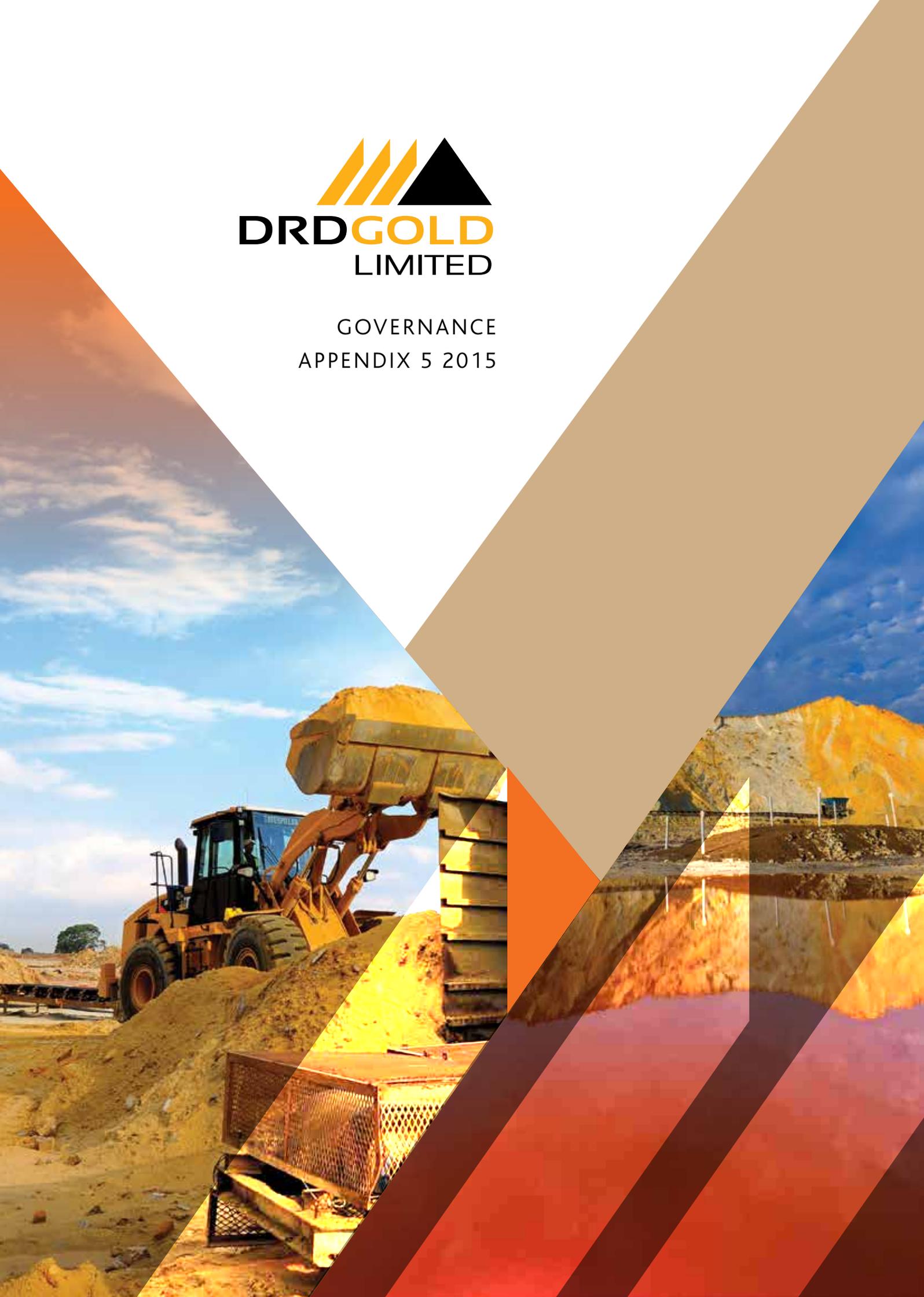




GOVERNANCE  
APPENDIX 5 2015



## APPENDIX 5: GOVERNANCE

The information contained in this appendix is supplementary to that contained in the DRDGOLD Integrated Report 2015 which can be found on the DRDGOLD annual report suite webpage.

### AUDIT AND RISK COMMITTEE

*JA Holtzhausen (Chairman), G C Campbell, EA Jeneker, J Turk*

In August 2014 the board combined the Audit Committee and the Risk Committee to form the Audit and Risk Committee.

