Marketplace in Harar, Ethiopia

Ethiopia

Addis Ababa, light metro rail construction

Harar street construction

Ethiopia construction

Corporate governance review

Governance

Our governance report is structured in two parts in line with the latest practice in governance reporting. The first part tells the governance story of PPC, while the second focuses on compliance with applicable governance and regulatory standards.

Part 1
High level overview of the governance structure in the PPC group

Shareholders/stakeholders

PPC group board

Strategic

- Audit committee
- Nominations committee
- Investment committee
- Social, ethics and transformation committee

PPC group executive

Aligned execution

- PPC group executive committee
  - International business committee
  - Group business committee
  - Group finance committee
  - South African business committee

Operational

Subsidiary boards/functional leadership/business unit executive committees

Board structures

Chairman
Key objectives: Board leadership and performance, custodian of the corporate governance processes. See page 61 for more details.

The PPC board
Key objectives: Strategic planning, selling objectives, appointing CEO, monitoring implementation of board plans and strategies. See page 61 for more details.

Audit committee
Key objectives: Provide governance and compliance oversight of the financial results, performance of internal and external audit and the group's system of internal control. See page 66 for more details.

Nominations committee
Key objectives: Ensure appropriate board composition induction and training of directors and succession plans. See page 68 for more details.

Remuneration committee
Key objectives: Establish a remuneration policy, monitor executive remuneration and ensure the mix of salary and incentives supports achieving PPC's targets. See page 69 for more details.

Investment committee
Key objectives: Evaluate investment in, or divestment from other enterprises for purposes of enhancing the sustainable income of the group. See page 70 for more details.

Social, ethics and transformation committee
Key objectives: Monitor company activities on social, transformation and economic development, stakeholder relationships, good corporate citizenship, environment, labour and employment. See page 69 for more details.

Risk and compliance committee
Key objectives: Oversee implementation of an effective policy and plan for risk management and disclosure on risk that is comprehensive and relevant. See page 67 for more details.

The interim chairman of our board is Peter Nelson who was appointed to that position on 29 March 2016. He was an independent non-executive director for the period under review. As interim chairman, he is responsible for board leadership and board governance, assisted by the company secretary. Together, they are responsible for the board's annual work plan and ensuring the performance of the board is annually reviewed against performance standards.

In executing his responsibilities and those of the board, Peter is assisted by a very capable team of directors. On 12 September 2016, 12 directors served on the group board. The majority were non-executive directors, with an independent majority when classified against the JSE Listings Requirements.

More information on board composition and activities follows in this report. Most notable were the appointment of an interim chairman on 29 March 2016 and the appointment of one non-executive director at the AGM in January 2016.

During the year the following resignations and retirements were reported:
- Mr BL Sibiya
- Ms ZJ Kganyago
- Mr MP Malungani.

Key roles and responsibilities

Key roles in the corporate governance of PPC lie mainly in the responsibilities of three functionaries:

The interim chairman: Peter Nelson

The role of the chairman is set out in a document approved by the board:
- Lead the board, not the company
- Safeguard the integrity of corporate governance processes and actions as determined collectively by the board
- Be the link between the board and management, particularly the CEO
- Be the main link between the board and shareholders, and the public at large.

The CEO: Darryll Castle

The role of the CEO is determined by the board, formalised in the board charter and managed through his annual scorecard:
- The CEO leads the company and the management team. He is responsible for the day-to-day operations of the company and is its principal spokesperson, while the chairman is the leader of the board.

The company secretary: Jaco Snyman

The role of the company secretary is largely determined in section 88 the Companies Act 2008 (the Act):
- Guiding PPC's directors collectively and individually on their duties, responsibilities and powers
- Making directors aware of any law relevant to or affecting the company
- Reporting to the board any failure by the company or a director to comply with the memorandum of incorporation, rules of the company or the Act
- Ensuring minutes of all shareholders' meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded
- Certifying in the annual financial statements whether the company has filed required returns and notices in terms of this Act, and whether all returns and notices appear to be true, correct and up to date
- Ensuring a copy of the company's annual financial statements is sent to every person who is entitled to it.

The group company secretary provides the board as a whole and directors individually with guidance on discharging their responsibilities. He is a central source of information and advice to the board and in the company on matters of ethics and good governance. He also ensures the proceedings and affairs of the board, its committees, the company itself and, where appropriate, owners of securities in the company are properly administered in accordance with pertinent laws. Details of his qualifications and experience appear on page 23. The board evaluates the company secretary's performance as part of its annual board evaluation.

He is responsible for compliance with the rules and Listings Requirements of the JSE and the Zimbabwe Stock Exchange on which the company's securities are listed and administers the statutory requirements of the company and its subsidiaries in South Africa.

The company secretary is satisfied that he is able to effectively perform the role as gatekeeper of good governance in the company and to carry out his role and responsibilities as company secretary.

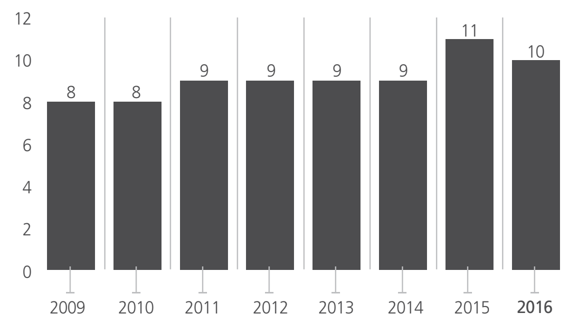
How the board operates

The members of our board are shown below:

Non-executive directors
PG Nelson, S Dakile-Hlongwane, N Goldin, T Leaf-Wright, T Mboweni, SK Mhlarhi, B Modise, T Moyo, C Naude, TDA Ross

Executive directors
DJ Castle, MMT Ramano

NON-EXECUTIVE DIRECTORS



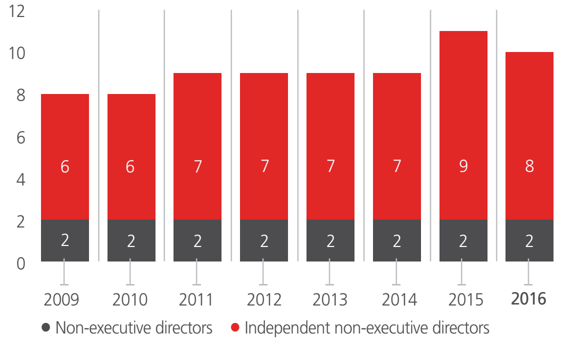
Corporate governance review continued

The nominations committee annually evaluates whether the board's size, diversity and demographics make it effective. A number of studies have shown that the composition of the board can have a significant impact on company performance. Early studies on board composition focused on factors such as independence of directors, with the impact of cognitive diversity in decision-making, gaining recognition only in recent years. Recent diversity studies have focused on gender diversity with interesting but mixed results.

At year-end, the board comprised an independent non-executive chairman, two executives and 10 non-executive directors. At its meeting in May 2016, the nominations committee evaluated the independence of non-executive directors and concluded that the following directors are independent as defined in King III (the code) and the JSE Listings Requirements:

Independent non-executive directors
PG Nelson, N Goldin, T Leaf-Wright, T Mboweni, B Modise, T Moyo, C Naude, TDA Ross

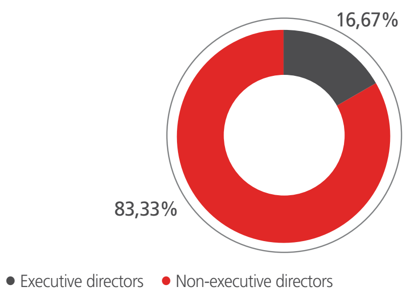
NON-EXECUTIVE AND INDEPENDENT NON-EXECUTIVE DIRECTORS



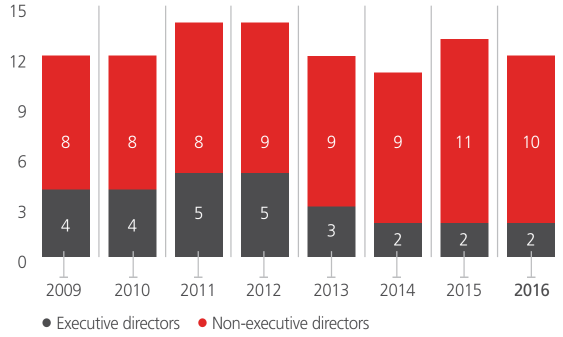
The board has made notable progress in transformation and compliance with the BBBEE code as reflected in the following graphs.

Balance between executives and non-executives
During the review period, the balance on the PPC board between executive and non-executive directors moved further in favour of the non-executive directors by the appointment of additional non-executives while the number of executives remained at two.

COMPARISON AT MARCH 2016

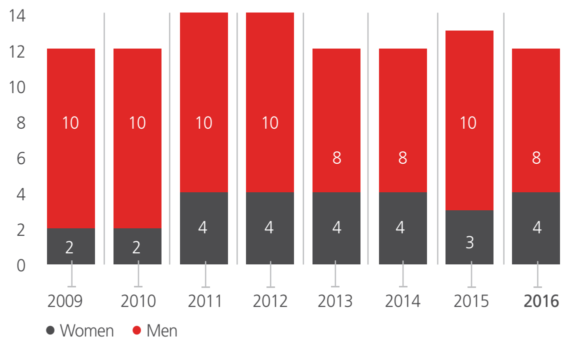


BALANCE BETWEEN EXECUTIVE DIRECTORS AND NON-EXECUTIVES DIRECTORS



Gender balance
At PPC, 33% of board members are women, and the chairperson of the risk and compliance committee is female.

GENDER BALANCE



In support of gender diversity the board has adopted the following policy statement:
"The PPC Board recognises the benefits of having a gender diverse Board, and sees increasing diversity at Board level as a competitive advantage. Gender diversity will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

"The nominations committee will discuss and agree annual objectives for achieving gender diversity on the Board and recommend them to the Board for adoption.

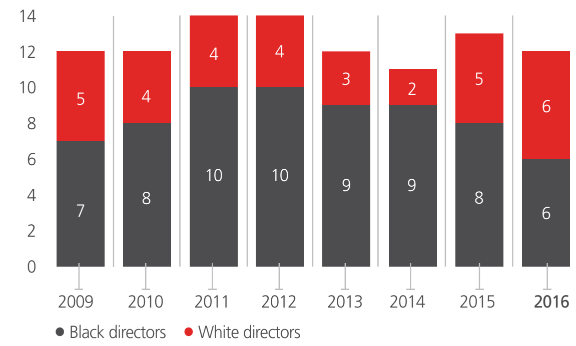
"At the date of adoption of this Policy Statement, the Board's aim was to ensure that at least 30% of the Board was made up of women and for that position to have exceeded 35% by the end of 2018.

"The nominations committee will report annually, in the corporate governance section of the Integrated Report to shareholders the achievement of the objectives for its gender diversity. This report will include a summary of this Policy Statement, the measurable objectives set for implementing the Policy and progress made towards achieving those objectives."

Racial balance

At 12 September 2016, 50% of directors were black.

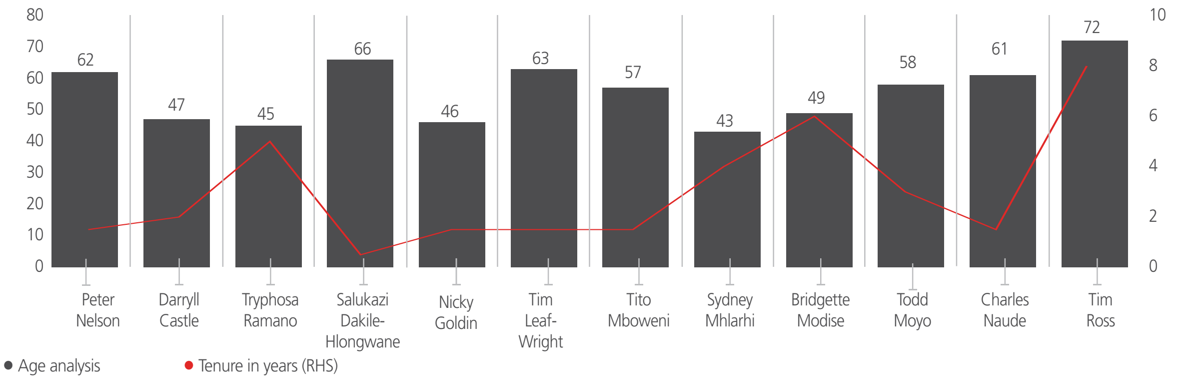
RACIAL BALANCE



Age analysis

Age diversity is considered when the nominations committee evaluates the board composition. The average age of the directors is 56 years.

AGE ANALYSIS/TENURE IN YEARS



Board tenure

All major ratings agencies include an assessment of board tenure as one of their criteria for evaluating board effectiveness, with longer tenure potentially leading to lower scores. The average tenure at our board is three years.

Comparison with peers on the JSE

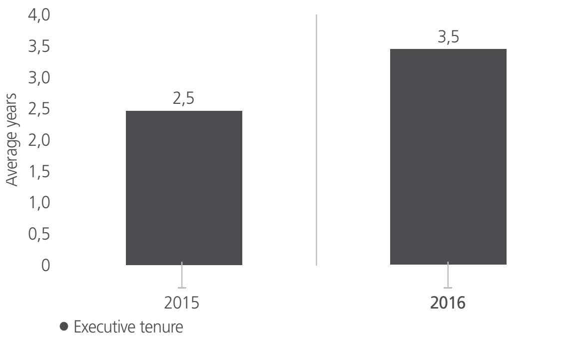
With regards to corporate governance best practice we have noted the findings in the Spencer Stuart "South African Board Index 2015". This report contains an analysis of practices at all the JSE-listed companies in 2015. PPC has exceeded the average on all the below mentioned scores:

	Some key statistics from JSE-listed companies (average):			
PPC achieved	80%	50%	33%	84%
JSE average	57%	49%	25%	47%
	Independence ✓	Diversity ✓	Women on boards ✓	Board evaluation ✓

Spencer Stuart: South Africa Board Index 2015

Corporate governance review continued

EXECUTIVE TENURE



Directors are appointed through a formal process and the nominations committee assists in identifying suitable candidates to be proposed to shareholders. This process is detailed in the company's selection and appointment policy. The primary objective of this policy is to provide a transparent framework and set standards for the selection and appointment of high-calibre executive directors and non-executive directors with the capacity and ability to lead the company towards sustainable value creation and long-term growth. The nominations committee oversees this policy.

