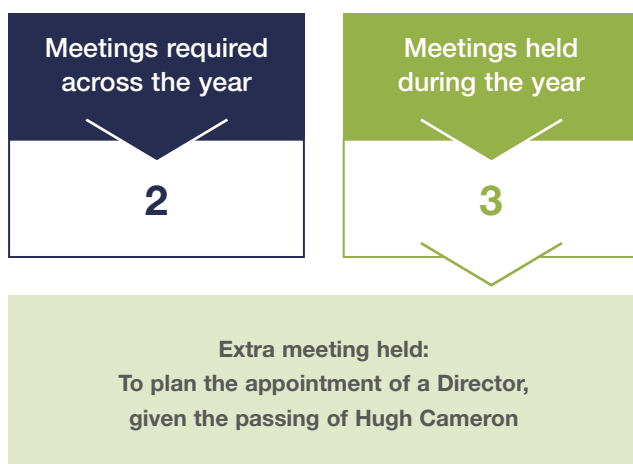
Assisting the Board from a Remuneration Committee perspective with:

- ▶ Approval of the Group's adopted remuneration policy;
- ▶ Ensuring that the remuneration strategy is market-related and competitive;
- ▶ Ensuring that remuneration for executives, including their short and long-term incentives, is based on performance and as such, that performance is measured and rewarded;
- ▶ Determining specific remuneration packages for senior executives of the Group;
- ▶ Considering the relationship between senior executive remuneration and that of other senior Group employees;
- ▶ Considering and recommending Non-Executive Directors' fees for their services on the Board and its Committees;
- ▶ Ensuring that disclosure of Directors' remuneration is accurate, complete and transparent and in line with shareholder expectations;
- ▶ Approving the structure of short-term incentive schemes, including determining the targets and participation thresholds thereof; and
- ▶ Approving the structure of long-term share incentive schemes, including the determination of allocation criteria and performance conditions.

Assisting the Board from a Nomination Committee perspective with:

- ▶ Ensuring the Board has an appropriate composition to execute its duties effectively;
- ▶ Ensuring Directors are appointed through a formal process;
- ▶ Facilitating induction and ongoing Director training and development; and
- ▶ Overseeing the development of formal succession plans for the Board, CEO and Senior Management.

BOARD COMMITTEES (CONTINUED)



The CEO attends the meetings by invitation but does not participate in discussions on his own remuneration. The Committee Chairman reports back to the Board on the activities of the Committee at subsequent Board meetings and the minutes of the Committee meetings are circulated to all Directors. During the year, the Committee approved senior appointments, reviewed succession plans and the performance and service agreements of the Exco members. The Committee also assesses the independence of each of the Independent Non-Executive Directors on an annual basis.

Service contracts

Executive Directors are appointed on the Group's standard senior executive terms and conditions of employment.

Audit and Risk Committee

The full Audit and Risk Committee report can be downloaded in the Annual Financial Statements section of the Integrated Annual Report portal on the Calgro M3 website.

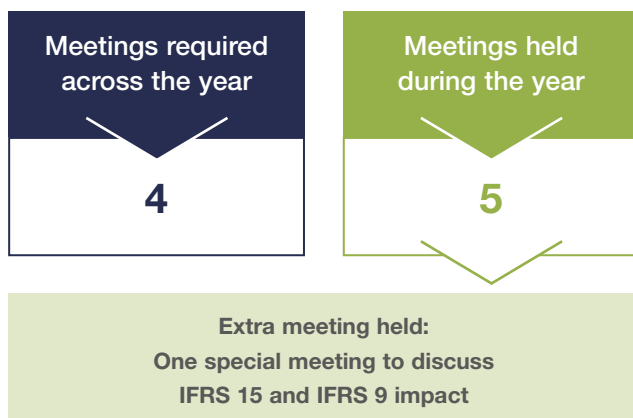
The Committee was chaired by Hugh Cameron, an Independent Non-Executive Director, who sadly passed on 6 April 2018. Ralph Patmore acted as Chairperson from the date of Mr Cameron's passing. On 6 June 2018, George Hauptfleisch was appointed to the Board as an Independent Non-Executive Director and assumed responsibility as the Chairperson of this Committee. The appointment will be ratified by shareholders at the Annual General Meeting on 28 June 2019.