All members of the Audit and Risk Committee are independent according to the definition set out in the NYSE Rules. DRDGOLD also complies with the Companies Act, in terms of which all members of the Audit and Risk Committee must be independent non-executive directors (NEDs). The committee's charter deals with all the aspects relating to its functioning.

The Audit and Risk Committee charter was revised in September 2014 and sets out the committee's terms of reference. Responsibilities include:

- selection, evaluation and oversight of auditors;
- oversight of annual audit and quarterly reviews;
- oversight of financial reporting process and internal controls;
- setting management policies for risk management and control;
- monitoring and oversight of risk management;
- monitoring external developments relating to risk management and the reporting of specifically associated risk, including emerging risks and prospective impacts; and
- monitoring progress on action plans developed as part of the risk management process.

The Audit and Risk Committee meets each quarter with the external auditors, the company's manager: risk and internal audit, and the CFO. The committee reviews the audit plans of the internal auditors to ascertain the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls. It also reviews the annual and interim financial statements prior to their approval by the board.

The committee is responsible for making recommendations to appoint, reappoint or remove the external auditors as well as determining their remuneration and terms of engagement. In accordance with its policy, the committee preapproves all audit and non-audit services provided by the external auditors. KPMG Inc. was reappointed by shareholders at the 2014 AGM to perform DRDGOLD's external audit function.

The internal audit function is performed in-house, with the assistance of Pro-Optima Audit Services Proprietary Limited. Internal audits are performed at all DRDGOLD operating units and are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal controls and corporate governance processes.

Significant deficiencies, material weaknesses, instances of non-compliance and exposure to high risk and development needs are brought to the attention of operational management for resolution. The committee members have access to all the records of the internal audit team.

DRDGOLD's internal and external auditors have unrestricted access to the chairman of the Audit and Risk Committee and, where necessary, to the chairman of the board and the CEO. All significant findings arising from audit procedures are brought to the attention of the committee and, if necessary, to the board.

Section 404 of SOX stipulates that management is required to assess the effectiveness of the internal controls surrounding the financial reporting process. The results of this assessment are reported in the form of a management attestation report that has

to be filed with the SEC as part of the Form 20-F. Additionally, DRDGOLD's external auditors are required to express an opinion on the operating effectiveness of internal controls over financial reporting, which is also contained in the company's Form 20-F.

An important aspect of risk management is the transfer of risk to third parties to protect the company from disaster. DRDGOLD's major assets and potential business interruption and liability claims are therefore covered by the group insurance policy, which encompasses all the operations. Most of these policies are held through insurance companies operating in the United Kingdom, Europe and South Africa. The various risk-management initiatives undertaken within the group as well as the strategy to reduce costs without compromising cover have been successful and resulted in substantial insurance cost savings for the group.

#### ATTENDANCE BY MEMBERS AT THE AUDIT AND RISK COMMITTEE MEETINGS HELD DURING FY2015

Director	29 Jul 2014	26 Aug 2014	15 Sep 2014	25 Sep 2014	21 Oct 2014	12 Feb 2015	22 Apr 2015
J A Holtzhausen	✓	✓	✓	✓	✓	✓	✓
R P Hume	✓	✓	✓	✓	✓	n/a	n/a
E A Jeneker	✓	✓	✓	✓	✓	✓	✓
J Turk	✓	✓	✓	✓	✓	✓	✓
G C Campbell*	n/a	n/a	✓	✓	✓	✓	✓

\* Appointed 26 August 2014

✓ Includes attendances through teleconference or video conference facilities

#### REMUNERATION AND NOMINATIONS COMMITTEE

*G C Campbell (Chairman: nominations), E A Jeneker (Chairman: remuneration), J A Holtzhausen and J Turk*

In August 2014 the Remuneration Committee and the Nominations Committee were combined into the Remuneration and Nominations Committee. The committee meets on an *ad hoc* basis. All members of this committee are independent NEDs. It is chaired by the board chairman when matters relating to nominations are discussed and by an independent NED when matters relating to remuneration are discussed – as required by the JSE Listings Requirements and the King III recommendations.