A formal induction programme is in place for new directors, and directors with less experience are developed through training programmes. For continuing development, PPC encourages directors to attend the professional development programmes of the Institute of Directors in Southern Africa (IoDSA).

While no limitations are imposed by the board charter, or otherwise, on the number of other appointments directors can have, approval must be obtained from the chairman prior to accepting additional commitments that may affect the time directors can devote to the group.

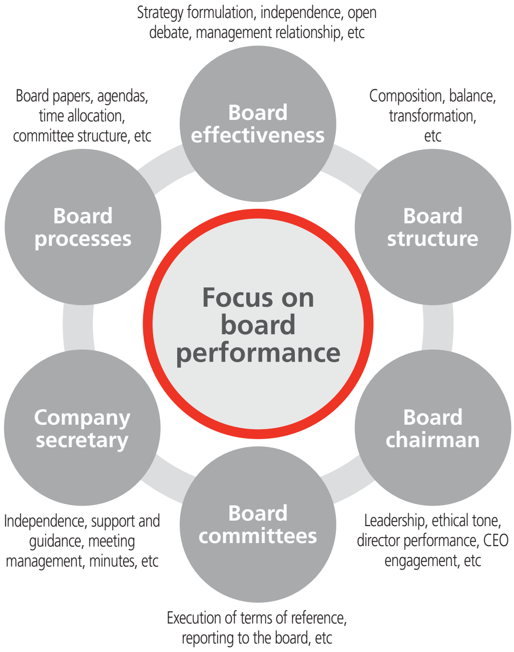
The table below indicates the attendance of directors at scheduled meetings from 1 October 2015 to 12 September 2016:

Board members	Board strategy session	Board	Annual general meeting	Audit	Invest-ment	Social, ethics and trans-formation	Nomina-tions committee	Remune-ration committee	Risk and comp-liance	Attend-ance
PG Nelson	1/1	6/6	1	3/3*****	3/3****		1/1	5/5		23/23
DJ Castle	1/1	6/6	1						1/2	9/10
S Dakile-Hlongwane	1/1	4/6	1			1/1***				7/9
N Goldin	1/1	6/6	1		6/6			5/5		19/19
ZJ Kganyago*		1/2	1							2/3
T Leaf-Wright	1/1	6/6	1		6/6	2/2			2/2	18/18
MP Malungani*		2/2	1		1/1	1/1				5/5
T Mboweni	1/1	4/6	1			2/2	2/2			10/12
SK Mhlarhi	1/1	5/6	1		6/6			4/5		17/19
B Modise	1/1	6/6	1	6/6					2/2	16/16
T Moyo	1/1	6/6	1	6/6			2/2	3/3**		19/19
C Naude	1/1	6/6	1		3/3****			4/4	2/2	17/17
T Ramano	1/1	6/6	1							8/8
TDA Ross	1/1	6/6	1	6/6	6/6				2/2	22/22
BL Sibiya*		2/2	1				1/1	1/1		5/5

Notes
*Retired at 25 January 2016 AGM
** Appointed to committee as chairman 13 April 2016
*** Appointed 13 April 2016
**** Appointed 13 April 2016
***** Retired from committee on 30 March 2016 when appointed interim chairman

Annual board evaluation

The code requires annual board performance evaluations by the chairman or an independent service provider and that the results of these evaluations should identify training needs for directors. This year, the nominations committee appointed the company secretary to conduct the annual evaluation and the following elements were considered:



The key findings indicated a notable improvement in the relationship between the board and management. The following can be reported:

- **Information flow** – All but one member of the board confirmed that the reports and presentations to the board are appropriate. It was further confirmed that management is keeping the board abreast of internal and external issues and trends affecting group performance
- **Strategic planning** – The board is satisfied that it is adequately and effectively involved in determination of the long-term strategy of the group (90% score)
- **Relationships** – The members are of the view that the chairman acts as an effective link between the board and management and particularly the board and the CEO.

The overall performance of the board also showed a very notable improvement:

Board evaluation	%
Board 2015	77
Board 2016	84

Strategic planning

As a key performance area of the board, group strategy is mapped by the board in consultation with PPC's executive committee (exco). The board appreciates the fact that strategy, risk, performance and sustainability are inseparable and annually reviews the strategy. The strategy review appears on page 5 of the report.

Internal control

Reporting in the company is structured so that key issues are escalated through the management team and ultimately to the board, if appropriate.

The board has delegated to the audit committee responsibility for reviewing, in detail, the effectiveness of the company's system of internal controls. After completing these reviews, the committee reports to the board on its findings so that the board can take a view on this matter. This has been subject to regular review over a number of years, resulting in several refinements. The report on internal control for the period appears on page 84 of the report.

Delegation

The board delegates certain functions to committees and management, but without abdicating its own responsibilities. Delegation is formal and involves:

- Approved and documented terms of reference for each committee of the board
- Terms of reference are reviewed once a year
- The committees are appropriately constituted with due regard to the skills required
- The board has a framework for delegating authority to management.

How board committees operate

The board has six standing committees through which it operates. Committees play an important role in enhancing good corporate governance, improving internal controls and thus the sustainable performance of the company.

Corporate governance review continued

The current board committees and their chairpersons are:

Chairpersons	Board committees
T Mboweni	Social ethics and transformation
B Modise	Risk and compliance
T Moyo	Remuneration committee
C Naude	Investment committee
PG Nelson	Nominations committee
TDA Ross	Audit committee

The chairpersons of these committees are independent non-executive directors.

In the interest of free information flow and good oversight, full or summary minutes of all committee meetings are included in document packs for board meetings. In addition, each chairperson was required to present an annual report on the activities of that committee at the board's meeting in June 2016.

At this meeting, the board concluded that all committees had executed their responsibilities within the scope of their respective terms of reference in the review period.

About the audit committee

The current members of the audit committee are:

Name	Qualifications	Status
TDA Ross (chair)	CA(SA)	Independent
B Modise	CA(SA)	Independent
T Moyo	CA(Z), CA(SA)	Independent

Peter Nelson was a member of the audit committee but subsequently resigned when he was appointed as PPC's interim chairman. Once a new board chairman is appointed, he will go back onto the audit committee.

All members are independent, as required by the code and the Act. The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

Tim Ross has been elected chair of the committee since 2009. He was a partner with Deloitte for 36 years and retired in May 2008. Tim is a member of the South African Institute of Chartered Accountants.

Members of the executive team, including the CFO, attend committee meetings by invitation. Similarly, external and internal auditors attend meetings by invitation and have no voting rights. The chairperson reports to the board on the committee's activities and recommendations. The chief audit executive reports to the chairperson of the committee and to the CEO on day-to-day matters. The latest minutes of committee meetings are included in board packs.

The audit committee has adopted formal terms of reference that have been approved by the board of directors, and has executed its duties in the past financial year in line with these terms of reference.

Among others, the committee's terms of reference include the following responsibilities:

Financial statements

The committee reviews the annual financial statements, interim and preliminary announcements, accompanying reports to shareholders and any other announcements on the company's results or other financial information to be made public, prior to submission and approval by the board.

Integrated reporting

The committee oversees integrated reporting, particularly:

- All factors and risks that may affect the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward looking statements or information
- Reviews the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents
- Comments in the annual financial statements on the financial statements, accounting practices and effectiveness of internal financial controls
- Reviews disclosure of sustainability issues in the integrated report to ensure this is reliable and does not conflict with the financial information
- Recommends to the board whether or not to engage an external assurance provider on material sustainability issues
- Reviews the content of summarised information for whether it provides a balanced view
- Engages the external auditors to provide assurance on summarised financial information
- Prepares a report for inclusion in the integrated report and annual financial statements for the financial year (page 83):
  - Describing how the audit committee carried out its functions
  - Stating whether the committee is satisfied that the auditor was independent of the company
  - Commenting in any way it considers appropriate on the financial statements, accounting practices and the internal financial control of the company
- Recommends the integrated report for approval by the board.

Internal audit

The committee is responsible for overseeing the internal audit function, in particular:

- The appointment, performance assessment and/or dismissal of the chief audit executive
- Reviewing the internal audit charter
- The appointment, performance assessment and/or dismissal of any outsourced/company's internal audit service provider

- Approving the internal audit plan and any significant changes and satisfying itself that this plan will effectively address critical risk areas of the business
- Ensuring the internal audit function is subject to an independent quality review, as the committee determines it appropriate
- Reviewing internal audit's compliance with its charter as approved by the audit committee and considering whether the internal audit function has the necessary resources, budget and standing in PPC to enable it to discharge its functions.

Risk management

The committee is an integral component of the risk management process. Specifically, the committee must oversee:
- Financial risk
- Financial reporting risks
- Internal financial controls
- Fraud risks as these relate to financial reporting
- IT governance and risks as these relate to financial reporting.

External audit

The committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process. In this regard, the committee must:
- Nominate an independent external auditor for appointment by shareholders
- Determine the fees to be paid and terms of engagement of the auditor
- Ensure the appointment of the auditor complies with the Act and other relevant legislation
- Monitor and report on the independence of the external auditor in the annual financial statements
- Define a policy for non-audit services provided by the external auditor
- Pre-approve contracts for non-audit services to be rendered by the external auditor
- Ensure there is a process for the committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act 2005) identified and reported by the external auditor
- Review the quality and effectiveness of the external audit process.

Financial director

The audit committee must annually consider and satisfy itself of the appropriateness of the expertise and experience of the financial director and must confirm this to shareholders in its annual report.

Financial function

The committee reviews the expertise, resources and experience of the company's finance function, and disclose the results in the integrated report and discloses the results to the shareholders.

Internal controls

The chief audit executive has completed a report to the board on the effectiveness of controls and risk management, which was tabled at the board meeting in June 2016. In this report he concluded that:

"Other than the issues described below relating to PPC Barnet, nothing has come to the attention of GIA to indicate that any significant breakdown in the functioning of controls, resulting in material loss to the group and the company, has occurred during the period and up to the date of this report.

"In relation to PPC Barnet GIA noted weaknesses relating to governance, risk management and controls in PPC Barnet. These weaknesses were around the validity and recoverability of VAT, import tax issues, high cash handling and delays in bulk power supply. These issues are being attended to by management as a matter of urgency."

IT governance

In recent years, PPC has made appropriate investments to ensure its information technology (IT) systems and governance processes comply with the recommendations of King III. This is detailed in the King III application table on our website. Specific developments during the period included:
- The IT charter, framework and policy documents were reviewed and approved by the audit committee, and implemented
- The IT strategy was approved by the board and is aligned to the business strategy and objectives by focusing on robust infrastructure, an enabling platform and solid governance processes
- Initiation of an information security management system to ensure the integrity, confidentiality and availability of information.

The committee reported on its activities for the review period at the board meeting on 13 June 2016 and signed off on the integrated report at a meeting on 9 September 2016.

About the risk and compliance committee

The members of the committee are:

Name	Qualifications	Status
B Modise (chair)	CA(SA)	Independent
DJ Castle	BSc, BCom, MBA,CFA	Executive
T Leaf-Wright	Chartered Institute of Secretaries	Independent
C Naude	BSc (Hons), MBL	Independent
TDA Ross	CA(SA)	Independent

Mr Castle, though an executive director, serves on the committee to align it with the best practice recommendations of the code. All other members of the committee are non-executive directors.

The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

Corporate governance review continued

Members of the executive team responsible for risk and compliance management, including the CEO, attend committee meetings by invitation. Similarly, external and internal auditors attend meetings by invitation but have no voting rights. The chairperson reports to the board on activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

The committee has its own terms of reference approved by the board, to assist its members to understand their roles and enable them to add value in discharging their duties. The committee's terms of reference are reviewed annually. Among other issues, the committee's terms of reference include responsibility to:

- Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board
- Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes
- Make recommendations to the board on the levels of risk tolerance and appetite, and monitor that risks are managed within these levels as approved by the board
- Approve the company's compliance policy and oversee that the policy is disseminated through the company
- Oversee that the risk management plan is disseminated throughout the company and integrated in its day-to-day activities
- Ensure risk assessments are performed continuously
- Ensure compliance management assessments are continuously performed
- Ensure frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensure management considers and implements appropriate risk responses
- Ensure continuous risk monitoring by management takes place
- Liaise closely with the audit committee and other board committees to exchange information relevant to risk
- Express a formal opinion to the board on the effectiveness of the system and process of risk management
- Review reporting on risk management and compliance in the integrated report in terms of being timely, comprehensive and relevant.

For a more detailed review on risk and compliance, refer to page 85.

The committee reported on its activities for the review period at the board meeting on 13 June 2016. At this meeting, the board confirmed that the committee has complied with its terms of reference.

About the nominations committee

The members of the nominations committee are:

Name	Qualifications	Status
PG Nelson (chair)	CA(SA)	Independent
T Mboweni	BA, MA, CD(SA)	Independent
T Moyo	CA(Z),CA(SA)	Independent

Mr Sibiya was chairman until his retirement in January 2016. Mr Nelson was appointed as the chairman of the nominations committee following his appointment as the interim chairman.

The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

The committee normally asks the CEO to attend its meetings, but he has no voting rights.

The committee has its own terms of reference, approved by the board, which are reviewed annually. The chairperson reports to the board on activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

The committee performs all the functions necessary to fulfil its role as stated in its terms of reference including:

- Ensuring the establishment of a formal process for appointing directors, including:
  - Identifying suitable members for the board
  - Performing reference and background checks of candidates prior to nomination
  - Formalising the appointment of directors through an agreement between the company and the director
- Overseeing the development of a formal induction programme for new directors
- Ensuring inexperienced directors are developed through a mentorship programme
- Overseeing the development and implementation of continuing professional development programmes for directors
- Ensuring directors receive regular briefings on changes in risks, laws and the environment in which the company operates
- Considering the performance of directors and taking steps to remove directors who do not make an appropriate contribution
- Finding and recommending to the board a replacement for the CEO when necessary
- Ensuring formal succession plans for the board, CEO and senior management appointments are developed and implemented
- Providing input on senior management appointments as proposed by the CEO.

