



OTHER

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of the shareholders of Value Group Limited ("the company") will be held at Value Boardroom, Value City, Essex Road, Tunney, Germiston, on Monday, 23 September 2013 at 10:00 ("the AGM") to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out hereunder in the manner required by the Companies Act 71 of 2008 ("the Act"), as read with the Listings Requirements of the JSE Limited ("the JSE Listings Requirements").

Kindly note that in terms of section 63(1) of the Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Forms of identification that will be accepted include original and valid identity documents, driver's licenses and passports.

### PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements of the company and its subsidiaries, incorporating the reports of the auditors, the audit and risk committee and the directors for the year ended 28 February 2013 have been distributed as required and will be presented to shareholders as required in terms of section 30(3)(d) of the Act.

### REPORT OF THE SOCIAL AND ETHICS COMMITTEE

In accordance with Companies Regulation 43(5)(c), issued in terms of the Act, the chairman of the social and ethics committee will present a verbal report to shareholders at the AGM.

### RESOLUTIONS FOR CONSIDERATION AND APPROVAL

#### Ordinary resolutions 1.1 to 1.2: Re-election of directors required to retire in terms of MOI

To elect by way of separate resolutions, directors in the place of those retiring in accordance with the company's

MOI. The directors retiring, all of whom being eligible offer themselves for re-election, are:

- Mr CD Stein
- Mr IM Groves

A brief profile of the above directors appears on pages 6 to 7 of the integrated annual report of which the notice forms part.

#### Ordinary resolutions 2.1 to 2.3: Appointment of members of the audit and risk committee

To confirm, by way of separate resolutions, the appointment of the following independent non-executive directors as members of the audit and risk committee with effect from the end of this AGM in terms of section 94(2) of the Act:

- Mr CD Stein\*
- Mr IM Groves
- Mr VW Mcobothi

\*Mr CD Stein is currently the chairman of the board and a member of the audit and risk committee as his experience and knowledge of the Group's operations and risks are invaluable to the audit and risk committee.

Mr CD Stein is an independent non-executive chairman of the board, therefore he may be a member of the audit committee, and additionally, the company has complied with guidance from the JSE in this circumstance, in that:

- All the other members of the audit and risk committee are independent non-executive directors
- Mr CD Stein is not the chairman of the audit committee
- The dual role has been specifically disclosed to shareholders
- Shareholders approved the appointment of the chairman to the audit and risk committee at the AGM.

A brief profile of the above directors appears on pages 6 to 7 of the Integrated Annual Report of which the notice forms part.

#### Ordinary resolution 3: Reappointment of auditors

To reappoint, on recommendation of the current audit and risk committee, Baker Tilly SVG, and the independently

registered auditor, Mr EL Steyn, as independent auditors of the company, the designated auditor meeting the requirements of section 90(2) of the Act, until conclusion of the next AGM.

**Ordinary resolution 4: Authority to directors to allot and issue unissued ordinary shares**

To authorise the directors as required by the company's MOI and subject to the provisions of section 41 of the Act to allot and issue at their discretion the unissued but authorised ordinary shares in the share capital of the company and/or grant options to subscribe for the unissued shares, representing not more than 10% of the number of ordinary shares in the issued share capital of the company as at 28 February 2013 for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the JSE Limited and are subject to the JSE Listings Requirements which authority shall endure until the next AGM of the company.

**Ordinary resolution 5: Authority to directors to allot and issue ordinary shares for cash**

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"RESOLVED that, in terms of the Listings Requirements of the JSE Limited ("JSE"), the mandate given to the directors of the company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- that this authority shall only be valid until the next AGM of the company but shall not extend beyond 15 months from the date of this meeting;
- the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE;
- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

- that a paid press announcement giving full details, including the impact of the issue on net asset value, earnings and headline earnings per share and if applicable, diluted earnings and diluted headline earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% of the number of shares in issue prior to the issue concerned;
- that the issues in aggregate in any one financial year (including the number of any shares that may be issued in future arising out of the issue of options) shall not exceed 10% of the number of shares of the company's issued ordinary share capital; and
- that in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE, measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities."

**Ordinary resolution 6: Approval of remuneration philosophy by way of a non-binding, advisory note**

To endorse through a non-binding, advisory vote, the remuneration philosophy of the Company as set out on page 133 of the Integrated Annual Report of which this notice forms part.