The primary remuneration role of the committee is to execute the following functions:

- determine and develop the company's remuneration policy;
- determine the criteria necessary to measure the performance of executive directors;
- incentivise executive directors and senior management;
- oversee the general operation of the share option scheme or any other similar incentive schemes; and
- apply the principles of good corporate governance and best practice in respect of remuneration matters.

The committee has an obligation to offer competitive packages that will attract and retain executives of the highest calibre and encourage and reward superior performance. Industry surveys are provided for comparative purposes, and to assist the committee in the formulation of remuneration policies that are market related.

The key nominations responsibilities of the committee include the following:

- make recommendations to the board on the appointment of new directors;
- make recommendations on the composition of the board and the balance between executive and NEDs appointed to the board;
- review board structure, size and composition on a regular basis;
- make recommendations on directors eligible to retire by rotation; and
- apply the principles of good corporate governance and best practice in respect of nominations matters.

## APPENDIX 5: GOVERNANCE

*continued*

### ATTENDANCE BY MEMBERS AT THE REMUNERATION AND NOMINATIONS COMMITTEE MEETINGS HELD DURING FY2015

Director	27 Aug 2014	21 Oct 2014	12 Feb 2015	22 Apr 2015
G C Campbell	✓	✓	✓	✓
R P Hume*	✓	✓	n/a	n/a
E A Jeneker	✓	✓	✓	✓
J Turk	✓	✓	✓	✓
J A Holtzhausen	✓	✓	✓	✓

\* Resigned 31 October 2014

✓ Includes attendance through teleconference or video conference facilities

### SOCIAL AND ETHICS COMMITTEE

*E A Jeneker (Chairman); D J Pretorius, W J Schoeman and A J Davel (appointed 13 February 2015)*

Thulo Mogotsi Moletsane, a director of EMO, attends as an invitee.

The Social and Ethics Committee was established to enable DRDGOLD to achieve the triple bottom line recommended by King III and to reach the empowerment goals to which this company is committed. Its terms of reference were approved by the board in October 2011 and its objectives are to:

- promote transformation within the company and economic empowerment of previously disadvantaged communities, particularly within the areas where the company conducts business;
- strive towards achieving equality at all levels of the company, as required by the South African constitution and other legislation, taking into account the demographics of the country; and
- conduct business in a manner that is conducive to the attainment of internationally acceptable environmental and sustainability standards.

The following terms of reference were approved by the board to enable the committee to function effectively. These are to make recommendations to the board:

- on the development, monitoring and implementation of the company's employment equity policy;
- on the development, monitoring and implementation of the company's procurement policy in terms, *inter alia*, of the Preferential Procurement Policy Framework Act;
- on the development, monitoring and implementation of the company's safety, health and environmental policies;
- on the monitoring and implementation of the social and labour plans;
- on ways and means of assisting with poverty alleviation and social upliftment;
- to promote the engagement of management, staff and stakeholders in activities related to social responsibility;
- to monitor the record of sponsorships, donations and charitable giving;
- to promote equality, prevent unfair discrimination and corruption;
- to monitor the group's activities with regard to the 10 principles of the United Nations Global Compact Principles, the Organisation for Economic Co-operation and Development's recommendations regarding corruption and broad-based BEE; and
- to monitor the group's consumer relationship activities.

## COMPETENCE, QUALIFICATIONS AND EXPERIENCE OF COMPANY SECRETARY

Themba Gwebu, Company Secretary of DRDGOLD, has held this position since his appointment on 1 April 2005.

In his capacity as Company Secretary, and during the period under review, his responsibilities have included performance of the following duties:

- providing directors with guidance about their duties, responsibilities and powers;
- making directors aware of laws relevant to or affecting the company;
- reporting to the board on any failure to comply with the company's MOI;
- ensuring that minutes of all shareholder meetings, board meetings and the meetings of any committees of the directors, or of the company's Audit and Risk Committee, are properly recorded in accordance with the Companies Act;
- ensuring dispatch to shareholders of the AFS in accordance with the law; and
- ensuring continuous compliance with the JSE Listings Requirements.

In August 2015 the company appointed an independent facilitator to evaluate the performance of the board and Company Secretary during the remainder of the financial year. Questionnaires were completed and interviews were conducted with each director. The questionnaires included a section on the performance of the Company Secretary. The report states that the Company Secretary is effective in the performance of his duties. The board is satisfied that Themba Gwebu proved to be competent, qualified and experienced as the Company Secretary of DRDGOLD. The board confirms that Themba Gwebu is not a director of DRDGOLD Limited and that there is an arm's length relationship between him and the board which is based only on professionalism.