The committee reported on its activities for the review period at the board meeting on 13 June 2016. At this meeting, the board confirmed that the committee has complied with its terms of reference.

About the remuneration committee

The members of the remuneration committee are:

Name	Qualifications	Status
T Moyo (chair)	CA(Z),CA(SA)	Independent
N Goldin	BCom, MBA	Independent
SK Mhlarhi	CA(SA)	Non-executive
C Naude	BSc (Hons), MBL	Independent
PG Nelson	CA(SA)	Independent

During the year, Mr Moyo was appointed as chairman of this committee following Mr Nelson's appointment as the interim chairman of PPC. All members are non-executive directors. PwC, appointed by the committee, acted as independent remuneration advisers to the committee and provided detailed information on market trends and the competitive positioning of remuneration. The committee normally asks the CEO to attend its meetings but he has no voting rights. He does not participate in discussions on his own remuneration, which is set by the committee.

The committee performs all functions necessary to fulfil the role stated in its terms of reference, including:

- Overseeing the establishment of a remuneration policy that will promote achieving strategic objectives and encourage individual performance
- Ensuring the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year
- Reviewing the outcomes of implementing the remuneration policy against set objectives
- Ensuring the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives
- Satisfying itself on the accuracy of recorded performance measures that govern the vesting of incentives
- Ensuring all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued
- Considering the results of the performance evaluation of the CEO and other executive directors, both as directors and as executives in determining remuneration
- Selecting an appropriate comparative group when comparing remuneration levels
- Regularly reviewing incentive and retention schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules
- Considering the appropriateness of early vesting of share-based schemes at the end of employment
- Advising on the remuneration of non-executive directors
- Overseeing the preparation of the remuneration report and recommending to the board this be included in the integrated report.

The remuneration policy of the company is annually presented to shareholders to pass a non-binding advisory vote to indicate support for this policy. PPC's remuneration policy appears on page 88 and shareholders will be requested to pass a non-binding advisory to indicate support for this policy at the annual general meeting.

The committee has reviewed group remuneration policies to ensure these are aligned with the company's strategy and linked to individual performance.

The committee reported on its activities for the review period at the board meeting on 13 June 2016. At this meeting, the board confirmed that the committee has complied with its terms of reference. A further meeting was held on 15 August 2016.

About the social, ethics and transformation committee

The members of the social and ethics committee are:

Name	Qualifications	Status
T Mboweni (chair)	BA, MA, CD(SA)	Independent
S Dakile-Hlongwane	BA, MA	Non-executive
T Leaf-Wright	Chartered Institute of Secretaries	Independent

During the period Ms Dakile-Hlongwane was appointed as a new member of the committee. All members of the committee are non-executive directors.

The committee has its own terms of reference approved by the board and reviewed annually. The chairperson reports to the board on activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

In line with its terms of reference, the committee's objectives are to assist the board in monitoring PPC's activities – against relevant legislation, other legal requirements or prevailing codes of best practice – on matters relating to:

- Social and economic development
- Corporate citizenship
- Transformation
- The environment
- Health and public safety
- Stakeholder relationships
- Labour and employment.

The committee reported on its activities for the review period at the board meeting on 13 June 2016. At this meeting, the board confirmed that the committee has complied with its terms of reference.

Corporate governance review continued

About the investment committee

During 2015 the board appointed a new committee called the investment committee. This committee replaced the ad hoc deal committee and has an extended responsibility.

The members of the investment committee are:

Name	Qualifications	Status
C Naude (chair)	BSc (Hons), MBL	Independent
N Goldin	BCom, MBA	Independent
T Leaf-Wright	Chartered Institute of Secretaries	Independent
SK Mhlarhi	CA(SA)	Non-executive
PG Nelson	CA(SA)	Independent
TDA Ross	CA(SA)	Independent

Mr Naude was appointed as chairman of the committee during the period. The committee performs all functions necessary to fulfil the role stated in its terms of reference, including:

Strategic investments (to enhance long-term sustainable income)
- Consideration of prospective acquisitions in respect of its ability to enhance long-term sustainable income of the group
- Evaluation of the merits of investment proposals within strategic guidelines, potential financial returns and risk of the evaluation/monitoring of the performance of strategic investments included in the strategic investment portfolio, relative to original business plan
- Approval of proposed divestments from identified investments and the terms of the divestment transactions.

Strategic alliances (to position PPC strategically for future markets/benefits)
- Consideration of prospective strategic alliances
- Evaluation of the merits of alliance proposals to consider the benefits that could derive from the proposed positioning relative to the imposed risks (especially reputation risk)
- Evaluation/monitoring of the performance of strategic alliances relative to original objectives
- Approval to exit from strategic alliances as well as the associated conditions for divestment.

Operational investments (business unit growth objectives)
- Approval of investment decisions "above threshold" levels
- Consideration and evaluation of the merits of investment proposals, the impact of the proposal on the operational strategy and the likelihood of achieving the targeted return in terms of that particular investment
- The monitoring of the performance of the group relative to the investment objectives of management
- Approval of proposed divestments in assets in the operational portfolio, the terms of the divestment transactions to be considered and the exit strategies.

Other initiatives (improve efficiencies in a cost-effective way)
- Approval of initiatives with a total cost "above threshold". Total cost will include all cost elements and should be calculated over the total project lifespan
- Consideration of the strategic impact in respect of proposed initiative
- Evaluation of the financial merits in initiative business cases.

Part 2
Corporate governance compliance

This section deals with disclosure on compliance with relevant and prescribed corporate governance principles. For the convenience of shareholders, all King III disclosures are made in one place to give the reader a complete picture.

Most recent developments in corporate governance

1. US: The Council of Institutional Investors (CII), Corporate Governance Policies state that at least two-thirds of the directors should be independent.
2. In 2014, the Australian Securities Exchange (ASX) updated their non-financial disclosure requirements, now requiring companies to disclose if they have material exposure to "environmental and social sustainability risks" and how they plan to manage and mitigate this risk.
3. The European Commission has proposed legislation that would require non-executive directors to be 40% women by 2020, up from 16,6% in 2013.
4. Corporate governance code for most of the countries in Europe (Italy, France, Germany), UK, APAC (China, Japan, India) state requirements of board oversight on IFC, risk management, related-party transactions and other disclosures in their annual report.
5. The Commission of the European Communities recommended that directors' remuneration should be based on performance. Variable components of remuneration should be linked to predetermined and measurable performance criteria, including criteria of a non-financial nature.

Deloitte global trends in corporate governance (December 2015)

Compliance with King III on Corporate Governance

We have complied with the practices of the King Report on Corporate Governance known as King III (the code) unless specifically indicated otherwise. A complete King III application register is available on the company's website at www.ppc.co.za/investors/governance/.

We describe how we have applied those principles in this report, notably, in the following section, together with the sections on risk management, IT governance and directors' remuneration.

Compliance with mandatory principles for JSE main board issuers

In the period ended 31 March 2016 and to the date of this document, we complied with the practices and applied the principles of the King report on Corporate Governance known as King III (the code) unless specifically indicated otherwise.

Compliance with mandatory principles for JSE main board issuers

Paragraph 3.84 of the JSE Listings Requirements stipulates that issuers must comply with specific requirements on corporate governance and issuers do not have the option of explaining any non-compliance. PPC has complied with all mandatory principles to the extent indicated below.

Paragraph	Required practice	Compliance
3.84(a)	There must be a policy detailing procedures for appointment to the board of directors. Such appointments must be formal and transparent and a matter for the board of directors as a whole, assisted where appropriate by a nominations committee. The nominations committee must constitute only non-executive directors, of whom the majority must be independent (as defined in paragraph 3.84(f)(iii)), and should be chaired by the chairman of the board of directors.	The PPC board has appointed a nominations committee constituted as required with a formal mandate that includes the obligation to ensure that "directors are appointed through a formal process". In this regard, the committee has a formal policy in place.
3.84(b)	There must be a policy evidencing a clear balance of power and authority at board of directors level, to ensure that no one director has unfettered powers of decision making.	The board charter specifies the different roles of members to maintain a balance of power. The roles of the chairman and CEO are clearly defined to avoid role confusion. In addition, a guideline is in place that specifies the role of the chairman.
3.84(c)	The issuer must have an appointed chief executive officer and a chairman and these positions must not be held by the same person. The chairman must either be an independent director, or the issuer must appoint a lead independent director, in accordance with King III.	See above. Currently Mr Castle is the CEO and Mr Nelson the interim chairman of the board. In addition, Mr Ross remains the lead independent director.
3.84(d)	All issuers must, in compliance with King III, appoint an audit committee and a remuneration committee and if required, given the nature of the business and composition of the board of directors, a risk and nominations committee. The composition of such committees, a brief description of their mandates, the number of meetings held and other relevant information must be disclosed in the integrated report.	The board has appointed an audit committee, remuneration committee, nominations committee, investment committee, risk and compliance committee, and social and ethics committee. Details are disclosed in the corporate governance review.
3.84(e)	A brief CV of each director standing for election or re-election at a general meeting or the annual general meeting (which election or re-election may not take place at a meeting contemplated in section 60 of the Act) should accompany the notice of the general meeting or annual general meeting.	A brief CV of each director standing for election or re-election appears in the notice of AGM.
3.84(f)	The capacity of each director must be categorised as executive, non-executive or independent, using the prescribed guidelines.	The nominations committee annually evaluates the independence of all directors.
3.84(g)	All issuers must have an executive financial director. The JSE may, at its discretion, when requested to do so by the issuer and due to special circumstances, allow the financial director to be employed on a part-time basis only. This request must be accompanied by a detailed motivation by the issuer and the audit committee.	Ms Ramano is the current CFO of PPC and she is in the full-time employment of the company.
3.84(h)	The audit committee must annually consider and satisfy itself of the appropriateness of the expertise and experience of the financial director. The issuer must confirm this by reporting to shareholders in its integrated report that the audit committee has executed this responsibility.	The audit committee assesses the appropriateness of the expertise and experience of the CFO. Please refer to the report of the audit committee on page 84.
3.84(i)	The board of directors must annually consider and satisfy itself on the competence, qualifications and experience of the company secretary. The issuer must confirm this by reporting to shareholders in its integrated report that the board of directors has executed this responsibility. This communication must specifically include details of the steps which the board of directors took to make this annual assessment and provide information that demonstrates the actual competence, qualifications and experience of the company secretary.	The board annually assesses the competence qualifications and experience of the company secretary. Please refer to the corporate governance report on page 60.
3.84(j)	The recommended practice of the King Report on Governance for South Africa highlights, inter alia, that the company secretary should maintain an arm's length relationship with the board of directors and should ideally not be a director.	The company secretary is not a director of PPC and the board has confirmed that he has maintained an arm's-length relationship with the board.

Corporate governance review continued

Governance element	Principle	
1. Responsible leadership		
	1.1 The board should provide effective leadership based on an ethical foundation	The PPC group board plays a key role in directing the strategy of the group to ensure a sustainable business. This is reflected in the annual work plan of the board. During the period, the board met with the entire executive team of the group to debate the strategies prepared by management. Key considerations in strategic discussions are the short and long-term impacts of the strategy on the economy, society and the environment. In this regard the role of the social, ethics and transformation committee of the board should also be noted. This committee has a specific monitoring role with regard to ethics, the impact of the operations on the natural environment and the impact on internal and external stakeholders. It reports on its activities at every board meeting following its meetings. See the report on the next principle for more detail.
	1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	As stated above, the board has appointed the social, ethics and transformation committee to assist it in this regard. The terms of reference of the committee as it relates to corporate citizenship requires that the committee should monitor: – Promotion of equality, prevention of unfair discrimination, and reduction of corruption – Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed – Record of sponsorship, donations and charitable giving. With regard to these matters good progress had been made by the company.
	1.3 The board should ensure that the company's ethics are managed effectively	The terms of reference of the social, ethics and transformation committee has been amended to include the governance of ethics, including: – The implementation of the ethics management programme in the company – The values of the company – Ethical risks and opportunities – Code of conducts. The company secretary is responsible for the promotion of the ethics in the company and reports to the social, ethics and transformation committee on matters related to ethics. The company has a board-approved code of conduct in place which includes the value statement of the company. The chief audit executive (CAE) also reports to the risk committee on all reports received from the ethics committee Call line and investigations of alleged breaches. At board level, the company secretary plays an important role in alerting the board to ethical dilemmas.
2. Boards and directors		
Role and function of the board	2.1 The board should act as the focal point for and custodian of corporate governance	The board is the focal point of corporate governance. In this regard the chairman, assisted by the company secretary, plays a key role. In preparation of board meetings, the chairman meets with the company secretary to discuss the agenda as well as potential corporate governance concerns. The board charter specifies the role of the board, the chairman, the CEO and the individual members of the board. In addition, the role of the chairman of the board has been defined in detail in a separate document. The work plan of the board is annually approved and formalised in a detailed plan.
	2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	In 2016, two meetings dedicated to strategy review and approval had taken place. The first of these meetings was dedicated to discuss the strategy proposals of management and the second covered its formal approval and the approval of budgets in support of the strategy. The board appreciates that strategy risk, performance and sustainability are inseparable. While the board is responsible for strategy, its decisions in this regard is informed by inputs from its committees. In this context, the inputs from the risk and compliance committee and the social, ethics and transformation committee are important.

Governance element	Principle	
Role and function of the board (continued)	2.3 The board should provide effective leadership based on an ethical foundation	The board has formalised its ethical guidance in a company code of conduct. The code is intended primarily to promote and encourage ethical behaviour and has been adopted to give effect to the core values supported by the board and to guide our relationships with all our stakeholders and other relevant role-players as well as to outline our commitments to them. The code is also the basis for the development of site specific codes of conduct to operationalise the values. The board has delegated the responsibility for oversight of the development and implementation of the PPC code of conduct to the social, ethics and transformation committee.
	2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen	In this regard, we refer to the report on principle 1.2.
	2.5 The board should ensure that the company's ethics are managed effectively	In this regard, we refer to our report on principle 1.3.
	2.6 The board should ensure that the company has an effective and independent audit committee	In this regard, we refer to our report on chapter 3.
	2.7 The board should be responsible for the governance of risk	In this regard, we refer to our report on chapter 4.
	2.8 The board should be responsible for information technology (IT) governance	In this regard, we refer to our report on chapter 5.
	2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	In this regard, we refer to our report on chapter 6.
	2.10 The board should ensure that there is an effective risk-based internal audit	In this regard, we refer to our report on chapter 7.
	2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	In this regard, we refer to our report on chapter 8.
	2.12 The board should ensure the integrity of the company's integrated report	In this regard, we refer to our report on chapter 9.
	2.13 The board should report on the effectiveness of the company's system of internal controls	In this regard, we refer to our report on chapters 7 and 9.

