

CORPORATE GOVERNANCE REPORT

Framework

AVI Limited ("the Company") is a public company incorporated in South Africa under the provisions of the Companies Act 71 of 2008, as amended and the Regulations thereto ("the Companies Act") and is listed on the JSE Limited ("the JSE").

The Company's Board of directors ("the Board") is committed to ensuring that the Company is governed appropriately. The Board recognises the responsibility of the Company to conduct its affairs with prudence, transparency, accountability, fairness and in a socially and environmentally responsible manner. The Company complies with the provisions of the Companies Act and the JSE Listings Requirements, and the principles of the Code of Corporate Governance Principles and Practices as recommended in the King Report on Governance for South Africa 2009 ("King III").

The Company will comply with the principles of the King IV Report on Corporate Governance in South Africa 2016 ("King IV"), and will report in terms of King IV in the 2018 Integrated Annual Report.

Board governance structure

The general powers of the Board and the directors are conferred in the Company's Memorandum of Incorporation. Terms of reference for the Board are set out in the Company's Board charter which is reviewed periodically. The charter covers the powers and authority of the Board and provides a clear and concise overview of the responsibilities and accountability of Board members, collectively and individually. It includes the policy and procedures for appointments to the Board as assisted by the Remuneration, Nomination and Appointments Committee. Appointments to the Board are done in a formal and transparent manner and are a matter for the Board as a whole. The Board charter is available on request from the Company Secretary.

To ensure conflicts of interest are avoided Board members annually provide a general disclosure of their personal financial interests in terms of section 75 of the Companies Act 2008, and are reminded at the commencement of every Board and Board committee meeting that they are required to declare any material personal financial interests that they may have in contracts entered into or authorised by the Company or in any matters to be discussed at the meeting, as well as any changes to their interests as previously declared.

The Board has adopted a unitary structure and no individual member of the Board has unfettered powers of decision making. The responsibility for running the Board and executive responsibility for the conduct of the business are differentiated in the Board charter. Accordingly the roles of the Chairman of the Board and of the Chief Executive Officer are separated, with Gavin Tipper and Simon Crutchley, respectively, holding these positions for the year under review.

Directorate

During the year under review the Board comprised three executive directors and eight non-executive directors. All of the non-executive directors are independent as defined by King III and have the

required knowledge, skills and independence of thought to pass sound judgement on the key issues relevant to the business of the Company, independent of the Company's management. Consideration is given to gender and racial diversity, as well as diversity in business, geographic and academic backgrounds, when appointing directors. Tailored induction programmes are run to familiarise newly appointed directors with the Group's operations. The particulars of the directors are set out in the Board of directors' section of this Integrated Annual Report.

As required by paragraph 3.84(i) of the JSE Listings Requirements, the Company has adopted a formalised policy on the promotion of gender diversity at Board level, which aims to ensure that at least 25% of the Board is female. The Board currently comprises ten directors of which two are female. The Nomination Committee will take the policy into account in nominating and recommending the appointment of directors to the Board.

Richard Inskip resigned as a non-executive director on 23 November 2016.

At least one-third of the Board's members retire each year at the Annual General Meeting in terms of the Company's Memorandum of Incorporation. Retiring directors are eligible for re-election.

Board and director assessment

The Board is required to assess its performance against its charter requirements on an annual basis. The assessment was done and it was found that in all material respects the Board complied with these requirements. The Chairman continued to monitor and manage the participation of the Board's members, and considered the development requirements, if any, of each director.

In addition, during the year under review, the Board independently considered the performance of the Chairman and Chief Executive Officer. The Chairman and the Chief Executive Officer did not participate in the Board's discussions regarding their own performance.

Board meetings

During the year under review the Board met formally on four occasions to conduct the normal business of the Company. Attendance at these meetings is summarised in the table below.