## ATTENDANCE BY MEMBERS AT THE SOCIAL AND ETHICS COMMITTEE MEETINGS HELD DURING FY2015

Director	28 Aug 2014	22 Oct 2014	13 Feb 2015	22 Apr 2015
D J Pretorius	✓	✓	✓	✓
A J Davel*	n/a	n/a	n/a	✓
W J Schoeman #	n/a	✓	✓	✓
E A Jeneker	✓	✓	✓	✓

# appointed 28 August 2014

\* Appointed 13 February 2015

✓ Includes attendances through teleconference or video conference facilities

## GOVERNANCE PRINCIPLES UNDER KING III

Governance principles under King III	Narration of how the King III principles were applied or explained
1.1 The board should provide effective leadership based on an ethical foundation	The board has developed a Code of Ethics which instils a culture of responsible leadership and high ethical standards. The Code of Ethics was signed by the chairman and the CEO after its last update in April 2012. Management is required to ensure that each employee who joins the team receives a copy of the Code of Ethics, signs it and is bound by its terms.
1.2 The board should ensure that the company is seen to be a responsible corporate citizen	The board has established the Social and Ethics Committee which monitors progress on the company's corporate citizenship responsibilities. More information on DRDGOLD's contribution to the communities around its operations can be found in The Integrated Report and Appendix 4 section.
1.3 and 2.5 The board should ensure that the company's ethics are managed effectively	In order to assess the level of understanding of the company's policies on corruption and related matters, a questionnaire was distributed to employees for completion. The results of this exercise indicated that a majority of senior employees are aware of the Code of Ethics and its application. However, more work is being done to reach out to employees at all levels.
2.1 The board should act as the focal point for and custodian of corporate governance	The board meets at least four times a year, and has adopted a Board Charter. Senior managers are invited to the board and committee meetings where they interact, and at which management reports on stakeholder relations.

# APPENDIX 5: GOVERNANCE

*continued*

## GOVERNANCE PRINCIPLES UNDER KING III

Governance principles under King III	Narration of how the King III principles were applied or explained
2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	During the period under review, the Audit and Risk Committee conducted meetings to ensure the identification of key performance and risk areas and the alignment of controls. All directors were also invited to the joint meetings. Long-term and short-term strategies for the business are standard agenda items and discussed at all quarterly board meetings. The board has developed a board strategy scorecard which is updated on a regular basis.
2.6 The board should ensure that the company has an effective and independent Audit and Risk Committee	See page 1 and page 2 of this appendix.
2.7 The board should be responsible for the governance of risk	The board has delegated the risk function to the Audit and Risk Committee as outlined below and the committee reports to the board after every meeting.
2.8 The board should be responsible for information technology (IT) governance	See principles under chapter 5 below.
2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	See principles under chapter 6 below.
2.10 The board should ensure that there is an effective risk-based internal audit	See principles under chapter 7 below.
2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	See principles under chapter 8 below.
2.12 The board should ensure the integrity of the company's Integrated Report	See principles under chapter 9 below.
2.13 The board should report on the effectiveness of the company's system of internal controls	See principles under chapter 7.3 below.
2.14 The board and its directors should act in the best interests of the company	The board refers to this fact from time to time when executing its duties. The principles of fairness and justice are endorsed in The Code of Ethics.
2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed, and as defined in the Companies Act	To demonstrate that the board does execute this function, during the 2011 period the board determined that one of its subsidiaries was financially distressed. However, the view was that it could be rescued and a recommendation was made to the subsidiary's board that business rescue proceedings (under chapter 6 of the Companies Act) be instituted. The board continuously considers solvency and liquidity tests.
2.16 The board should elect a chairman who is an independent NED. The CEO of the company should not simultaneously hold the role of chairman of the board	Geoffrey Campbell is chairman of the board. He is an independent NED. Niël Pretorius holds the position of CEO.