Corporate governance review continued

2. Boards and directors (continued)		
Role and function of the board (continued)	2.14 The board and its directors should act in the best interests of the company	Members of the board are required to act in the best interest of the company. During 2015/16, the company secretary ensured that the members of the board understand their responsibilities and potential liability by scheduling a special board training event for the directors. In addition to the main board members, directors of the subsidiaries in the group were also invited. The board has also adopted a policy on directors and prescribed officers' interests. In case of uncertainty about their responsibilities in specific circumstances, directors are allowed to obtain independent advice. This is confirmed in the appointment letter of directors where the procedure for this is formalised.
	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 Act	The audit committee evaluates the going concern status of the company at each of its meetings. This is done with reference to financial indications, operating indications and other indications. Management also reported on actions taken to ensure that adequate financial resources are available for future capital expansion and working capital financing. The audit committee also evaluates the solvency and liquidity of the company and reports on its views in this regard to the board.
	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 board has appointed Mr Castle as CEO in January 2015 and the position of chairman of the board was held by Mr Sibiya until his retirement in January 2016. Subsequently, Mr Nelson was appointed as interim chairman pending the appointment of a new board chairman. Mr Nelson is an independent director of the board. His role has been formalised in the board charter as well as a policy document on the role of the chairman. The board has also appointed Mr Ross as a lead independent director. Mr Ross meets separately with the non-executive directors from time to time to discuss any concerns which the non-executive directors may wish to raise. The performance of the chairman and the board has been evaluated in 2016 and the results have been considered by the Nomination Committee (Nomco) for actions to be taken to improve the performance of the board.
	2.17 The board should appoint the CEO and establish a framework for the delegation of authority	The board has appointed Mr Castle as CEO in January 2015 and has also determined his performance indicators for the 2015/16 financial year. The chairman leads the annual evaluation of the performance of the CEO against these indicators. In this regard, he has been assisted by the chairperson of the remuneration committee. The board also provides input on the appointments of senior management and the management structure of the company. A number of changes to the management structure were implemented in 2015/16. The delegation of authority of the board is reviewed annually by the audit committee as part of its annual work plan. In this regard, no amendments were proposed to the board during 2015/16, but is in the process of review on the back of Project Omega. The nominations committee has discussed the CEO succession plan at its meeting in May 2016 as part of its annual work plan. Progress in this regard will be evaluated in the coming year.
Composition of the board	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 nominations committee evaluates the board and board sub-committee's composition at all of its meetings. At its meeting in October, the committee evaluated the board composition with reference to the balance between executive and non-executive members. Currently, the CEO and CFO are the only executives on the board. The committee also considered the gender composition of the board. Racial diversity was considered. Other important considerations were age, tenure, qualifications and experience. The nominations committee has proposed certain changes to the membership of the committees to the board as well as the appointment of a director. In conclusion, it can be confirmed that the majority of the non-executive directors are independent.
Board appointment process	2.19 Directors should be appointed through a formal process	The PPC board has appointed a nominations committee with a mandate which includes the obligation to ensure that "directors are appointed through a formal process". In this regard, the committee has a formal policy in place. The committee members are all non-executive directors of which the majority are independent and is chaired by the chairman of the board. Directors are required to sign a formal letter of appointment in which their responsibilities are specified.

2. **Boards and directors** (continued)		
Director development	2.20 The induction of and ongoing training and development of directors should be conducted through formal processes	The chairman and company secretary are responsible for the formal induction programme of the board. In addition to an annual board training event which covers the key responsibilities and liabilities of the board, the directors are informed of IODSA training events and invited to attend these training events. The directors also receive a bi-monthly compliance review from the company secretary which covers the changes in compliance risks and laws specific to the company's operations.
Company secretary	2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	The board appointed Mr Snyman as the group company secretary in 2007. Jaco is an attorney of the High Court of South Africa. He started his career as an attorney but, after a short stint as lecturer at a university, was appointed as group legal adviser by Absa. He was responsible for corporate governance in the Absa group prior to joining PPC. As part of his responsibilities Mr Snyman: – Assists the nominations committee with the appointment of directors – Assists with the director induction and training programmes – Provides guidance to the board on the duties of the directors and good governance – Ensures board and committee charters are kept up to date – Prepares and circulates board papers – Elicits responses, input, feedback for board and board committee meetings – Assists in drafting yearly work plans – Ensures preparation and circulation of minutes of board and committee meetings. His independence and performance has been evaluated and confirmed by the board in 2016.
Performance assessment	2.22 The evaluation of the board, its committees and the individual directors should be performed every year	The performance of the board committees is evaluated annually by the board. At its meeting in November, the chairpersons of the individual committee submitted written reports on the annual activities of the committees. These were evaluated by the board and the board has confirmed that all the committees have complied with their responsibilities as stated in formal terms of reference. The board evaluation has been performed for the financial year 2015/16 with the assistance of the company secretary. The results will be used to identify possible training needs for the board.
Board committees	2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The board has six standing committees through which it operates. Committees play an important role in enhancing good corporate governance, improving internal controls and thus the sustainable performance of the company. The current board committees are: – Audit committee – Risk and compliance committee – Remuneration committee – Nominations committee – Social, ethics and transformation committee – Investment committee. The nominations committee ensures that the committees are appropriately constituted and the composition and the terms of reference are be disclosed in the integrated report.
Group boards	2.24 A governance framework should be agreed between the group and its subsidiary boards	The group governance framework is currently under review in the context of the company's African strategy. The group governance framework covers, inter alia: – Governance structures – Management of legal entities – Corporate lifecycle management – Corporate governance – Company secretarial standards – High level discretions and delegated authority.
Remuneration of directors and senior executives	2.25 Companies should remunerate directors and executives fairly and responsibly	The terms of reference of the remuneration committee includes the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance and support the company's long-term interest. In 2015/16 the external adviser has also assisted the committee in a benchmarking exercise of the executive and board fees. This exercise supports proposals for annual adjustments of board fees. The fees comprise a base fee as well as an attendance fee per meeting.

Corporate governance review continued

2. Boards and directors (continued)		
Remuneration of directors and senior executives (continued)	2.26 Companies should disclose the remuneration of each individual director and prescribed officer	The remuneration report included in the integrated report includes: – All benefits paid to directors – All benefits paid to prescribed officers – The policy on base pay – Participation in share incentive schemes – The use of benchmarks – Incentive schemes to encourage retention – Material payments that are ex-gratia in nature – Policies regarding executive employment – The maximum expected potential dilution as a result of incentive awards.
	2.27 Shareholders should approve the company's remuneration policy	Shareholders have passed a non-binding advisory vote on the company's remuneration policy at the AGM in January 2015. At the AGM in 2016, the revised remuneration report will again be submitted to shareholder vote.
3. Audit committees		
Role and function of the board	3.1 The board should ensure that the company has an effective and independent audit committee	In accordance with the MOI and section 94(7) of the Companies Act, 2008 and the JSE Listings Requirements, the board has established an effective and independent audit committee. Formal terms of reference define the role of the audit committee. The terms of reference were reviewed in October 2015. The committee comprises three members who have been elected by the shareholders on recommendation by the nominations committee. The committee is chaired by Mr Ross, an independent non-executive director who has been appointed by the board from the members elected by the shareholders. The work plan of the committee is approved annually by the committee at its meeting in October. In 2015, the committee met for five meetings. The committee has met with the internal and external auditors in the absence of management during the year as best practice dictates.
Membership and resources of the audit committee	3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	The nominations committee has reviewed the membership of the audit committee in May 2016 and remains of the view that they are suitably skilled and experienced independent non-executive directors. The members are: – Tim Ross – Bridgette Modise – Todd Moyo The nominations committee has proposed the re-election of these members by the shareholders in October 2016.
	3.3 The audit committee should be chaired by an independent non-executive director	Mr Tim Ross is the chairman of the audit committee. Tim was a partner with Deloitte & Touche for 36 years, retiring in 2008. He led the Johannesburg audit practice and served on the executive as client service director as well as the board and remuneration committees. Tim was the lead/advisory partner for a number of multinational clients and headed the Deloitte & Touche World Cup 2010 initiative. Tim meets with the CFO and company secretary to finalise the agenda of the committee prior to every meeting. The nominations committee, at its meeting in May 2016, has confirmed that Tim is an independent non-executive director.
Responsibilities of the audit committee	3.4 The audit committee should oversee integrated reporting	At a special meeting of the audit committee in June 2016, the audit committee, assisted by the chairpersons of the other board committees, has evaluated the draft integrated report to shareholders. The key role of the committee with regard to the report is to review the disclosure of sustainability issues in the report to ensure that it is reliable and does not conflict with the financial information. The audit committee has reviewed and commented on the financial statements included in the integrated report at its meeting in June and has proposed the approval of the financial statements to the board.

3. Audit committees (continued)		
Responsibilities of the audit committee (continued)	3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	A combined assurance model is in place and was reviewed at the meeting of the audit committee in May 2016.
Internal assurance providers	3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	In discussions with the external and internal auditors as well as the CFO, the audit committee has satisfied itself of the expertise, resources and experience of the company's finance function. In this regard, new appointments to the finance department during the year were noted to support the growth strategy of the business. Changes were also made in the DRC to strengthen the finance team in that country. We refer to the report of the audit committee in the integrated report.
	3.7 The audit committee should be responsible for overseeing of internal audit	The audit committee oversees the work of internal audit. In this regard, the audit committee has approved the internal audit plan for 2017 at its meeting in June 2016. The audit committee also evaluates the performance of the internal audit function and the performance of the chief audit executive (CAE). These evaluations have been done in consultation with the CEO for the 2015/16 financial year.
	3.8 The audit committee should be an integral component of the risk management process	The role of the audit committee in the risk management system has been formalised in its terms of reference. The committee is an integral component of the risk management process and specifically the committee must oversee: – Financial risks – Financial reporting risks – Internal financial controls – Fraud risks as it relates to financial reporting – IT governance and as well as risks related to financial reporting To ensure this integration of oversight, two members of the committee also serve as members of the risk and compliance committee.
External assurance providers	3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The audit committee has evaluated the performance of the external auditors at its meeting in November. In this regard, the committee has met with the management team to obtain its assessment of the performance and independence of the auditors. Based on this evaluation, the audit committee has: – Concluded that the appointment of Deloitte complies with the relevant provisions of the Companies Act, JSE Listings Requirements and King III – Nominated Ms Radebe, from the audit firm Deloitte & Touche, for appointment who in the opinion of the committee was independent of the company – The audit committee is also responsible for the terms of engagement and remuneration for the external audit engagement. The audit plan for 2016/17 will be approved by the audit committee following the shareholder appointment of the auditors at the October 2016 AGM.
Reporting	3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	In this regard we refer to the audit committee report in the integrated report.

Corporate governance review continued

4. The governance of risk		
The board's responsibility for risk governance	4.1 The board should be responsible for the governance of risk	The board charter confirms that the PPC board is responsible for the governance of risk. The risk and compliance committee has been appointed to assist the board in this regard. The risk committee oversees the implementation of the documented and approved risk policy and risk management plan. The risk and compliance committee reports to the board its review of the implementation of the risk management plan annually and the board report in the integrated report on the effectiveness of the system and process of risk management.
	4.2 The board should determine the levels of risk tolerance	The board determines the levels of risk tolerance and has reviewed the risk tolerance levels at its meeting in June 2016 following proposals from the risk committee.
	4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities	As mentioned above, the board has appointed a risk and compliance committee. During the financial year under review the members of the committee have been: – Bridgette Modise – Darryll Castle – Tim Leaf-Wright – Charles Naude – Tim Ross All the members except Darryll were independent non-executive directors. Darryll was the executive representative on the committee.
Management's responsibility for risk management	4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan	The board's risk strategy is executed by management in accordance with the risk management framework. The company secretary was appointed as the Chief Risk Officer (CRO). This appointment is appropriate as he is a suitably experienced person who has access and interacts regularly on strategic matters with the board and appropriate board committee and executive management. The company secretary is assisted by the risk management unit.
Risk assessment	4.5 The board should ensure that risk assessments are performed on a continual basis	Systematic, documented, formal risk assessments are conducted annually in accordance with the annual risk plan. During this annual assessment, the board and senior management introduces a judgemental overlay and rank risks to focus responses and interventions. This process involves the risks affecting the various income streams of the company, the critical dependencies of the business, the sustainability and the legitimate interests and expectations of stakeholders. The risk assessments completed by management was reviewed by the risk and compliance committee during the period.
	4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	A framework and processes are in place to anticipate unpredictable risks. The risk and compliance committee continuously review the risk matrix of the company to ensure that changes in the risk profile are identified.