Name	09/09/2016	24/11/2016	03/03/2017	07/06/2017
GR Tipper	√	√	√	√
MJ Bosman	√	√	√	√
SL Crutchley	√	√	√	√
OP Cressey	√	√	√	√
NP Dongwana	√	√	√	√
JR Hersov	√	√	X	√
RJD Inskip	√			
A Kawa	√	√	√	√
M Koursaris	√	√	√	√
A Nühn	√	√	√	√
AM Thebyane	X	√	X	√

√ in attendance; X not in attendance ■ resigned

In addition to these formal meetings and as a prelude to the Board meeting of 7 June 2017, the Board met with the executive management of the Company's subsidiaries and major divisions on 6 June 2017, reviewed their performance for the past year and considered their objectives, strategies and budgeted performance for the year ahead.

Company Secretary

The Company Secretary for the year under review was Sureya Scheepers.

All directors have unlimited access to the advice and services of the Company Secretary, who is accountable to the Board for ensuring that Board procedures are complied with and that sound corporate governance and ethical principles are adhered to.

The Company Secretary's principal responsibilities to the Board and to individual directors are to:

- Guide them in the discharge of their duties, responsibilities and powers;
- Provide information, advice and education on matters of ethics and good governance; and
- Ensure that their proceedings and affairs, and those of the Company, are properly administered in compliance with all relevant legislation, in particular the Companies Act 2008 and the JSE Listings Requirements.

As required by the JSE Listings Requirements, the Board assessed and satisfied itself at the Board meeting of 8 September 2017, of the competence, qualifications and experience of the Company Secretary and that she has maintained an arm's length relationship with the Board and the directors.

Board committees

The Board is assisted in the discharge of its duties and responsibilities by the Audit and Risk Committee, the Remuneration, Nomination and Appointments Committee and the Social and Ethics Committee. The ultimate responsibility at all times for Board duties and responsibilities, however, resides in the Board and it does not abdicate its responsibilities to these committees.

These committees act within formalised terms of reference which have been approved by the Board and which reflect the Company's application, where appropriate, of the principles embodied in King III, the statutory requirements of the Companies Act and the JSE Listings Requirements. The terms of reference set out the committees' purpose, membership requirements, duties, and reporting procedures. Relevant legislative requirements, such as those incorporated in the Companies Act, are incorporated in the committee charters. Board committees, and the members thereof, may take independent professional advice at the Company's expense.

When appropriate, ad hoc committees are formed to facilitate the achievement of specific short-term objectives.

There is full disclosure, transparency and reporting from these committees to the Board at each Board meeting, and the chairpersons of the committees attend the Annual General Meeting to respond to applicable shareholder queries.

Audit and Risk Committee ("Audit Committee")

During the year under review the Audit Committee comprised Mike Bosman (the Chairman), James Hersov and Neo Dongwana, all of whom are independent non-executive directors. In compliance with the Companies Act shareholders will be asked at the Annual General Meeting on 2 November 2017 to elect the members of the Audit Committee. The current members will be available for re-election.

The Company's external auditors, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the Group's head of internal audit and other senior executives attend the Audit Committee meetings by invitation.

Each operating subsidiary has an internal review committee which monitors risk management and compliance activities. These committees are chaired by the Company's Chief Financial Officer and meet at least twice a year with the external auditors and the Group's head of internal audit, with the relevant financial and managing directors in attendance. Audit Committee members attend the subsidiary internal review meetings by open invitation. There is a formal reporting line from the various internal review committees into the Audit Committee via the Company's Chief Financial Officer.