## GOVERNANCE PRINCIPLES UNDER KING III

Governance principles under King III		Narration of how the King III principles were applied or explained
2.17	The board appoints the CEO and establishes a framework for the delegation of authority	The board has appointed a CEO, developed a Board Charter and established a framework for the delegation of authority.
2.18	The board should comprise a balance of power, with a majority of NEDs. The majority of NEDs should be independent	There are two executive directors. There are four NEDs on the board. All are independent in accordance with the definitions of King III and the Companies Act. The board is composed of directors with a variety of skills and backgrounds and they complement each other in the execution of their duties.
2.19	Directors should be appointed through a formal process	The board established the Remuneration and Nominations Committee and its nominations section sits on an <i>ad hoc</i> basis to recruit new directors when needed. According to the MOI, newly-appointed directors must be confirmed at the AGM. The appointment of Riaan Davel, on 6 January 2015, as well as the re-election of Messrs Campbell and Jeneker, will be considered and voted on at the company's AGM to be held on 4 November 2015.
2.20	The induction of, and ongoing training and development of directors should be conducted through formal processes	Newly-appointed directors are taken through an induction programme set out in policy documents approved by the board. After Riaan Davel's appointment in January 2015, he underwent health and safety training and visited the operations. As former lead audit partner on the DRDGOLD audit, he is familiar with the DRDGOLD operations. Our sponsors, One Capital, delivered a presentation on directors' duties and responsibilities with respect to the JSE Listings Requirements, Companies Act and King III. On 27 August 2014 the board was given guidance on how the tailings dams operate.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	During the year under review the board was assisted by Themba Gwebu who has been Company Secretary since April 2005. The board is satisfied that he is suitably qualified and experienced (page 4 of this appendix). His CV can be found on page 45 of the DRDGOLD Integrated Report 2015.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	In July 2015 the company appointed Centre for Conscious Leadership to evaluate the effectiveness of the DRDGOLD board and its committees during FY2015. Each director completed a questionnaire and was interviewed. The facilitator then submitted a written report confirming that the effectiveness of the board and its committees was satisfactory.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The committees of the board and their functions are discussed on pages 1 to 4 of this appendix.
2.24	A governance framework should be agreed between the group and its subsidiary boards	Some of the directors of the subsidiary companies are also members of the DRDGOLD executive committee. Regular joint leadership workshops are held by senior management at the corporate office and at the operations. This helps to align the implementation of group strategy. The CEO and CFO ensure that the operational directors know the direction expected from DRDGOLD's perspective and the subsidiary directors also contribute towards group strategy through such interaction.
2.25	Companies should remunerate directors and executives fairly and responsibly	The company's remuneration policy is set out on page 46 to page 49 of the DRDGOLD Integrated Report 2015.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	This principle is addressed on page 48 to page 49 of the DRDGOLD Integrated Report 2015.
2.27	Shareholders should approve the company's remuneration policy	A non-binding vote on the company's remuneration policy is sought from shareholders at every AGM.

## APPENDIX 5: GOVERNANCE

*continued*

### GOVERNANCE PRINCIPLES UNDER KING III

Governance principles under King III		Narration of how the King III principles were applied or explained
3.1	The board should ensure that the company has an effective and independent Audit and Risk Committee	The CVs of the members of the Audit and Risk Committee can be found on page 44 of the DRDGOLD Integrated Report 2015. The Audit and Risk Committee's report is in the AFS 2015. The board is satisfied that the Audit and Risk Committee is effective and has recommended to the shareholders that its members be re-elected at the AGM to be held on 4 November 2015.
3.2	Audit and Risk Committee members should be suitably skilled and experienced independent NEDs	The narration under principle 3.1 above applies here.
3.3	The Audit and Risk Committee should be chaired by an independent NED	Robert Hume was Chairman of the Audit and Risk Committee from 10 October 2001. His term expired on 30 September 2014 and he has retired with effect from 31 October 2014. Johan Holtzhausen took over as Chairman of the Audit and Risk Committee from 1 October 2014. Johan Holtzhausen is an independent NED.
3.4	The Audit and Risk Committee should oversee integrated reporting	The Audit and Risk Committee oversees the preparation of the company's Integrated Report which will be considered by the Audit and Risk Committee during September 2015 and recommended to the board for approval.
3.5	The Audit and Risk Committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	The Audit and Risk Committee and management provide internal assurance. KPMG Inc. has been mandated to conduct assurance as required.
3.7	The Audit and Risk Committee should be responsible for overseeing the internal audit	The head of internal audit reports directly to the Audit and Risk Committee as far as internal audit matters are concerned. Some of the internal audit work has been outsourced to Pro-Optima Audit Services Proprietary Limited, an independent company. The budget and scope of work is approved by the Audit and Risk Committee. The internal audit report is tabled before the Audit and Risk Committee every quarter for consideration.
3.8	The Audit and Risk Committee should be an integral component of the risk management process	The risk function is overseen by the Audit and Risk Committee.
3.9	The Audit and Risk Committee is responsible for recommending the appointment of the external auditors and overseeing the external audit process	The committee is satisfied that KPMG Inc. is JSE-approved. Its engagement partner is Jacques le Roux. At the 2014 AGM it recommended to shareholders that KPMG Inc. be re-appointed as the company's external independent auditors.
3.10	The Audit and Risk Committee should report to the board and shareholders on how it has discharged its duties	The Audit and Risk Committee report is in the AFS 2015.
4.1	The board should be responsible for the governance of risk	The board is satisfied that it has adequately dealt with governance of risk. It has merged the Risk Committee with the Audit Committee to form the Audit and Risk Committee. The terms of reference for the newly structured Audit and Risk Committee incorporate the terms which address risk.
4.2	The board should determine the levels of risk tolerance	The board, at quarterly Audit and Risk Committee meetings, and according to a previously agreed format, reviews the major risks to show the individual risk levels.
4.3	The Audit and Risk Committee should assist the board in carrying out its risk responsibilities	The Audit and Risk Committee is responsible for overseeing risk management. Its functions are set out on page 1 to page 2 of this appendix.