The Committee consisted of three members during the year. In accordance with statutory requirements, the members of this Committee are all Independent Non-Executive members. In addition to the Committee members, the CEO, FD, internal

auditors, external auditors, Company Secretary and sponsor attend meetings by invitation.

Overall objectives of this Committee are to ensure:

- ▶ Adequate systems of accounting records, effective financial reporting and internal control systems are in place and fully functional;
- ▶ Oversight for the Integrated Annual Report, financial results and monitoring of sustainability reporting;
- ▶ Recommendations to the Board and shareholders on the appointment of external auditors;
- ▶ Review of findings and recommendations of internal and external auditors;
- ▶ Evaluation expertise and experience of the FD and the overall finance function;
- ▶ Monitoring any non-audit services rendered by external auditors;
- ▶ That significant business, financial and other risks are identified and mitigated;
- ▶ The review of the total risk management and procedures, including the effectiveness of systems and processes;
- ▶ Satisfactory standards of governance, reporting and compliance in conformance to King IV guidelines, the Companies Act and the JSE Listings Requirements;
- ▶ Group assets are safeguarded; and
- ▶ IT responsibilities carried out by Audit and Risk Committee.



BOARD COMMITTEES (CONTINUED)

Investment Committee

The Committee was established in October 2017 and meets on an ad hoc basis as often as is required.



This Committee is a standing Committee of the Board created to assist the Board in the effective discharge of its governance and responsibilities relating to the investment decisions of the Group and its subsidiaries. The members of this Committee are appointed by the Board and consist of three Non-Executive Directors, the CEO and the FD. Ben Pierre Malherbe serves as Non-Executive Chairman of the Committee. A quorum of the Committee is three members of which two must be non-executive members.

The overall duties of the Committee are to:

- ▶ Assist and advise the Executive Committee on acquisition, merger and disposal opportunities and all aspects of other material transactions and matters related thereto.

- ▶ Make recommendations to the Board, monitor on behalf of the Board and report to the Board on material acquisition, merger, or disposal opportunities and ongoing material transactions and matters related thereto.
- ▶ Review and assess the Group's project proposals and the proposed investment transactions.
- ▶ Review key risks specific to the projects presented, for noting at the Board meeting risk register discussion.
- ▶ Consider post investment reviews of projects.
- ▶ Review and assess the Group's project disposals, and disposal of investments or assets.
- ▶ Review and assess proposed new strategic initiatives before presentation thereof by the Executive Committee to the Board.
- ▶ Review and, if appropriate, update the Delegation of Authority of the Executive Committee relating to:
 - the sale of assets; and
 - acquisition of new projects and assets; subject to Board approval.
- ▶ Investigate all matters within the scope of its responsibilities and make appropriate recommendations to the Board.

Social and Ethics Committee

The responsibilities of the Committee are set out in a written terms of reference, which are reviewed periodically and include monitoring the Group's activities considering relevant legislation, regulatory requirements, best practice and codes. The members of this Committee are appointed by the Board. Mdu Gama serves as Chairperson and is an Independent Non-Executive Director. A quorum for this Committee is two members of which one needs to be the Chairperson or another Independent Non-Executive Director attending the meeting on his behalf.



The Social and Ethics Committee's key responsibilities are:

- ▶ Align the Group's Social and Ethics strategy with its overall business strategy;
- ▶ Recommend to the Board the strategies and policies to ensure the Group's Social and Ethics targets are achieved;
- ▶ Monitor the implementation and efficiency of Employment Equity;
- ▶ Monitor activities relevant to social and economic development, good corporate citizenship, environment, health and safety and consumer relationships;
- ▶ Review policies and statements on ethical standards and on whistle-blowing; and
- ▶ Monitor empowerment progress within the Group to ensure the adoption of empowerment policies in all areas in a sustainable manner.