The Audit Committee met twice during the year under review. The attendance of the members is reflected in the table below:

Name	01/09/2016	24/02/2017
MJ Bosman	√	√
NP Dongwana	√	√
JR Hersov	√	√

√ in attendance; X not in attendance

The Audit Committee is responsible for the consideration of key financial and operating control risks and in particular assists the Board in the following matters:

- Monitoring the financial reporting process;
- Recommending the appointment of an independent registered auditor, determining the terms of engagement and approving fees for audit and non-audit work undertaken;
- Monitoring the operation and effectiveness of internal control systems, including information technology controls;

CORPORATE GOVERNANCE REPORT continued

- Overseeing the internal audit function, monitoring its effectiveness, and reviewing corrective action in relation to findings;
- Overseeing the implementation and effective operation of a structured risk management process that incorporates insurance, health and safety, and environmental issues;
- Implementing sound corporate governance policies;
- Reviewing and recommending to the Board for approval the interim and annual financial statements, the going concern status of the Company, interim and final dividends and other special payments to shareholders; and
- Considering and satisfying itself, on an annual basis, of the expertise and experience of the Chief Financial Officer.

KPMG Incorporated was reappointed as the Company's external auditor by shareholders at the Company's Annual General Meeting on 3 November 2016. With specific reference to the non-audit services provided by the external auditor, and at the recommendation of the Audit Committee, the Board has resolved that the auditors shall not:

- Function in the role of management;
- Audit their own work; and
- Serve in an advocacy role for the Company.

In accordance with the requirements of the Companies Act all non-audit specific service engagements with the external auditors were pre-approved by the Audit Committee. Dedicated internal audit resources continued to be provided via a service provision arrangement with Ernst & Young Advisory Services Limited.

The Audit Committee discharged the functions ascribed to it in terms of the Companies Act and the JSE Listings Requirements as reported in the Directors' Report. It also complied in all material respects with its mandate and the responsibilities prescribed to it in the Audit Committee charter.

Remuneration, Nomination and Appointments Committee ("Remcom")

During the year under review the members of Remcom were Adriaan Nühn (the Chairman), Andy Kawa, Abe Thebyane and Gavin Tipper. The Company's Chief Executive Officer attends relevant parts of Remcom meetings by invitation.

Remcom met four times during the year under review and the attendance detail is reflected in the table below:

Name	05/08/2016	08/09/2016	23/11/2016	05/06/2017
A Nühn	√	√	√	√
A Kawa	√	√	√	√
AM Thebyane	√	X	√	√
GR Tipper	√	√	√	√

√ in attendance; X not in attendance

Remcom assists the Board by overseeing the following matters:

- Ensuring that the Company's directors and the Group's senior executives are competitively rewarded for their individual contributions to the Group's overall performance. Remcom ensures that the remuneration of the senior executive members of the Group is set by a committee of Board members who have no personal interest in the outcomes of their decisions and who will give due regard to the interests of shareholders and to the financial and commercial health of the Company;
- Succession planning for, and approving the appointment of, senior executives within the Group;
- Assessing the performance of the Chief Executive Officer and reviewing his assessment of senior management's performance;
- Recommending an appropriate remuneration and reward framework (including salaries, benefits, share options and incentive schemes) to ensure that the Group's employees are appropriately engaged and retained. The framework includes guaranteed remuneration, short-term and long-term incentives, and benefits;
- Reviewing the composition of the Board and its committees with respect to size, diversity, skills and experience; and
- Recommending the appointment of directors to shareholders.

In the interests of efficiency, the Remuneration Committee and the Nomination Committee are combined. In terms of the JSE Listings Requirements, the Chairman of the Board must be appointed as the chair of the Nomination Committee. Discussions pertaining to agenda items related to Nomination Committee matters are therefore chaired by the Chairman of the Board.

Remcom complied in all material respects with its mandate and the responsibilities prescribed in its charter.

Social and Ethics Committee

During the year under review the Social and Ethics Committee comprised two independent non-executive directors, namely Neo Dongwana (the Chairman) and Richard Inskip, as well as executive members, Willem Visser, the Group asset protection manager; Sarah-Anne Orphanides, the managing director of Entyce Beverages; Catherine Makin, the Group marketing executive; and Darryl Wright, the Group HR executive. On 3 October 2016, 14 November 2016 and 23 November 2016, respectively, Sarah-Anne Orphanides, Darryl Wright and Richard Inskip resigned as members of the committee. In addition the Company's Chairman, Chief Executive Officer and Chief Financial Officer attended the meetings by invitation.