## GOVERNANCE PRINCIPLES UNDER KING III

Governance principles under King III		Narration of how the King III principles were applied or explained
4.4	The board should delegate to management the responsibility of designing, implementing and monitoring the risk management plan	The board appointed the first group Risk Manager in 2002. The risk manager reports to the Audit and Risk Committee.
4.5	The board should ensure that risk assessments are performed on a continuous basis	The group Risk Manager conducts risk assessments for the group. These assessments are documented into a 'risk map' which is tabled before the Audit and Risk Committee every quarter for discussion. It is thus reviewed and updated regularly, and risk rankings are updated every quarter.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	The current methodology assesses all major risks considering the impact, likelihood and control efficiencies of each risk. These risks as well as potential risks are reviewed quarterly to ensure coverage is as wide as possible.
4.7	The board should ensure that management considers and implements appropriate risk reports	The company's implementation of appropriate measures during the period under review included the following: quarterly meetings with Ergo's Exco and quarterly CEO meetings with senior management.
4.8	The board should ensure continual risk monitoring by management	Management tables its 'risk map' at every Audit and Risk Committee meeting. This enables the board to monitor the implementation of measures intended to respond to areas of risk.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	The Audit and Risk Committee provides assurance to the board.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The group risk manager attends regular meetings at the operations to identify current, imminent or envisaged risks and reports these to Exco. Material and imminent risks are reported to shareholders via SENS. Risks facing the company and envisaged risks are reported in the Integrated Report 2015 and in Form 20-F, filed with the SEC.
5.1	The board should be responsible for IT governance	The board has appointed the group risk manager to report to the Audit and Risk Committee on IT governance issues. The IT governance policies have been established and are being implemented. The Audit and Risk Committee discusses on IT governance on a regular basis.
5.2	IT should be aligned with the performance and sustainability objectives of the company	The IT structure and process is designed to serve the surface retreatment nature of our operations. DRDGOLD has embarked on a compliance project intended to cover the core areas of the company's business such as environmental management, surface resources etc. The testing phase of the environmental module is complete and will go live in the near future. Modules for other business performance areas are under development.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	The Audit and Risk Committee has delegated the day-to-day management of the IT responsibility to the CFO who has been given the responsibility to appoint the Chief Information Officer who is responsible for the management of IT.
5.4	The board should monitor and evaluate significant IT investments and expenditure	The function of IT investment and expenditure rests with the CFO who ensures that an updated and effective IT system is in place.
5.5	IT should form an integral part of the company's risk management	This principle falls under the discussion of risk management.