4. The governance of risk (continued)		
Risk response	4.7 The board should ensure that management considers and implements appropriate risk responses	Management has identified and specified in the risk register the risk responses agreed upon. The appropriate responses are reported to the risk and compliance committee and debated at each committee meeting.
Risk monitoring	4.8 The board should ensure continual risk monitoring by management	The risk management plan for 2016/17 has been approved by the committee and the board and defines the responsibility for risk monitoring and management.
Risk assurance	4.9 The board should receive assurance regarding the effectiveness of the risk management process	Internal audit provides a written assessment of the effectiveness of the system of internal controls and risk management to the board. The report in this regard was submitted at the June 2016 meeting of the board after submission to the audit committee.
Risk disclosure	4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	We refer to the integrated report for the board's view on the effectiveness of the risk management process.
5. The governance of information technology		
	5.1 The board should be responsible for information technology (IT) governance	The board charter confirms that the board assumes responsibility for IT governance. The board has assigned this responsibility to the audit committee due to the important link between financial reporting risks and controls with IT governance. The PPC IT governance framework was approved by the board. The overall objective of the framework is to provide an understanding of the issues and place an emphasis on strategic importance of IT. The framework has been refined to align with COBIT 5 processes. IT steercom (steering committee) meetings (chaired by the CEO) are conducted on a quarterly basis, and the minutes of the committee is circulated to the audit committee. IT policies are communicated throughout the organisation with new team members through an induction programme.
	5.2 IT should be aligned with the performance and sustainability objectives of the company	The IT strategy was revised in 2016 to be aligned to the business strategy by providing cost-effective solutions. Operational IT matters relating to business requirements take place during the IT steercom forum meetings. IT and information systems (IS) are in process of finalising corporate strategies for PPC expansion/growth initiatives (minimum standards and consolidation). These strategies will include roll out of IT infrastructures and IS enterprise resource planning systems and accompanying/required business processes.
	5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework	The responsibilities for the implementation of the governance framework is delegated to two management committees namely the executive committee and the IT steering committee. The executive committee monitors the implementation of the IT governance framework through the IT steering committee. The steering committee prioritises and tracks progress against initiatives identified to improve the governance processes. The board is kept abreast of progress through the audit committee.
	5.4 The board should monitor and evaluate significant IT investments and expenditure	Projects are undertaken and managed through a project management office (PMO) and any investment undertaken by the IT department is properly investigated and motivated to the IT steering committee within the necessary delegated authority. The IT steering committee monitors and evaluates significant IT investments and expenditure and makes recommendations to the audit committee and board on significant investments and expenditure. Both internal and external audits on IT for 2016 were performed. No major/significant findings were reported and prior years' critical findings were addressed.
	5.5. IT should form an integral part of the company's risk management	The IT department, through its established business processes, has conducted risk assessments in 2016 and has developed appropriate responses to mitigate these risks. Risks were identified and listed per project and appropriate steps were taken to reduce the impact to the organisation. These risks were reported to the audit committee.

Corporate governance review continued

5. The governance of information technology (continued)		
The board's responsibility for risk governance (continued)	5.6. The board should ensure that information assets are managed effectively	Information protection is one of the key risks in the IT risk register. Basic systems are in place for the management of information and it includes information security, information management and information privacy. Management is currently in the process of improving its information security management system.
	5.7. A risk committee and audit committee should assist the board in carrying out its IT responsibilities	As mentioned above, the board has assigned this responsibility to the audit committee due to the important link between financial reporting risks and controls with IT governance. Through the IT governance structure the audit committee obtains appropriate assurance that controls are in place and effective in addressing IT risks.
6. Compliance with laws, rules, codes 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	The responsibility to ensure that the company complies with applicable laws has been assigned to the risk and compliance committee.
	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	During induction, directors are informed of their legal responsibilities and liabilities. A bi-monthly compliance review is circulated to the board which covers legislation and changes to legislation relevant to the PPC operations.
	6.3 Compliance risk should form an integral part of the company's risk management process	The company secretary is the company compliance officer. In this regard, he reports administrative matters to the CEO and functionally to the board. The compliance officer also reports to the audit committee and risk and compliance committees.
	6.4 The board should delegate to management the implementation of an effective compliance framework and processes	A legal compliance policy, approved by the board, has been implemented by management and has been reviewed by the risk and compliance committee during the 2016 financial year. Compliance with laws has also been incorporated in the code of conduct of the company. Management has developed a compliance manual and has established the appropriate structures to manage compliance in the company. In 2015, the effectiveness of the compliance framework was improved by the introduction of a new compliance software application. For more information refer to the compliance report in the integrated report.
7. Internal audit		
The need for and role of internal audit	The need for and role of internal audit	The company has established an internal audit function led by the CAE. Previously, the function was outsourced. The function now uses a co-sourced model where resources are sourced from appropriate assurance providers. The revised group internal audit charter was approved by the audit committee in this financial year. This charter defines the purpose, organisational status, authority, responsibilities and scope of activities of the internal audit function for PPC Ltd along with its operating subsidiaries. The audit committee is responsible for assessing the performance of group internal audit on an annual basis. The audit committee ensures that the internal audit function is subjected to an independent quality review as and when the audit committee determines it appropriate. The internal audit function adheres to the International Internal Audit (IIA) standards.
Internal audit's approach and plan	7.2 Internal audit should follow a risk-based approach to its plan	Internal audit follows a risk-based internal audit plan which is subject to the audit committee's approval on an annual basis. To provide for the independence of group internal audit (GIA), the CAE reports administratively to the chief executive officer but reports functionally to the chairman of the audit committee. The CAE has unlimited access to all officers of the company.

7. Internal audit (continued)		
Internal audit's approach and plan (continued)	7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Internal audit provides annual written assessment of the effectiveness of the company's system of internal controls and risk management. This report was submitted to the audit committee and the board in June 2016 and in the report it was concluded that the systems of governance, risk management, and internal controls provide reasonable assurance that the significant risks for PPC group are managed in within tolerable levels. However, some concerns were raised with PPC Barnet in the DRC which management is attending to.
	7.4 The audit committee should be responsible for overseeing internal audit	The CAE reports administratively to the CEO but reports functionally to the chairman of the audit committee and has unlimited access to all officers of the company. The audit committee is responsible for overseeing internal audit and evaluates the performance of the internal audit function and the CAE. The audit committee also ensures that the internal audit function is appropriately resourced and that the internal audit function is subject to an independent quality review as and when the audit committee determines it appropriate.
Internal audit's status in the company	7.5 Internal audit should be strategically positioned to achieve its objectives	The CAE has a standing invitation to attend executive committee meetings as well as board and board committee meetings. The audit committee also ensures that the internal audit function is skilled and resourced as is appropriate for the complexity and volume of risk.
8. Governing stakeholder relationships		
	8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation	The board appreciates that stakeholders' perceptions could affect the company's reputation. It has assigned stakeholder relationships to the social, ethics and transformation committee. Management reports to the social, ethics and transformation committee on key stakeholder relationships. A regular media feedback report is also tabled at the committee to inform the committee of media publications on PPC.
	8.2 The board should delegate to management to proactively deal with stakeholder relationships	Management is frequently reminded by the board of the importance of managing stakeholder relationships. In this regard, management maintains a record of stakeholder engagement and reports on these engagements are recorded to ensure coordination in engagement. The rest of Africa strategy has also adopted a stakeholder engagement philosophy. In this philosophy, the relationships with local government and communities are seen as a key to success.
	8.3 The board should strive to achieve an appropriate balance between its various stakeholder groupings, in the best interests of the company	In decision-making, the board considers the interests of various stakeholders. In matters of shareholder interests, the company secretary plays a key role in reminding the board of shareholder rights and the interests of minorities. In debates on consumer issues, the CEO plays a key role in balancing the interests of the production and other units in the company with the right of consumers to the best quality cement.
	8.4 Companies should ensure the equitable treatment of shareholders	In matters of shareholder interests, the company secretary plays a key role in reminding the board of shareholder rights and the interests of minorities. In listed entities like PPC, this is a matter largely regulated by the JSE Listings Requirements. The investor relations unit also ensures the equitable treatment of all shareholders.

Corporate governance review continued

8. Governing stakeholder relationships (continued)		
	8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	The board appreciates that stakeholders' perceptions could affect the company's reputation. It has assigned stakeholder relationships to the social, ethics and transformation committee. Management reports to the social, ethics and transformation committee on key stakeholder relationships. A regular media feedback report is also tabled at the committee to inform the committee of media publications on PPC.
Dispute resolution	8.6 The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Management generally adopts informal dispute resolution processes for internal and external disputes. This approach is evidenced in the company's standard contractual clauses which provides for alternative dispute resolution. The board is only involved in material disputes were reputation risk has been identified.
9. Integrated reporting and disclosure		
Transparency and accountability	9.1 The board should ensure the integrity of the company's integrated report	The audit committee ensures the integrity of the company's integrated report. In this regard the audit committee also obtains independent assurance where appropriate. The integrated report: – Is prepared every year by management and presented to the board committees for consideration – Assurance is provided by independent assurance providers – The audit committee ensures the integrity of the report and recommends it to the board prior to circulation to the shareholders – The board ensures that the report conveys adequate information regarding the company's financial and sustainability performance – The board ensures that the report focuses on substance over form.
	9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	The integrated report describes how the company has made its money but also talks to the positive and negative impacts of the company's operations. The report further contains the plans to improve the positives and negate the negatives in the financial year ahead.

Audit committee report

Report to shareholders on the activities of the audit committee for the six months ended 31 March 2016

The audit committee is a committee of the board of directors and in addition to having specific statutory responsibilities to shareholders in terms of the Companies Act, it assists the board by advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the company.

Terms of reference

The audit committee has adopted formal terms of reference that were reviewed during the period and approved by the board of directors, and has executed its duties in the past financial period in line with these terms of reference.

Composition

The committee consists of three independent non-executive directors:

Membership	Qualification	Tenure (years)
Ross, Tim (Chairman)	CA(SA)	8
Modise, Bridgette	CA(SA)	5
Moyo, Todd	CA(Z), CA(SA)	2

Mr Nelson had been a member of the committee but has resigned his membership when he was appointed as the interim chairman of the board in accordance with governance requirements. The CEO, CFO, chief audit executive, senior financial executives of the group and representatives from the external and internal auditors attend committee meetings. The internal and external auditors have unrestricted access to the audit committee.

Meetings*

The audit committee held four scheduled meetings during the year, with attendance shown below:

26 January 2016	All present
25 May 2016	All present
3 June 2016	All present
13 June 2016	T Moyo and TDA Ross present

* Meetings were held on 9 September 2016 to approve the integrated report and 11 August 2016 to approve the Rights Offer circular.

Statutory duties

In executing its statutory duties in the 2016 financial year, the audit committee:

- Nominated Mr Nyembe, from the audit firm Deloitte & Touche (Deloitte), for appointment. In the opinion of the committee, Mr Nyembe was independent of the company
- Determined Deloitte's terms of engagement
- Believes that the appointment of Deloitte complies with the relevant provisions of the Companies Act, JSE Listings Requirements and King III
- Developed and implemented a policy setting out the extent of any non-audit services the external auditors may provide to the company or which the external auditors may not provide
- Pre-approved all non-audit service contracts with Deloitte
- Received no complaints on the accounting practices and internal audit of the company, the content or auditing of its financial statements, internal financial controls, or other related matters.

Delegated duties

In executing its delegated duties and making its assessments (as reflected in its terms of reference), the audit committee obtained feedback from external and internal audit, and based on the processes and assurances obtained, believes the accounting practices are effective. Accordingly, the committee fulfilled all its obligations including:

Financial statements

The committee reviewed the financial statements, summarised annual financial statements, and preliminary announcements, short form announcements and accompanying reports to shareholders and other announcements on the company's 2016 results to the public.

Integrated reporting

- Recommended to the board to engage an external assurance provider on material sustainability issues
- Reviewed the disclosure of sustainability issues in the integrated report to ensure it is reliable and does not conflict with the financial information
- Recommended the integrated report for approval by the board.

Audit committee report continued

Internal audit

- Took responsibility for the performance assessment of Mr Semenya, chief audit executive. A formal performance assessment had been performed at the end of 2015 and nothing has come to the attention of the committee indicating that performance has declined
- Approved the internal audit plan and changes to the plan and satisfied itself that the audit plan makes provision for effectively addressing the critical risk areas of the business
- Reviewed internal audit's compliance with its charter and considered whether the internal audit function has the necessary resources, budget and standing within PPC to enable it to discharge its functions.

Risk management

The committee is an integral component of the risk management process and specifically reviewed:

- Financial risks
- Financial reporting risks
- Internal financial controls
- Fraud risks as they relate to financial reporting
- IT governance.

External audit

- Evaluated and reported on the independence of the external auditor
- Reviewed the quality and effectiveness of the external audit process
- Based on our satisfaction with the results of activities outlined above, recommended to the board that Deloitte should be reappointed for 2017, with Ms Radebe nominated as the registered auditor. In line with best practice, Ms Radebe takes over from Mr Nyembe who rotates after the prescribed period
- Determined the fees to be paid and the terms of engagement of the auditor
- Ensured the appointment of the auditor complies with the Companies Act and other relevant legislation.

Financial director

The committee has satisfied itself of the appropriateness of the expertise and experience of Ms Ramano, the financial director, and confirms this to shareholders.

Financial function

- The committee has reviewed the expertise, resources and experience of the company's finance function, and confirms this to shareholders
- In making these assessments, we have obtained feedback from both external and internal audit
- Based on the processes and assurances obtained, we believe the accounting practices are effective.

Oversight of risk management

The committee engages with the risk and compliance committee to ensure adequate understanding of risk management processes.

Internal financial controls

- Reviewed the effectiveness of the company's system of internal financial controls, including receiving assurance from management and internal audit
- Reviewed material issues raised by the internal and external audit process
- Based on the processes and assurances obtained, we believe material internal financial controls are effective.

Combined assurance

During the period, further progress has been made to align the combined assurance model with the enhanced risk framework of the group. This model will only be implemented in the 2017 financial year.

Regulatory compliance

The audit committee has complied with all applicable legal and regulatory responsibilities.

On behalf of the audit committee

Tim Ross (chairman)
12 September 2016

Risk and compliance committee report

Report to shareholders on the activities of the risk and compliance committee for the six months ended 31 March 2016

Introduction

The committee is a committee of the board and its main objective is to ensure sustainable growth in all our businesses and to promote a proactive approach in evaluating, monitoring, resolving and reporting risks associated with our businesses.

This objective is supported by the following underlying policy statement:

To ensure protection of shareholder value through the establishment of an integrated risk management framework/system for identifying, assessing, mitigating, monitoring, evaluating and reporting risks.

Responsibilities

The responsibility for risk in the PPC group is clearly mapped and can be summarised as follows:

The board is accountable to shareholders for the governance of risk and to ensure that the company's strategy and business plans have properly considered and evaluated the associated risks.

The board has delegated responsibility to evaluate the risk management process, the effectiveness of the risk management activities, the key risks facing the company and the appropriate responses to address key risks to the risk and compliance committee of the board. The members of the committee are:

- B Modise (chair) – independent
- TDA Ross – independent
- D Castle – executive
- T Leaf-Wright – independent
- C Naude – independent.