The committee met twice during the year under review and the attendance detail is reflected in the table below:

Name	08/09/2016	02/03/2017
NP Dongwana	√	√
RJD Inskip	√	
C Makin	√	√
SA Orphanides	√	
W Visser	√	√
D Wright	√	

√ in attendance; X not in attendance ■ resigned

The Social and Ethics Committee assists the Board in the following matters:

- Monitoring the Company's activities with regard to social and economic development; good corporate citizenship; the environment, health and public safety; consumer relationships; and labour and employment;
- Drawing matters within its mandate to the attention of the Board as the occasion requires;
- Ensuring that the Company's ethics are managed effectively; and
- Reporting to the shareholders at the Company's Annual General Meeting on the matters within its mandate.

The Social and Ethics Committee discharged the functions ascribed to it in terms of the Companies Act. It also complied in all material respects with its mandate and the responsibilities prescribed in its charter.

Dealings in JSE securities

The Company and its directors comply with the JSE Listings Requirements regarding trading in Company shares. In terms of the Company's closed-period policy, all directors and staff are precluded from dealing in Company shares during closed periods, namely from 31 December and 30 June of each year, until the release of the Group's interim and final results, respectively. The same arrangements apply to other closed periods declared during price-sensitive transactions, for directors, officers and participants in the share incentive schemes and staff who may have access to price-sensitive information. A pre-approval policy and process for all dealings in Company shares by directors and selected key employees is strictly followed. Details of directors' and the Company Secretary's dealings in Company shares are disclosed through the Stock Exchange News Service ("SENS") in accordance with the JSE Listings Requirements.

The Company Secretary regularly disseminates written notices to brief the directors, executives, and employees on insider trading legislation, and to advise them of closed periods.

Further, in accordance with the JSE Listings Requirements, the Company's non-disclosure and confidentiality agreement in use for suppliers and other third parties, contains provisions and undertakings regarding the disclosure of price-sensitive information and insider trading.

Investor relations and communication with stakeholders

The Company identifies key stakeholders with legitimate interests and expectations relevant to the Company's strategic objectives and long-term sustainability and strives to have transparent, open and clear communications with them. Reports, announcements and meetings with investment analysts and journalists, as well as the Company's website, are useful conduits for information. Further detail of these key stakeholders and the Company's engagements with them is set out in the Sustainable Development Report.

The Chairmen of the Board and the Board committees are expected to attend the Company's Annual General Meeting, and shareholders can use this opportunity to direct any questions they may have. A summary of the proceedings of general meetings and the outcome of voting on the items of business is available on request.

Keeping abreast of legislative requirements

The Company's internal legal advisers keep the Company abreast of generic and industry specific legislative and regulatory developments, both pending and apparent, and ensure that the Board, management and employees are informed of and, where necessary, trained on these developments and the implementation thereof.

Participation in industry forums

The Company and its subsidiaries participate in various forums that represent the interests of an industry or sector of the economy, including the Consumer Goods Council of South Africa, the Rooibos Council, the Aerosol Manufacturers' Association of South Africa, the Cosmetic, Toiletry and Fragrance Association of South Africa, the Responsible Fisheries' Alliance, the Association of Food and Science Technology, and the White Fish Technical Committee (a sub-committee of the Deep-Sea Fishing Industry Association). Care is taken to ensure that proceedings at these forums do not contravene competition regulations.

CORPORATE GOVERNANCE REPORT continued

King III compliance disclosures

In compliance with the JSE Listings Requirements the Company discloses hereunder details pertaining to its compliance with the principles of King III. In addition to these specific disclosures, statements are included throughout the Integrated Annual Report dealing with these principles.