# APPENDIX 5: GOVERNANCE

*continued*

## GOVERNANCE PRINCIPLES UNDER KING III

Governance principles under King III		Narration of how the King III principles were applied or explained
5.6	The board should ensure that information assets are managed effectively	This responsibility has been undertaken by management. The company complies with the Promotion of Access to Information Act which, <i>inter alia</i> , provides that an Information Officer be appointed and a manual be developed. These tasks have been completed. Other records are managed by appropriate sections e.g. the Company Secretary's office, the finance department etc.
5.7	The Audit and Risk Committee should assist the board in carrying out its IT responsibilities	The Audit and Risk Committee has been tasked with overseeing IT risks and management from a board perspective.
6.1	The board should ensure that the company complies with applicable laws and consider adherence to non-binding rules, codes and standards	The company has established a legal division which is headed by the Group Legal Counsel. The group Legal Counsel ensures continuous research so that new laws are identified for purposes of compliance. Seminars, conferences, and subscriptions to law journals assist in keeping the company up to date with legal developments. The company also receives updates from a panel of South African and American law firms that provide legal advisory services from time to time.
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	When new directors are appointed they are taken through an induction process which involves training in the laws, rules, codes and standards applicable to DRDGOLD and its operations. The board meeting agendas incorporate the company secretarial report which contains regular updates on laws and rules that apply to the company.
6.3	Compliance risk should form an integral part of the company's risk management process	This forms part of DRDGOLD's risk management process.
6.4	The board should delegate to management the implementation of an effective compliance framework and process	The company currently applies the approach set out under principle 6.1 above and believes that it applies here as well. Although the company is of the view that the process stated under 6.1 above serves the purpose, the compliance framework is under development.
7.1	The board should ensure that there is an effective risk-based internal audit	The board is satisfied an effective risk-based internal audit exists. The head of the group's internal audit is also the group Risk Manager which enables the two functions to be properly aligned. To further strengthen the internal audit function, Pro-Optima Audit Services Proprietary Limited, an independent internal audit firm, was appointed to provide additional internal audit services.
7.2	Internal audit should follow a risk-based approach to its plan	The internal auditors also focus on risk when preparing their annual plan which is tabled before the Audit and Risk Committee for consideration and approval.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	The system of internal controls is discussed on page 1 of this appendix.
7.4	The Audit and Risk Committee should be responsible for overseeing internal audit	The Audit and Risk Committee oversees internal audit by, <i>inter alia</i> , approving its audit plan on an annual basis. The board is of the view that there is no need for independent assurance because the internal auditors participate in the internal audit process.
7.5	Internal audit should be strategically positioned to achieve its objectives	The head of internal audit reports directly to the Audit and Risk Committee. He is also the group Risk Manager. The Audit and Risk Committee conducts joint meetings to ensure the alignment of their functions.

## GOVERNANCE PRINCIPLES UNDER KING III

Governance principles under King III	Narration of how the King III principles were applied or explained
8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation	
8.2 The board should delegate to management to deal pro-actively with stakeholder relationships and the outcome of these dealings	The board recognises the importance of stakeholder perception. Investor relations is a standard agenda item. The operational report delivered by the CEO also addresses stakeholder relations when needed. Road shows are conducted annually. The senior Legal Adviser is the direct contact for government relations. All material information is released on SENS and on the company website as and when it is reasonably possible. At the operational level, teams are established to interact regularly with the community. Matters addressed include the effects of surface retreatment on residents, such as dust pollution, slime spillage etc.
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 also retains the services of an investor relations company.
8.4 Companies should ensure the equitable treatment of shareholders	
8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	All material information is released on SENS and the NYSE simultaneously. Immediately thereafter it is posted on the company website.
8.6 The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	The company has structures through which disputes are resolved. For example, the company belongs to the local dust-monitoring forum – attended by, <i>inter alia</i> , community representatives, government officials and NGOs. This provides an opportunity for dust-related complaints which may be linked to our operations to be resolved. The agreements which the company enters into have dispute-resolution clauses.
9.1 The board should ensure the integrity of the company's Integrated Report	The board considers and approves the integrated report on an annual basis. The company has taken another step on the integrated reporting journey and sustainability information is no longer contained in a separate report as in the past, but is now woven, or 'integrated', into this Integrated Report, published in September 2015, and its accompanying appendices.
9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	
9.3 Sustainability reporting and disclosure should be independently assured	The relevant sustainability information in the Integrated Report 2015 has been compiled in line with the guidelines of the Global Reporting Initiative (version 4.0). KPMG Services Proprietary Limited has been engaged to provide limited assurance on agreed items and all assured information is clearly indicated.



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