

Corporate Governance Report

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Evaluation of the Board

The Chairman of the company assisted by the Group Company Secretary has carried out a comprehensive evaluation of the Board, its committees and directors. He has concluded that the Board and its committees are operating effectively. All the directors have contributed their time and skills to the functioning of the Board. The Chairman of the company recommends all directors who are nominated for re-election at the Annual General Meeting as competent and dedicated to serving the Group and looking after the interests of the stakeholders.

Group Company Secretary

Nigel Redford is the Group Company Secretary. The Group Company Secretary plays a vital role in the corporate governance of the Group. The Group Company Secretary is responsible to the Board for, inter alia, ensuring compliance with procedures and applicable statutes and regulations. To enable the Board to function effectively, all directors have full and timely access to information that may be relevant to the proper discharge of their duties. This includes information such as corporate announcements, investor communications and other developments which may affect the Group. This also includes access to management, where required.

During the year under review, the Board conducted an evaluation of the Group Company Secretary's effectiveness, qualification and experience and ensured that he maintains an arms-length relationship with the Board. The appointment and removal of the Group Company Secretary is a matter for the Board as a whole. The Group Company Secretary's certification is set out on page 62 of the Integrated Report.

Group Audit Committee

Members: David Rose (Chairman), Enos Banda and Mariam Cassim

In terms of the Companies Act, the members of the Group Audit Committee were directly elected at the Annual General Meeting in November 2015 by the shareholders. All members of the committee are standing for re-election at the Annual General Meeting in November 2016.

Except for SG Fleet, each operating subsidiary company that is out of South Africa or has minority shareholders has an established divisional audit committee comprised of members that are independent of divisional management, chaired by the Group CFO, which reports to the Group Audit Committee. The Group Audit Committee is notified of all Divisional Audit Committee meetings and committee members are entitled to attend. At least one member of the committee was present at each of the Divisional Audit Committee meetings. Minutes of the meetings of the Divisional Audit Committees are made available to members of the Group Audit Committee.

The Group Audit Committee responsibilities are to:

- identify and evaluate exposure to financial risks;
- review the appropriateness and adequacy of the systems of internal financial and operational control;
- review accounting policies;
- evaluate the appropriateness and integrity of financial reporting;
- review and approve external audit plans, findings, reports and fees;
- evaluates the appropriateness of the external auditor for audit and non-audit services;

- provide effective communication between directors; management and the internal and external auditors;
- review and recommend to the Board, the interim and year-end financial statements and the Integrated Report; and
- deliberate on the independence of the external auditors.

SG Fleet has its own Audit Committee appointed by the Board of SG Fleet and Peter Mountford is a member of this committee.

The Group Audit Committee works closely with the Group Risk Committee in respect of the identification of the Group's exposure to risks. David Rose and Mariam Cassim are members of both committees which facilitates close cooperation between the committees.

The Board is provided with regular reports and copies of the minutes of the meetings of the committee. The Group Audit and Risk Manager, internal and external auditors have unrestricted access to the Chairman of the committee and meet with the Chairman regularly.

The committee meets at least four times a year. Meetings are attended by invitees, including the CEO, the CFO, the Group Audit and Risk Manager, the Group Tax Manager, senior employees of the finance department and the external and internal auditors. When required specialists in various fields are invited to attend the committee meeting and provide input to the committee.

The Group Company Secretary acts as the committee's secretary.

The committee meets annually with the external auditors, independently of the executive management teams.

The Group Audit Committee Report for 2016 can be found on pages 63 and 64 of the Integrated Report or on pages 2 to 3 of the Annual Financial Statements.

Board subcommittees

The Board has created various subcommittees to enable it to properly discharge its duties and responsibilities and to effectively fulfil its decision making process. The Board and its committees are supplied with relevant and timely information enabling them to discharge their responsibilities. The directors have access to all company information, records and documents.

The following subcommittees have been formally constituted:

- Deal Committee
- Remuneration Committee
- Group Risk Committee
- Group Social and Ethics Committee

Each Board subcommittee acts within formalised terms of reference, the committee's charter, which have been approved by the Board. These are reviewed annually and updated where necessary. These set out the purpose, membership, duties and reporting procedures. The subcommittees are subject to regular evaluation by the Board with regard to performance and effectiveness.