Principle		Implementation
Chapter 1: Ethical leadership and corporate citizenship		
1.1	The Board should provide effective leadership based on an ethical foundation	The Board operates within the powers conferred on it in the Memorandum of Incorporation and Board charter; bases deliberations, decisions and actions on strategic objectives and ethical and moral values; considers the legitimate interests of all stakeholders; and aligns its conduct to drive the Company's business accordingly
1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen	The Board is responsible for economic, social and environmental performance and reporting, and the Company has credible and well coordinated programmes in respect of social and environmental issues and stakeholder engagement
1.3	The Board should ensure that the Company's ethics are managed effectively	The Company has a Code of Conduct and Ethics which is communicated internally and externally and the importance of ethical behaviour is emphasised in all of the Company's engagements. Ethical issues are considered by risk committees, internal review committees, the Company's Audit and Risk Committee and Social and Ethics Committee, and at Board level
Chapter 2: Boards and directors		
2.1	The Board should act as the focal point for and custodian of corporate governance	The Board operates within the powers conferred in the Memorandum of Incorporation and Board charter which place it in the position to direct, govern and effectively control the Company
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	The Board annually reviews the Company's objectives, strategies, risks and performance
2.3	The Board should provide effective leadership based on an ethical foundation	See 1.1 above
2.4	The Board should ensure that the Company is and is seen to be a responsible corporate citizen	See 1.2 above
2.5	The Board should ensure that the Company's ethics are managed effectively	See 1.3 above
2.6	The Board should ensure that the Company has an effective and independent Audit Committee	See Chapter 3 below
2.7	The Board should be responsible for the governance of risk	See Chapter 4 below
2.8	The Board should be responsible for information technology governance	See Chapter 5 below

Principle		Implementation
Chapter 2: Boards and directors continued		
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	See Chapter 6 below
2.10	The Board should ensure that there is an effective risk-based internal audit	See Chapter 7 below
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation	See Chapter 8 below
2.12	The Board should ensure the integrity of the Company's Integrated Report	See Chapter 9 below
2.13	The Board should report on the effectiveness of the Company's system of internal controls	See Chapters 7 and 9 below
2.14	The Board and its directors should act in the best interests of the Company	The Board and directors are, inter alia, required to exercise care, skill and diligence; act in good faith; exercise objective judgement; declare any personal financial interests or conflicts of interest; and not deal in the Company's securities during closed or other price sensitive periods
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 Companies Act	The Board monitors the Company's solvency and liquidity and is aware of and understands its responsibilities regarding business rescue proceedings
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 position of Chairman is held by an independent non-executive director
2.17	The Board should appoint the CEO and establish a framework for the delegation of authority	The CEO is appointed by the Board and his role and responsibilities are set out in the Board charter
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 Board comprises a majority of independent non-executive directors
2.19	Directors should be appointed through a formal process	The Board charter defines a formal process for the appointment of directors by the Board with the assistance of the Remuneration, Nomination and Appointments Committee
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	New directors undergo a thorough induction and orientation programme. Directors have access to ongoing training and development regarding matters relevant to the Company, including but not limited to accounting standards and policies, the environment in which the Company operates, corporate governance, and legislation

