

# CORPORATE STRUCTURE

## AUDIT AND RISK COMMITTEE

### Objectives and functions

The committee is governed by a formal audit and risk committee charter that complies with the requirements of King III. This charter guides the committee in terms of its objectives, authority and responsibilities, which include:

- nominating and appointing the group's auditor and ensuring that such auditor is independent of the group;
- determining the fees to be paid to the auditor and the auditor's terms of engagement;
- ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other relevant legislation;
- determining policies with regard to non-audit services provided by the external auditor from time to time;
- dealing with any complaints (whether from within or outside the group) relating to accounting practices, internal audits of the group or the content of the group's financial statements and related matters;
- ensuring that all key risk areas have been properly identified and that the group mitigates such risks;
- ensuring that the group complies with relevant legislation and sound corporate governance principles;
- assisting the board in fulfilling its responsibilities by reviewing the effectiveness of internal control systems in the group;
- reviewing the Annual Financial Statements, integrated report and interim reports of the group as well as other public communications of a financial nature;
- considering significant accounting issues;
- reviewing audit recommendations;
- reviewing any significant cases of fraud, misconduct or conflicts of interests; and
- reviewing the expertise, experience and performance of Holdsport's chief financial officer.

### Composition

Chairperson: Keneilwe Moloko

Other committee members:

- Bryan Hopkins
- Syd Muller

All the members of this committee are non-executive directors and are independent at the date of this report.

Executive directors, members of executive management, and the external audit partners and staff attend meetings at the invitation of the committee. Independently of management, members of this committee meet separately with the external auditor.

The group's external auditor has unrestricted access to the audit and risk committee and attends its meetings.

The audit and risk committee meets three times per financial year, excluding any ad hoc meetings held to consider special business.

The chairperson of this committee attends the annual general meeting.

## REMUNERATION AND NOMINATION COMMITTEE

### Objectives and functions

This committee is governed by a formal charter to ensure that there is a transparent procedure for developing policies on executive remuneration and determining remuneration packages of individual directors and senior executives, within agreed terms of reference and within the framework of good corporate governance. The key mandate of the committee is to compile emolument proposals in accordance with the group's remuneration strategy.

The charter guides the remuneration and nomination committee in terms of its objectives, authority and responsibilities, which include:

- reviewing the group's board structures, the size and composition of the various boards within the group and to make recommendations in respect of these matters, as well as an appropriate split between executive and non-executive directors and independent directors;
- assisting in the identification and nomination of new directors for approval by the board;
- assessing new executive and non-executive directors;
- considering and approving the classification of directors as independent, overseeing induction and training of directors, and conducting annual performance reviews of the board and various board committees;
- ensuring the proper and effective functioning of the group's boards and assisting the chairman in this regard;
- considering and making recommendations to the board on, inter alia, the remuneration policy of the group, the payment of performance bonuses, executive remuneration, short-, medium- and long-term incentive schemes and employee retention schemes; and
- using external market surveys and benchmarks to determine executive directors' remuneration and benefits, as well as non-executive directors' base fees and attendance fees.

### Composition

Chairperson: Bryan Hopkins

Other committee members:

- Syd Muller
- Kevin Hedderwick\*

The members of this committee are non-executive directors and are independent, including the chairperson.

The chief executive and other executives may attend meetings of the remuneration and nomination committee by invitation but do not participate in discussions regarding their own remuneration and benefits.

The committee's powers regarding non-executive remuneration are limited to making recommendations to the board.

The remuneration and nomination committee meets at least twice per financial year, excluding any ad hoc meetings held to consider special business.

The chairman of this committee attends the annual general meeting.

\* Kevin Hedderwick became a member of this committee from 1 March 2015 in place of Phillip Matlakala.

## CORPORATE STRUCTURE (continued)

### TRANSFORMATION, SUSTAINABILITY, SOCIAL AND ETHICS COMMITTEE

#### Objectives and functions

The scope of authority of this committee is defined in a formal charter. It has established a broad-based BEE strategy aligned to the Broad-based Black Economic Empowerment Act No. 53 of 2003 and the associated codes of good practice.

Guidelines have been defined for each of the elements of BBBEE, being equity ownership, management control, skills development, enterprise supplier development and socio-economic development.

The charter guides the committee in terms of its objectives, authority and responsibilities, which include:

- monitoring the group's activities, having regard to any relevant legislation, legal requirements and prevailing codes of best practice in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety); consumer relationships; and social and ethics, and labour and employment issues;
- advising the board on all relevant aspects that may have a significant impact on the long-term sustainability of the group; and
- drawing to the attention of the board matters within its mandate as the occasion requires and reporting to the shareholders at the group's annual general meeting on such matters.

In order to carry out its functions the committee will be entitled to request information from any directors or employees of the group, attend and be heard at general shareholders' meetings, and receive notices in respect of such meetings.

#### Composition

Chairperson: Phillip Matlakala

Other committee members:

- Syd Muller
- Kevin Hodgson

Two members of this committee are independent non-executive directors.

Other executives and management attend meetings of the transformation committee by invitation.

The transformation, sustainability, social and ethics committee meets at least twice per financial year, excluding any ad hoc meetings held to consider special business.

The committee has an ongoing responsibility to monitor and review all aspects of the group's BBBEE strategies and to ensure the achievement of its targets.