The responsibility to design, implement and monitor the risk management plan has been delegated to management. The risk management plan ensures that the risk management policy is implemented and that the risk management processes are embedded in all the organisation's practices and business processes. The risk management process includes five main activities:

- Although the risk management process in the group is guided from the centre, the responsibility for managing day-to-day operational risks remains with operations. Communication and consultation is therefore important to ensure that the interests of stakeholders are understood and considered.
- By establishing context we ensure that both the internal and external parameters are taken into account when managing risk.
- Risk assessment refers to the overall process of risk identification, risk analysis and risk evaluation and is a key element in the process. Management teams are assisted in facilitated sessions to identify sources of risk, areas of impacts, events and their causes and their potential consequences.
- Risk mitigation involves a cyclical process of assessing a risk treatment; deciding whether residual risk levels are tolerable or not. The purpose of risk treatment plans is to document how the chosen treatment options will be implemented.
- Monitoring and review are a planned part of the risk management process.

Material issues

During the period under review all the risk registers in the PPC group had been reviewed. Refer to material issues and response strategy on page 18.

Group capital structure risk

S&P has recently rerated the company and while it was indicated that PPC's business risk profile remains fair, reference was made to liquidity and leverage concerns.

The severity and timing of this ratings action was unexpected and has therefore compelled the company to accelerate its capital raising plans and increase the quantum of the previously planned capital raise.

In light of the above and to mitigate the immediate risks, the board and the executive management of the company have reviewed the company's business plan and capital structure and are in the process of implementing a funding strategy which incorporates a capital raise to deal effectively with the impact of a continued low-growth environment.

Group compliance

As a governance principle, the board ensures PPC complies with applicable laws and considers adhering to non-binding rules, codes and standards.

In the group, this responsibility has been delegated to the risk management and compliance committee. This committee's responsibilities include monitoring compliance issues, approving the compliance policy, ensuring it is observed and that compliance risk is reported.

Risk and compliance committee report continued

Management is responsible for implementing the compliance policy and the day-to-day management of compliance risks. This includes responsibility for ensuring appropriate remedial or disciplinary action is taken if breaches are identified.

The regulatory environment is constantly changing but with the assistance of the legal department, legislation applicable to PPC or a specific business unit are identified and incorporated into the respective country risk universes. The registers also indicate:
- Regulators responsible for enforcing the legislation
- Basic content and scope of the legislation
- Analysis of the impact of legislation
- Details of penalties for non-compliance.

Legislation watchlist

The following new legislation is currently on the PPC group watchlist:
- Draft Carbon Tax Bill: The draft carbon tax bill which was released for comment on 2 November 2015 and outlines the carbon tax. Implementation of the tax has been delayed a couple of times. While many believe delays will continue, the draft bill points to 1 January 2017 as the commencement date
- Draft of the Broad-based socio-economic empowerment charter for the South African mining industry (Mining Charter): The draft mining charter has been published by the Department of Mineral Resources (DMR) in April. This charter is the instrument that gives effect to the intentions of the Mineral and Petroleum Resources Development Act and it is understood that this draft document will be the basis for engagement between the DMR and key industry stakeholders
- The National Water Amendment Act has been promulgated and came into operation on 2 September 2014, the same date as the National Environmental Laws Amendment Act 2014. The 1998 Water Act dealt with water use licence applications, specifically for timeframes and appeals, to provide an integrated licencing system between the Departments of Mineral Resources, Environmental Affairs and Water Affairs. The amended act introduces a departure from the current appeal system.
- The National Environmental Management Laws Amendment Act 25 of 2014 was signed by the President. The Act seeks to amend various sections of the National Environmental Management Act 1998; National Environmental Management: Waste Act 2008 and National Environmental Management Amendment Act 2008
- King IV: The Institute of Directors in South Africa (IoDSA) and King Committee have issued the draft sectoral supplements for the new King Code of Corporate Governance (King IV) for comment. The King IV Supplements will be open for comment from 11 May to 11 July 2016
- Employment Equity Amendment Act entrenches the concept of "equal pay for work of equal value" to ensure parity in remunerating workers of the same employer doing work of equal value when all terms and conditions of employment are the same. Any differentiation in pay that cannot be justified becomes unfair discrimination. A provision has been made for better dispute resolution mechanisms by facilitating access to justice through the CCMA and Labour Court in unfair discrimination cases.

Environmental compliance

For more detail we refer to the environmental report on page 126 of this report.

Health and safety

For more detail we refer to the health and safety report on page 108 of this report.

Conclusion

Based on the processes and assurances obtained, we have recommended this report to the board for approval.

On behalf of the risk and compliance committee.

Bridgette Modise (chairman)
12 September 2016

Information technology

Information technology (IT) remains a key driver of our revised strategy, and is underpinned by five pillars:

- **Ease of doing business** – with support from the business, the IT team continues to optimise and enhance business processes throughout PPC, with specific focus on key stakeholders including our customers, employees, business partners, shareholders and communities
- **World-class connectivity and infrastructure** – the IT team is optimising connectivity and IT infrastructure to achieve the level of robustness required by a growing organisation. This optimisation cuts across the group. The major focus has been on security as levels of cyber crime increase
- **Fit-for-purpose** – key milestones include centralising critical services to optimise resources and reduce operational costs
- **Monetising the data** – data and information are critical components in the success of PPC. Equally important is the availability, consistency and integrity of this data
- **Integration of IT and operations technology** – this is ongoing, with good progress to date.

IT governance

The IT environment is governed in terms of King III, and the board has delegated authority to ensure implementation of the IT governance framework to the audit committee. PPC's IT framework is supported by COBIT 5 processes – a globally accepted standard for an end-to-end business view of enterprise IT governance that reflects the central role of information and technology in creating value for companies.

The audit committee receives regular updates (at least quarterly) from the management team on material IT projects. Group internal audit and the external auditors provide assurance on IT general controls and internal financial controls affected by IT projects. Findings and updates on remedial actions are reported to the executive and audit committees.

The design, implementation and execution of the IT governance framework have been assigned to the group chief information officer, who reports to the chief executive. The group finance executive committee has oversight of IT governance, with support from the IT steering committee and other management committees. The IT steering committee, in turn, is responsible for aligning IT initiatives with PPC's strategic objectives. Prioritising IT initiatives is the responsibility of the group executive committee.

IT is an integral part of PPC's risk management framework. IT risks are managed, monitored and updated regularly and reported to the relevant oversight committees. The board, through the risk and audit committees, receives reports on mitigation of IT risks. The IT team is the custodian of PPC's information assets and responsible for ensuring compliance. As the group expands to other geographies, IT ensures compliance with in-country telecommunications laws and other regulations.

PPC is well on track to meet the necessary compliance requirements, with programmes under way in South Africa including:

- POPI (protection of personal information) – the first phase defined the attributes of personal information for PPC (in line with legislation) and identified which systems contained this data.
- Amendments to national road traffic regulations – the compliance programme for PPC cement factories has been completed, and will now be rolled out to other dispatching plants in South Africa.

PPC REMUNERATION REPORT

Dear shareholder

I am pleased to present the remuneration committee's report for the six months ended 31 March 2016, highlighting key issues considered in the period. Since we presented the last remuneration policy to shareholders for the year ended 30 September 2015, the committee reduced the maximum bonus opportunity under the short-term incentives (STIs) at most levels and introduced more robust measurement of personal performance to encourage enhanced individual performance as well as allow for fair recognition of company results. These changes align the short incentive more closely to the market.

This report details the company's remuneration policy, particularly the fixed and variable elements of executive remuneration, as well as fees paid to non-executive directors.

The six months ended 31 March 2016 has been extremely challenging for the company. This has been mainly due to increasing competition in the market from new entrants in the cement industry and the high finance costs associated with our expansion projects. Given these challenges, the remuneration committee has reflected and responded to shareholder views, and incorporated a policy that ensures the delivery of sustained value as well as the attraction and retention of key skills at all levels within the organisation.

The remuneration outcomes for the reporting period are indicative of the subdued performance of the company and the financial position of the company. Notably no STI bonuses were paid for the six-month period.

In April 2016, members of the committee consulted with various shareholders on our remuneration policy. Overall, there was support for our incentive structures and the level of transparency of our report. The committee will continue to evaluate and consider feedback by shareholders.

The report is again presented in two parts, with the first setting out the company's remuneration philosophy and policy, and the second detailing implementation of the policy for the six months from 1 October 2015 to 31 March 2016.

The committee is satisfied that the principles laid down by the King Code of Corporate Governance for South Africa (King III) and the Companies Act 2008 (the Act) have been adhered to, unless otherwise stated in this report.

Mr Peter Nelson served as chairman of the committee until March 2016 when he was appointed as interim chairman of PPC Limited and the committee thanks Mr Nelson for his contribution in this capacity. Also, the committee is advised by independent consultants PwC and the committee extends its thanks to PwC for their assistance during the period.

Todd Moyo (chairman of the remuneration committee)
12 September 2016

Part 1: Remuneration policy

Governance and the remuneration committee

Role of the committee

As a committee of the board, the remuneration committee assists in setting the company's remuneration policy and directors' and prescribed officers' remuneration. It operates according to its terms of reference, which are published on the company's website.

Members

Members are non-executive directors, and the majority are independent as defined by King III. The committee held five meetings in the period, with attendance shown on page 64.

The chief executive, chief financial officer and head of human resources attend meetings by invitation to assist the committee in executing its mandate. Other members of executive management can be invited when appropriate. No executives participate in the vote process or are present at committee meetings when their own remuneration is discussed or considered.

The remuneration committee uses the services of PwC as standing independent remuneration advisers.

Terms of reference

Please refer to page 69.

Our remuneration policy

Ensure employees are rewarded fairly and appropriately		Attract, retain and motivate individuals with the necessary calibre and behaviour
Fixed pay	**Short-term incentive (STI)**	**Long-term incentive (LTI)**
– Basic pay – Retirement benefit – Other benefits Appropriate to recruit and retain.	– Annual bonus plan Aligned to company financial performance, strategic priorities; and individual performance.	– Share appreciation rights (SAR) plan – Forfeitable share plan (FSP) Aligned to shareholder returns.
Maximum rewards are achieved only for high company and individual performance, in addition to high shareholder returns		

Key principles of the remuneration policy

PPC recognises that one of its competitive sources of value is its employees. To meet our business objectives, therefore, remuneration and reward policies and practices must be based on the following principles:

- Encourage organisational, team and individual performance
- Be designed to drive a high-performance culture
- Be based on the premise that employees should share in the success of the company
- Be designed to attract and retain high-calibre individuals with the optimum mixture of competencies
- Take into account industry benchmarks and practices of comparable companies of a similar size.

The policy conforms to King III and is based on the following principles:

- Remuneration practices are aligned with corporate strategy
- Total rewards are set at competitive levels in the relevant market
- Incentive-based rewards are earned by achieving demanding performance conditions consistent with shareholder interests over the short, medium and long term
- Incentive plans, performance measures and targets are structured to operate effectively throughout the business cycle
- The design of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk.

Remuneration of executive directors and prescribed officers

Elements of remuneration

Fixed/variable	Element	Definition
Fixed	Total guaranteed pay (TGP)	The fixed element of remuneration is referred to as TGP and includes salary, car allowance, retirement, life insurance and medical aid contributions.
Variable	Short-term incentives (STIs)	An annual short-term incentive is paid in cash and gives executive directors and prescribed officers an incentive to achieve the company's short and medium-term goals, with payment levels based on both company and individual performance.
	Long-term incentives (LTIs)	– Long-term incentives comprise instruments, awarded under two plans: share appreciation rights (SARs) awarded under the PPC share appreciation rights scheme (SAR scheme) – Forfeitable shares awarded under the PPC forfeitable share plan (FSP). A mix of these instruments is awarded and the company believes that the combined use of SARs and FSPs provide maximum alignment with shareholders over the long term. Where used for performance, vesting is subject to company performance vesting conditions. Where used for retention, continued employment is used as a vesting condition.

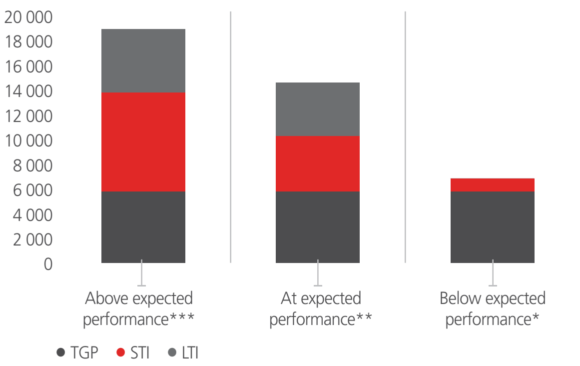
Remuneration report continued

Package design

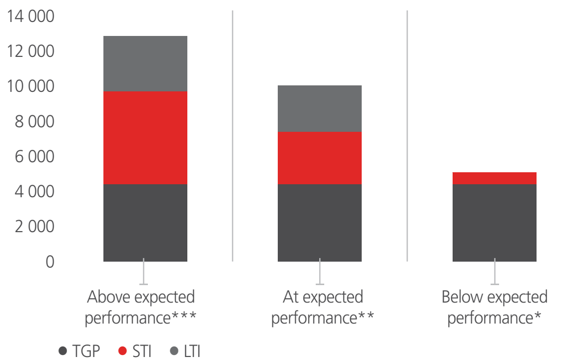
The company's policy for executive directors and prescribed officers results in a significant portion of the remuneration received being dependent on company performance. In part 2 of the report, the actual total pay outcomes for the six months ended 31 March 2016 are depicted, while the total pay opportunities for the chief executive and the finance director and prescribed officers (on average) under the following three different performance scenarios are illustrated below:

- Above – representing 100% of maximum for variable pay opportunity
- Target – representing estimated target performance of variable pay
- Below – representing 0% of maximum for variable pay opportunity and retention shares.