CORPORATE GOVERNANCE REPORT continued

Principle		Implementation
Chapter 2: Boards and directors continued		
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary	A Company Secretary is appointed in compliance with the Companies Act 2008, the JSE Listings Requirements and the recommendations of King III
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year	The Board, committees and directors are evaluated annually against their roles, functions, duties and performance criteria, and the results of the evaluations of executive directors are considered in determining their remuneration and benefits
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The Board has delegated certain responsibilities, but without abdicating responsibility, to the Audit and Risk Committee; the Remuneration, Nomination and Appointments Committee; the Social and Ethics Committee; and, from time to time, ad hoc committees are appointed to deal with specific matters. In particular, the functions of the Risk Committee are incorporated into the Audit and Risk Committee, and the functions of the Nomination Committee are incorporated into the Remuneration, Nomination and Appointments Committee
2.24	A governance framework should be agreed between the Group and its subsidiary boards	A governance framework exists between the Company and its subsidiaries, which recognises the legal and regulatory requirements that apply to subsidiaries of a listed Company, including the Companies Act and the JSE Listings Requirements
2.25	Companies should remunerate directors and executives fairly and responsibly	The Remuneration, Nomination and Appointments Committee reviews directors' and executives' salaries annually taking into account benchmarking exercises and their performance
2.26	Companies should disclose the remuneration of each individual director and prescribed officer	The remuneration of directors and prescribed officers is disclosed in the Integrated Annual Report
2.27	Shareholders should approve the Company's remuneration policy	Shareholders approve the Company's remuneration policy as contained in the Integrated Annual Report on a non-binding advisory vote at the Annual General Meeting
Chapter 3: Audit committees		
3.1	The Board should ensure that the Company has an effective and independent Audit Committee	The Company has an effective and independent Audit Committee elected by shareholders at the Annual General Meeting
3.2	Audit Committee members should be suitably skilled and experienced independent non-executive directors	All Audit Committee members are appointed after being assessed as being suitably skilled and experienced independent non-executive directors in compliance with the Companies Act
3.3	The Audit Committee should be chaired by an independent non-executive director	The Audit Committee is chaired by an independent non-executive director
3.4	The Audit Committee should oversee integrated reporting	The Audit Committee operates within the functions defined in the Audit Committee charter, including overseeing integrated reporting

Principle		Implementation
Chapter 3: Audit committees continued		
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	The assurance activities of management, internal and external audit are coordinated with each other, with the relationship between the external assurers and management being monitored by the Audit Committee
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function	The Audit Committee annually evaluates the expertise, experience and adequacy of resources in the Group's finance function
3.7	The Audit Committee should be responsible for overseeing of internal audit	In terms of the Audit Committee charter, the Audit Committee oversees the internal audit function and monitors its effectiveness
3.8	The Audit Committee should be an integral component of the risk management process	The Audit Committee oversees the risk management processes across the Group
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The Audit Committee annually recommends the appointment of the external auditors to shareholders at the Annual General Meeting and is responsible for oversight of the external audit process as more fully set out on pages 63 and 88
3.10	The Audit Committee should report to the Board and shareholders on how it has discharged its duties	The Audit Committee reports to the Board at every Board meeting, and to shareholders at the Annual General Meeting, on the discharge of its functions, as well as in this Integrated Annual Report on page 88
Chapter 4: The governance of risk		
4.1	The Board should be responsible for the governance of risk	In terms of the Board charter, the Board is responsible for the governance of risk, which is delegated to the Audit and Risk Committee but without abdicating the Board's responsibility
4.2	The Board should determine the levels of risk tolerance	Risks are reviewed and prioritised by the Board on a regular basis and as part of normal operational management processes
4.3	The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities	See principle 4.1 above
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	Management has responsibility for the risk management plan in accordance with the Board approved policy and framework. The Audit and Risk Committee monitors the risk management process.
4.5	The Board should ensure that risk assessments are performed on a continual basis	Formal risk assessments are conducted at least annually. Risks are assessed on an ongoing basis as part of normal operational management processes
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	The consideration of unpredictable risks is incorporated into regular business review processes

CORPORATE GOVERNANCE REPORT continued

Principle		Implementation
Chapter 4: The governance of risk continued		
4.7	The Board should ensure that management considers and implements appropriate risk responses	Appropriate risk responses are considered and implemented by management on an ongoing basis
4.8	The Board should ensure continual risk monitoring by management	The monitoring of risk is incorporated into regular business review processes and exceptions are highlighted to the Board
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	Assurance by management regarding the risk management process is incorporated into regular business review processes
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The statutory Annual Financial Statements include disclosure on financial risks and the operating environment is commented on in this Integrated Annual Report to the extent deemed prudent, taking into account commercially privileged information
Chapter 5: The governance of information technology		
5.1	The Board should be responsible for information technology ("IT") governance	The Board is responsible for IT governance in terms of the Board charter and the IT governance policy. The Audit and Risk Committee monitors the IT governance process
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 in accordance with the IT governance charter
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	Management has the responsibility for the implementation of the IT governance framework in accordance with the IT governance charter
5.4	The Board should monitor and evaluate significant IT investments and expenditure	The Board monitors and evaluates significant IT investments and expenditures in accordance with the IT governance charter
5.5	IT should form an integral part of the Company's risk management	IT forms an integral part of the Company's risk management in accordance with the risk management framework and IT governance charter
5.6	The Board should ensure that information assets are managed effectively	The management of IT assets is incorporated into regular business review processes
5.7	A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities	See principle 5.1 above

Principle		Implementation
Chapter 6: Compliance with laws, codes, rules and standards		
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	In terms of the Board charter the Company is committed to compliance with applicable laws and the Company remains informed on and complies with all applicable laws, and considers adherence to relevant non-binding rules, codes and standards
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	In terms of the Board charter the Board and individual directors are required to have a working knowledge of all applicable laws, rules, codes and standards, and they are educated on these matters as appropriate
6.3	Compliance risk should form an integral part of the Company's risk management process	Compliance risk forms part of the Company's risk management framework and processes
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	Compliance risk forms part of the risk management framework, the implementation of which is delegated to management and overseen by the Audit and Risk Committee and the Board
Chapter 7: Internal audit		
7.1	The Board should ensure that there is an effective risk-based internal audit	The Company has an effective risk-based internal audit function, outsourced to an independent professional firm, whose duties and responsibilities are defined in the internal audit charter
7.2	Internal review should follow a risk-based approach to its plan	Internal audit follows a risk-based approach in accordance with the internal audit charter
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management	Internal audit is outsourced to an independent professional firm. The need for and requirements that need to be met in order to obtain this assurance are being evaluated
7.4	The Audit Committee should be responsible for overseeing internal audit	In terms of the Audit Committee charter, the Audit Committee is responsible for overseeing internal audit
7.5	Internal audit should be strategically positioned to achieve its objectives	Internal audit is independent and objective and well-positioned to achieve its objectives

CORPORATE GOVERNANCE REPORT continued

Principle		Implementation
Chapter 8: Governing stakeholder relationships		
8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation	Stakeholder engagement is an important aspect of the Company's responsibilities and it formally identifies and recognises material stakeholders with legitimate interests with whom it engages on relevant issues
8.2	The Board should delegate to management to proactively deal with stakeholder relationships	Management has the responsibility to proactively deal with stakeholder relationships and engagements
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company	The Company recognises material stakeholders with legitimate interests with whom it engages as necessary on relevant issues
8.4	Companies should ensure the equitable treatment of shareholders	All holders of the same class of shares, including minorities, are treated equitably in accordance with the preferences, rights, limitations and other terms applicable to such shares and any other relevant provisions of the Companies Act and the JSE Listings Requirements
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	The Company communicates with stakeholders in a variety of forms as more fully set out in this Integrated Annual Report on pages 33 and 34
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Disputes with stakeholders would be addressed in the appropriate forum and steps taken to ensure that such disputes are resolved as effectively, efficiently and expeditiously as possible
Chapter 9: Integrated reporting and disclosure		
9.1	The Board should ensure the integrity of the Company's Integrated Annual Report	The Board is responsible for integrated reporting, including the integrity of the report
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting	Sustainability reporting and disclosure form an integral part of the Integrated Annual Report
9.3	Sustainability reporting and disclosure should be independently assured	External assurance will be considered when the sustainable development report has been more fully developed