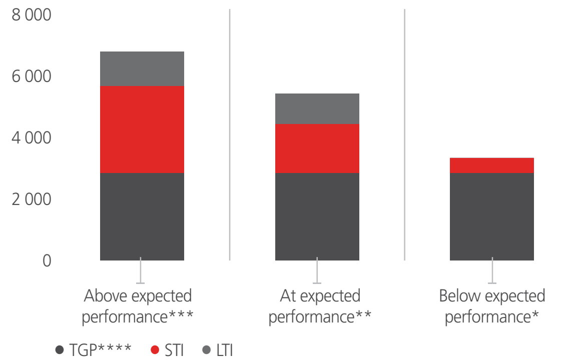
CEO (R000)



CFO (R000)



PRESCRIBED OFFICERS (R000)



Notes:
* LTI includes indicative expected value of retention FSPs on grant date.
** LTI includes indicative expected value on grant date.
*** LTI includes indicative expected value on grant date assuming full vesting.
**** The average TGP was used for the prescribed officers.

Total guaranteed pay (TGP)

The company generally pays fixed remuneration at the relevant market median.

Monthly pay and benefits are targeted to be competitive for comparable roles in companies of similar complexity and size, taking cognisance of the performance of the employee concerned. Market data is used to benchmark salary and benefits and to inform decisions on salary adjustments. Salary increases are not guaranteed and are adjusted annually at financial year-end based on market benchmarks, market inflation, company affordability, company performance and to address market anomalies.

Professional advisers appointed by the remuneration committee provide benchmark information.

The comparator group selected in 2015 to benchmark executive remuneration remains unchanged.

Benefits

The following benefits are provided as part of TGP:

- Participation in the PPC retirement fund is compulsory for all permanent employees. The fund is an in-house defined contribution fund and provides risk cover for death and disability
- All employees are required to belong to a choice of company-sponsored external medical aids or to be a member of their spouse/life partner's medical aid
- All employees are covered for death, medical and disability expenses as a result of an accident
- Employees who need to use their motor vehicle in their duties can elect to allocate an appropriate portion of their TGP as a car allowance.

Short-term incentives (STIs)

Purpose	To reward employees for contributing to achieving the company's financial and strategic objectives. The STI scheme has been designed to be easy to understand, pay out fairly, and be differentiated according to individual performance, while being linked to PPC's overall financial performance.
Participation	Employees participate in the STI and levels of participation and minimum qualifying targets (thresholds) vary according to employee grades, with higher financial thresholds for senior executives.
Operation	The STI scheme is measured over a one-year period, using the following formula: Annual TGP x STI maximum % x company performance % x individual performance %. The remuneration committee retains the right to vary the terms of the STI in special circumstances. For example in the previous year, this was applied on a pro rata basis across all participants to reduce the cost to company in line with lower-than-expected profits.
STI maximum percentage	In the six-month review period, STI limits were reviewed and reduced. The STI limit varies by grade: for the CEO, the STI is capped at 140% of TGP, 120% of TGP for the CFO and a range of 110% to 90% of TGP for prescribed officers.
Company performance measures and percentages	A combination of financial (70%) and non-financial (30%) business drivers is used. Financial drivers include EBITDA, normalised HEPS and the cash conversion ratio. Non-financial drivers relate to transformation, sustainability and safety. Targets and thresholds are set annually for each driver with the aim of achieving the business plan and essential elements of long-term sustainability. Company performance is measured against these targets and can range from 0% (threshold performance) to 150% (stretch performance). No bonus is payable below threshold performance.
Personal performance measures and percentages	Personal performance is measured through personal scorecards with objective and subjective measures, including financial and non-financial goals. They cover all aspects of an individual's role that are important to creating value and sustainability. Personal performance ranges from 50% (threshold) to 120% (stretch). A personal performance factor of below 50% will result in no bonus being payable, irrespective of the company performance outcome. Overall performance is expected to average 75% to 80%.
Changes for 2017	Consideration will be given to the appropriateness of future clawback arrangements in special circumstances. In addition, CO_2 emissions will be considered as a sustainability measure for 2017. The committee agreed to a slight change in the relative weighting for the company performance conditions and amended the following: 30% for EBITDA and 20% for HEPS while the weighting for the remainder of the conditions remain unchanged at 20% for CCR and 30% for strategic measures.

Long-term incentives (LTIs)

The company introduced the forfeitable share plan (FSP) in 2011, with awards to executive directors comprising both performance shares (75%) and retention shares (25%).

Prior to that, PPC operated a cash-settled share appreciation rights (SAR) scheme, under which SARs were granted. As leveraged instruments, the SARs gave employees the right to receive any appreciation in the share price between grant and exercise price.

The company reviewed its LTIs in 2015. The outcome indicated that the FSP in isolation did not provide adequate incentive or leverage to participants, and we decided to use an equity-settled SAR scheme alongside the FSP.

Remuneration report continued

This revised approach recognises the company's robust business plans and growth opportunities and the importance of delivering on these plans for the long-term benefits of all shareholders. This policy still applies and is explained below.

<table>
<tr><td>Purpose</td><td>To align participants with shareholders over the long term by making performance awards, with vesting subject to company performance conditions and continued employment, and to act as a retention tool by making retention awards, with vesting subject to continued employment.</td></tr>
<tr><td>Operation and instruments</td><td>Annual awards are made, using a combination of:
– Share appreciation rights – rights given to employees to the extent of appreciation in the share price between grant date and exercise date
– Forfeitable shares – free shares with full voting and dividend rights from award date.</td></tr>
<tr><td>Performance versus retention instruments</td><td>The policy for executive directors and prescribed officers is that at least 75% and 50%, respectively of the total LTI award should be performance based.

In the case of executive directors and prescribed officers, the SAR scheme is currently used to incentivise performance, while the FSP is used to address retention. The mix between FSP and SAR awards is:
<table><tr><th></th><th>Performance %
(SARs)</th><th>Retention %
(FSPs)</th></tr><tr><td>Executive directors</td><td>75</td><td>25</td></tr><tr><td>Prescribed officers</td><td>50</td><td>50</td></tr></table></td></tr>
<tr><td>Performance measurement</td><td>Appropriately stretched performance conditions are set by the remuneration committee each time an award is made, measured over a three-year performance period. Currently, the following conditions are used:
– Normalised basic HEPS (37,5% weighting)
– ROIC (37,5% weighting)
– Growth in cash available from operations (5% weighting)
– Execution of SA business plan (10% weighting)
– Execution of international business plan (10% weighting).

In line with best practice, vesting is applied on a sliding scale as follows:
– 30% vesting at threshold performance
– 100% vesting at target performance
– Linear vesting is applied between threshold and target with no vesting below threshold.</td></tr>
<tr><td>Vesting periods</td><td>Awards of forfeitable shares will vest in year three, subject to continued employment from the date of award.

SAR awards will vest in year three to the extent that performance conditions have been satisfied, and will lapse if not exercised by the sixth anniversary of the award date. SARs are also subject to continued employment from the date of award until exercised.</td></tr>
<tr><td>Dilution</td><td>LTIs are not dilutive as they can only be settled by purchasing shares on the market.</td></tr>
<tr><td>Changes for 2017</td><td>Performance measures are subject to review at the time of making new awards. The continued use of ROIC as a performance measure will be reassessed given the current investment cycle during which significant capital is being spent on the African projects with no earnings.</td></tr>
</table>

Black economic empowerment (BEE) schemes

South African employees participated in a broad-based black economic empowerment (BBBEE) scheme in 2008 and in a second scheme in 2012. Certain directors and prescribed officers also participated in these schemes as detailed on page 97.

Employment contracts – executive directors

The remuneration committee, subject to circumstances, will maintain the following policy for executive directors' employment contracts:

- All agreements should contain a restraint-of-trade clause
- Contracts should not commit the company to pay on termination arising from the director's failure to perform agreed duties
- Employment contracts should not contain balloon payments
- If a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for the shorter period
- Contracts should not compensate directors for severance because of change of control. The appointed CEO is an exception; he has an optional six-month compensation clause if he decides to resign post any change in control. The CEO is appointed on a five-year contract

Appointment of non-executive directors

Non-executive directors appointed during the year are subject to election by shareholders at the first annual general meeting following their appointment, after which they must retire according to the board rotation plan.

Non-executive directors' fees

The CEO recommends non-executive directors' fee structures to the remuneration committee for onward approval by the board, after obtaining input from independent advisers on benchmark studies based on the same comparator group used for executive directors' remuneration.

As suggested by King III, board fees comprise both a base fee and attendance fee which, in the remuneration committee's view, are sufficient to attract directors with the appropriate level of skill and expertise. Fees are not automatically increased but, as a principle, are aimed at the median of the selected comparator group.

Non-binding advisory vote

The remuneration policy in part 1 will be subject to a non-binding, advisory vote at the annual general meeting to be held on 29 August 2016. The policy is reviewed annually as the company strives to achieve the highest levels of alignment and performance and, accordingly, shareholder views are central to these reviews.

Part 2: Implementation of policies for the review period

Summary of remuneration activities/decisions in the six-month period

The main issues considered and approved by the remuneration committee for the six months ended 31 March 2016 were:

- Review the impact of the year-end change on remuneration matters
- Approve the committee's work plan for 2016
- Review the remuneration policy and approve the remuneration report
- Review of shareholder feedback post-annual general meeting
- Reassessed salary review process in light of year-end change
- Review of short-term incentive structure
- Approval of short-term incentive targets for executive directors, prescribed officers and all other staff
- Approval of short-term incentive outcomes for 2016
- Review of fees payable to non-executive directors.

2016 total guaranteed pay (TGP) adjustments

Following the change in year-end, TGP will next be adjusted in October 2016, then effective in April each year, in line with the prevailing inflation rate, taking account of market benchmark movements and company affordability.

2016 STI outcomes

No STI was paid in the six-month period under review due to the subdued overall company performance. Some of the performance targets for the period under review were achieved.

2016 LTIs awarded

No LTIs were awarded in the six-month period under review. These will be awarded during the course of the year.

Vesting of 2013 FSPs

FSP awards granted in 2013 comprised performance shares and retention shares. The performance condition required growth in HEPS over 2012 to 2015 to exceed growth in CPI for the three years by at least three percentage points. CPI grew by 17%, but HEPS declined with the result that no performance awards vested. Retention awards vested.

Total remuneration outcomes

Actual remuneration outcomes for the six months ended 31 March 2016 are illustrated below:

ACTUAL (R000)*

Notes

* The actual remuneration outcomes are reflected for the past six months whereas the policy remuneration scenario graphs in part 1 reflect annual figures.

** LTI includes instruments that have vested in the period to 31 March 2016

*** Average TGP.

Remuneration report continued

Remuneration paid to executive directors and prescribed officers for the six months ended March 2016

R000	Salary	TGP retirement and medical contri-butions	Car allowance	STI[10]	LTI[9] realised	Other[11]	Total
Executive directors							
DJ Castle	2 546	305	–	–	–	8	**2 859**
MMT Ramano	1 605	475	98	–	–	4	**2 182**
Prescribed officers[8]							
PL Booysen[1]	374	102	81	–	–	1	**558**
HN Buthelezi[12]	1 303	152	–	–	–	4	**1 459**
N Caldwell[2]	224	53	–	–	–	1	**278**
JT Claassen	1 275	240	150	–	143	5	**1 813**
EJ de Beer[13]	152	40	16	–	–	–	**208**
NL Lekula[3]	863	115	–	–	140	1	**1 119**
AC Lowan	912	90	–	–	66	–	**1 068**
KPP Meijer[4]	388	116	39	–	–	4 353	**4 896**
FK Molefe	924	189	–	–	–	–	**1 113**
FN Nepfumbada[5]	306	54	–	–	–	1	**361**
RM Rein	1 202	195	168	–	–	2	**1 567**
TR Sibisi[6]	525	92	–	–	–	84	**701**
JHDLR Snyman	936	118	59	–	116	1	**1 230**
JJ Taljaard[7]	543	97	73	–	–	1	**714**
	14 078	**2 433**	**684**	**–**	**465**	**4 466**	**22 126**

Notes
1 Following an internal restructure, December 2015 was the last month as a member on the group exco.
2 Appointed to exco in February 2016.
3 Appointed to exco in November 2015.
4 Resigned effective December 2015. Other comprises negotiated mutual separation package made up as follows: Annual leave pay – R127 000. Negotiated separation package – R2,6 million. Notice pay – R813 000. Balance of restraint of trade – R813 000.
5 Appointed to exco in February 2016.
6 Resigned effective December 2015. Other comprises encashed leave.
7 Following an internal restructure, December 2015 was the last month as a member on the group exco.
8 Following committee deliberation, going forward prescribed officers will be reduced to core decision-makers only, in line with the Companies Act.
9 LTI realised refers to: FSP retention shares that vested in February 2016.
10 No STI paid in the period even though some targets have been met.
11 Other includes sundry expenses relating to medical aid gap cover, executive holiday accommodation expenses, etc except in the instance of T Sibisi and KPP Meijer (see notes 4 and 6).
12 Resigned effective 31 July 2016.
13 Appointed to exco in March 2016.

Remuneration paid to executive directors and prescribed officers for the 12 months ended September 2015

R000	Salary	Retirement and medical contri-butions	Car allowance	STI	LTI realised	Other	Total
Executive directors							
DJ Castle[1]	3 520	420	–	1 853	–	2	**5 795**
MMT Ramano	3 026	881	240	1 821	3 248[2]	11	**9 227**
BL Sibiya[3]	862	–	–	–	–	–	**862**
Prescribed officers							
PL Booysen	1 386	390	324	854	137[4]	6	**3 097**
HN Buthelezi	2 434	291	50	1 140	–	701[5]	**4 616**
JT Claassen	2 137	424	360	1 289	215[4]	1 021[6]	**5 446**
AC Lowan	1 812	162	–	782	–	87	**2 627**
KPP Meijer	2 235	663	232	1 244	202[4]	789[5]	**5 365**
FK Molefe	1 832	268	–	789	–	–	**2 889**
RM Rein[7]	1 605	96	214	–	–	378	**2 293**
TR Sibisi	2 315	310	–	1 000	–	–	**3 195**
JHDLR Snyman	1 766	217	117	869	294[4]	5	**3 268**
JJ Taljaard	2 076	375	320	1 047	207[4]	2	**4 027**
RS Tomes[8]	299	53	38	–	–	288	**678**
	27 305	**4 550**	**1 895**	**12 688**	**4 303**	**3 290**	**54 031**

Notes
[1] Appointed 12 January 2015.
[2] Vesting of restricted share units granted in 2012.
[3] Reimbursement to permanent employer while performing the role of executive chairman for three months.
[4] Vesting of FSP with no performance conditions, granted in 2012.
[5] Restraint-of-trade payment.
[6] Restraint-of-trade payment and relieving allowance.
[7] Seconded from Safika Cement from March 2015, other comprises secondment allowance.
[8] Resigned in October 2014; other comprises leave pay.

Remuneration report continued

Non-executive directors' fees

Non-executive directors' fees are as approved by the previous AGM and valid from that date until the next AGM.

Total emoluments to non-executive directors for the six months ended March 2016

			Committee							
R000	Board fees	Chairman fees	Nominations	Audit	Risk and compliance	Remuneration	Social, ethics and transformation	Investment	Special meetings	Total
S Dakile-Hlongwane[1]	51	–	–	–	–	–	–	–	40	91
N Goldin	137	–	–	–	–	73	–	31	40	281
ZJ Kganyago[2]	82	–	–	–	–	–	–	–	–	82
TJ Leaf-Wright	137	–	–	–	38	–	45	31	79	330
MP Malungani[2]	104	–	–	–	–	–	45	62	–	211
T Mboweni	137	–	98	–	–	–	77	–	140	452
SK Mhlarhi	137	–	–	–	–	92	–	31	59	319
B Modise	137	–	–	87	77	–	–	–	80	381
T Moyo	137	–	89	87	–	–	–	–	60	373
CH Naude	137	–	–	–	38	92	–	–	119	386
PG Nelson	137	–	–	87	–	187	–	–	238	649
TDA Ross	179	–	–	174	38	–	–	43	196	630
BL Sibiya[2]	–	431	187	–	–	53	–	31	40	742
	1 512	431	374	435	191	497	167	229	1 091	4 927

Notes
[1] Appointed January 2016.
[2] Resigned January 2016.

Total emoluments to non-executive directors for the 12 months ended September 2015

			Committee							
R000	Board fees	Chairman fees	Nominations	Audit	Risk and compliance	Remuneration	Social, ethics and transformation	Investment	Special meetings	Total
DJ Castle[1]	50	–	–	48	–	–	–	18	215	331
N Goldin	223	–	–	–	–	119	–	19	–	361
ZJ Kganyago[2]	252	–	–	37	–	–	–	18	480	787
NB Langa Royds[3]	82	–	43	–	–	108	72	–	332	637
TJ Leaf-Wright	202	–	–	–	63	–	56	38	–	359
MP Malungani	273	–	–	–	–	–	87	148	215	723
T Mboweni	202	–	40	–	–	–	99	–	–	341
SK Mhlarhi	294	–	–	–	–	169	–	74	215	752
B Modise	252	–	–	94	179	–	–	–	215	740
T Moyo	294	–	96	57	–	–	–	–	215	662
CH Naude	223	–	–	–	63	119	–	–	–	405
PG Nelson	223	–	–	57	–	244	–	–	–	524
TDA Ross	367	–	52	210	88	–	–	55	567	1 339
J Shibambo[4]	82	–	43	–	28	53	35	–	215	456
BL Sibiya	–	1 221	142	–	–	33	45	55	538	2 034
D Ufitikirezi[5]	138	–	24	–	–	–	–	–	–	162
	3 157	1 221	440	503	421	845	394	425	3 207	10 613

Notes
[1] Served as non-executive director for three months before becoming CEO.
[2] Alternate director to BL Sibiya.
[3] Retired January 2015.
[4] Retired January 2015.
[5] Resigned September 2015.

Interests of executive directors and prescribed officers in share capital

The aggregate direct beneficial holdings of directors and their immediate families (none of whom hold over 1%) in the issued ordinary shares of the company are detailed below. There are no indirect holdings by directors and their immediate families. There have been some material changes to these shareholdings since that date.

Name	Number of shares at 31 March 2016	Number of shares at 30 Sept 2015
Current directors		
MMT Ramano	**134 143**	134 143
Prescribed officer		
JHDLR Snyman	**24 100**	24 100

Interests of directors and prescribed officers in BBBEE schemes

In 2008, in terms of the company's first BBBEE transaction, certain executive directors and prescribed officers were granted participation rights in the loan-funded Black Managers Trust which owns shares that are subject to vesting conditions and a lock-in period restricting transferability which expires on 15 December 2016. In addition, in the 2012 financial year, they each received rights to 2 541 shares in a trust owning donated shares which were subject to a lock-in expiring on 15 December 2013. Certain non-executive directors received vested rights in 2008 in a trust owning donated shares which were subject to vesting conditions and a lock-in expiring annually in thirds from 15 December 2012 to 15 December 2014.

In the 2013 financial year, after implementation of the company's second BBBEE transaction, executive directors and prescribed officers were included among South African employees granted participation rights in a notional loan-funded trust owning shares that are subject to vesting conditions and a lock-in period restricting transferability which expires in September 2019.

	As at 31 March 2016	
Participation rights	**BEE 1**	**BEE 2**
Executive directors		
MMT Ramano	335 249	372 737
Prescribed officers[1]		
PL Booysen[2]	–	16 322
HN Buthelezi[4]	–	218 676
JT Claassen	–	22 501
EJ de Beer	–	20 235
NL Lekula	109 531	220 634
AC Lowan	–	118 850
KPP Meijer[3]	–	28 488
FK Molefe	–	171 490
JHDLR Snyman	–	18 167
JJ Taljaard	–	25 384

Notes

[1] Following committee deliberations, going forward prescribed officers will be reduced to core decision-makers only, in line with the Companies Act.

[2] No longer a prescribed officer following internal restructure.

[3] Paid out 10% of market value at date of separation, in lieu of forfeiting 100% full value of participation at vesting date in 2019.

[4] Resigned effective 31 July 2016.

Remuneration report continued

Value of long-term incentives

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year
Executive directors				
DJ Castle				
Share appreciation rights				
2015/05/29	2 333 652	–	–	–
Forfeitable shares – no performance conditions				
2015/05/29	125 150	–	–	–
Total				
MMT Ramano				
Share appreciation rights				
2013/09/30 cash-settled	170 000	–	–	–
2015/05/29	581 300	–	–	–
	751 300	–	–	–
Forfeitable shares – with performance conditions				
2013/03/15	78 700	–	–	78 700
2014/02/18	128 700	–	–	–
	207 400	–	–	78 700
Forfeitable shares – no performance conditions				
2015/05/29	56 900	–	–	–
Total				
Prescribed officers:				
HN Buthelezi (resigned 31 July 2016)*				
Share appreciation rights				
2015/05/29	151 200	–	–	–
Forfeitable shares – no performance conditions				
2014/02/18	12 400	–	–	–
2015/05/29	24 300	–	–	–
	36 700	–	–	–
Forfeitable shares – with performance conditions				
2014/02/18	20 700	–	–	–
Total				
JT Claassen				
Share appreciation rights				
2007/08/08 cash-settled	40 000	–	–	–
2008/09/17 cash-settled	24 000	–	–	–
2009/09/25 cash-settled	26 000	–	–	–
2015/05/29	148 800	–	–	–
	238 800	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	10 400	–	10 400	–
2014/02/18	33 353	–	–	–
2015/05/29	23 900	–	–	–
	67 653	–	10 400	–
Forfeitable shares – with performance conditions				
2013/03/15	17 300	–	–	17 300
2014/02/18	21 500	–	–	–
	38 800	–	–	17 300
Total				

* Instruments subsequently forfeited on date of resignation.

	Closing number	Grant price (R)	Price on exercise date/ vesting price (R)	Exercise/ vesting gain (R000)
	2 333 652	19,71		
	125 150	–		
				–
	170 000	–		
	581 300	19,71		
	751 300			
	–	–		
	128 700	–		
	128 700			
	56 900	–		
				–
	151 200	19,71		
	12 400	–		
	24 300	–		
	36 700			
	20 700	–		
				–
	40 000	43,00		
	24 000	31,80		
	26 000	35,35		
	148 800	19,71		
	238 800			
	–	–	13,76	143
	33 353	–		
	23 900	–		
	57 253			
	–	–		
	21 500	–		
	21 500			
				143

Remuneration report continued

Value of long-term incentives

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year
EJ de Beer				
Share appreciation rights				
2007/08/08 cash-settled	38 000	–	–	–
2008/09/17 cash-settled	33 000	–	–	–
2009/09/25 cash-settled	28 000	–	–	–
2015/05/29	127 900	–	–	–
	226 900	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	8 200	–	8 200	–
2014/02/18	11 100	–	–	–
2015/05/29	20 600	–	–	–
	39 900	–	8 200	–
Forfeitable shares – with performance conditions				
2013/03/15	9 200	–	–	9 200
2014/02/18	18 500	–	–	–
	27 700	–	–	9 200
Total				
NL Lekula				
Share appreciation rights				
2007/08/08 cash-settled	38 000	–	–	–
2008/09/17 cash-settled	30 000	–	–	–
2009/09/25 cash-settled	24 000	–	–	–
2015/05/29	126 200	–	–	–
	218 200	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	10 200	–	10 200	–
2014/02/18	11 000	–	–	–
2015/05/29	20 300	–	–	–
	41 500	–	10 200	–
Forfeitable shares – with performance conditions				
2013/03/15	16 900	–	–	16 900
2014/02/18	18 300	–	–	–
	35 200	–	–	16 900
Total				
AC Lowan				
Share appreciation rights				
2015/05/29	103 000	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	4 800	–	4 800	–
2014/02/18	6 500	–	–	–
2015/05/29	16 600	–	–	–
	27 900	–	4 800	–
Forfeitable shares – with performance conditions				
2013/03/15	5 400	–	–	5 400
2014/02/18	10 800	–	–	–
	16 200	–	–	5 400
Total				

	Closing number	Grant price (R)	Price on exercise date/ vesting price (R)	Exercise/ vesting gain (R000)
	38 000	43,00		
	33 000	31,80		
	28 000	35,35		
	127 900	19,71		
	226 900			
	–	–	13,76	113
	11 100	–		
	20 600	–		
	31 700			
	–	–		
	18 500	–		
	18 500			
				113
	38 000	43,00		
	30 000	31,80		
	24 000	35,35		
	126 200	19,71		
	218 200			
	–	–	13,76	140
	11 000	–		
	20 300	–		
	31 300			
	–	–		
	18 300	–		
	18 300			
				140
	103 000	19,71		
	–	–	13,76	66
	6 500	–		
	16 600	–		
	23 100			
	–	–		
	10 800	–		
	10 800			
				66

Remuneration report continued

Value of long-term incentives

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year
FK Molefe				
Share appreciation rights				
2015/05/29	114 400	–	–	–
Forfeitable shares – no performance conditions				
2014/02/18	9 900	–	–	–
2015/05/29	18 400	–	–	–
	28 300	–	–	–
Forfeitable shares – with performance conditions				
2014/02/18	16 600	–	–	–
Total				
JHDLR Snyman				
Share appreciation rights				
2007/08/08 cash-settled	25 000	–	–	–
2008/09/17 cash-settled	27 000	–	–	–
2009/09/25 cash-settled	23 000	–	–	–
2015/05/29	114 400	–	–	–
	189 400	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	8 400	–	8 400	–
2014/02/18	9 000	–	–	–
2015/05/29	18 400	–	–	–
	35 800	–	8 400	–
Forfeitable shares – with performance conditions				
2013/03/15	13 900	–	–	13 900
2014/02/18	15 100	–	–	–
	29 000	–	–	13 900
Total				
JJ Taljaard				
Share appreciation rights				
2015/05/29	151 000	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	11 800	–	11 800	–
2014/02/18	13 100	–	–	–
2015/05/29	24 300	–	–	–
	49 200	–	11 800	–
Forfeitable shares – with performance conditions				
2013/03/15	19 700	–	–	19 700
2014/02/18	21 900	–	–	–
	41 600	–	–	19 700
Total				
KPP Meijer (left 30 November 2015)				
Share appreciation rights				
2015/05/29	170 500	–	–	170 500

Closing number	Grant price (R)	Price on exercise date/ vesting price (R)	Exercise/ vesting gain (R000)
114 400	19,71		
9 900	–		
18 400	–		
28 300			
16 600	–		
			–
25 000	47,36		
27 000	31,80		
23 000	35,35		
114 400	19,71		
189 400			
–	–	13,76	116
9 000	–		
18 400	–		
27 400			
–	–		
15 100	–		
15 100			
			116
151 000	19,71		
–	–	13,76	162
13 100	–		
24 300	–		
37 400			
–	–		
21 900	–		
21 900			
			162
–	19,71	16,74	–

Remuneration report continued

Value of long-term incentives

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year
Forfeitable shares – no performance conditions				
2013/03/15	12 300	–	11 275	1 025
2014/02/18	13 300	–	7 758	5 542
2015/05/29	27 400	–	4 567	22 833
	53 000	–	23 600	29 400
Forfeitable shares – with performance conditions				
2013/03/15	20 500	–	–	20 500
2014/02/18	22 200	–	–	22 200
	42 700	–	–	42 700
Total				
TR Sibisi (resigned 15 December 2015)*				
Share appreciation rights				
2015/05/29	125 900	–	–	125 900
Forfeitable shares – no performance conditions				
2014/02/18	10 900	–	–	10 900
2015/05/29	20 300	–	–	20 300
	31 200	–	–	31 200
Forfeitable shares – with performance conditions				
2014/02/18	18 200	–	–	18 200
Total				
Retired directors:				
SG Helepi (resigned 14 February 2013)				
Share appreciation rights				
2007/08/08 cash-settled	18 000	–	–	–
Total				

All instruments are equity-settled unless otherwise indicated.
* Instruments subsequently forfeited on date of resignation.

	Closing number	Grant price (R)	Price on exercise date/ vesting price (R)	Exercise/ vesting gain (R000)
	–	–	16,74	189
	–	–	16,74	130
	–	–	16,74	76
	–			
	–	–		
	–	–		
	–			
				395
	–	19,71		
	–	–		
	–	–		
	–			
	–	–		
				–
	18 000	43,00		
				–