**Special resolution 1: Authority to directors to repurchase company shares**

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED by way of a special resolution that the mandate given to the company in terms of its MOI (or one of its wholly-owned subsidiaries) providing authorisation, by way of a general approval, to acquire the company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, subject to the Listings Requirements of the JSE Limited ("the JSE"), be extended, subject to the following:

## Notice of Annual General Meeting

**(continued)**

- this general authority be valid until the company's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this resolution (whichever period is shorter);
  - the repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;
  - repurchases may not be made at a price greater than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction was effected;
  - an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% of the initial number of ordinary shares, and for each 3% in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
  - the number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% of the company's issued share capital as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
  - the company's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE prior to the company entering the market to proceed with the repurchase;
  - the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period;
  - at any point in time the company only appointing one agent to effect any repurchases on its behalf;
  - the board of directors passing a resolution that they authorised the repurchase and that the company passed the solvency and liquidity test set out in section 4 of the Act and that since the test was done there have been no material changes to the financial position of the Group.
- The directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 months after the date of the notice of the AGM and at the actual date of the repurchase:
- the company and the Group will be able, in the ordinary course of business, to pay its debts;
  - the working capital of the company and the Group will be adequate for ordinary business purposes;
  - the assets of the company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the company and the Group;
  - the company's and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes.
- Special resolution 2: Approval of directors' remuneration**
- To consider and, if deemed fit, to pass, with or without modification, the following special resolution:
- “RESOLVED, as a special resolution:
- that the company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in section 66(8) and 66(9) of the Act;
  - that the remuneration structure and amounts as set out below, be and is hereby approved until such time as rescinded or amended by shareholders by way of a special resolution.

Type of fee (per meeting)	Proposed fee in R 2014	Proposed fee in R 2015
<b>Board:</b>		
– CD Stein Chairman (shareholder meetings)	11 664	12 247
<b>Board member:</b>		
– CD Stein	29 425	30 896
– IM Groves	24 388	25 607
– NM Phosa	42 574	44 703
– VW Mcobothi	17 820	18 711
<b>Audit and risk committee:</b>		
– CD Stein	29 425	30 896
– IM Groves	24 388	25 607
– VW Mcobothi	17 820	18 711
<b>Remuneration and nominations committee:</b>		
– CD Stein	14 713	15 449
– IM Groves	12 194	12 804
<b>Social and ethics committee:</b>		
– VW Mcobothi	8 910	9 356
– CD Stein	14 713	15 449
– IM Groves	12 194	12 804
<b>Monthly retainer:</b>		
– CD Stein	27 945	29 342
– IM Groves	22 356	23 473
– NM Phosa	17 739	18 626
– VW Mcobothi	14 850	15 593
<b>Annual totals:</b>		
– CD Stein	670 680	704 214
– IM Groves	536 544	563 371
– NM Phosa	425 736	447 023
– VW Mcobothi	356 400	374 220

## Notice of Annual General Meeting

**(continued)**

### **Special resolution 3: Approval of financial assistance to related and inter-related companies**

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, by way of a special resolution, that the directors of the company be and is hereby authorised as required in terms of sections 44 and/or 45(2) of the Act and the company's MOI to provide financial assistance to all related and inter-related companies within the Value Group of companies, at such times and on such terms and conditions as the directors in their sole discretion deem fit and subject to all relevant statutory and regulatory requirements being met, such authority to remain in place until rescinded by way of special resolution passed at a duly constituted AGM of the company."

### **Ordinary resolution 7: Providing of signing authority**

To authorise any one director or the secretary of the company to do all such things and sign all such documents as are deemed necessary to implement the resolutions set out in the notice convening the AGM at which this ordinary resolution will be considered and approved at such meeting.

### **ADDITIONAL INFORMATION**

The following additional information, some of which may appear elsewhere in the integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase the company's shares set out in special resolution number 1 above:

- directors and management – pages 6 to 7
- major shareholders – page 18
- directors' interests in ordinary shares – page 120
- share capital of the company – page 101 and 127
- Material change – there were no material changes in the integrated annual report
- Responsibility statement – page 70.

### **LITIGATION STATEMENT**

The directors in office whose names appear on pages 6 to 7 of the integrated annual report, are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have, or have had, in the recent past, being at least the previous 12 months from the date of this integrated annual report, a material effect on the Group's financial position.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors in office, whose names appear on pages 6 to 7 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

### **MATERIAL CHANGES**

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the company's financial year end and the date of signature of the integrated annual report.

### **DIRECTORS' INTENTION REGARDING THE GENERAL AUTHORITY TO REPURCHASE THE COMPANY'S SHARES**

The directors have no specific intention, at present, for the company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interest of the company and its shareholders.

## ELECTRONIC PARTICIPATION

Should any shareholder of the company wish to participate in the AGM by way of electronic participation, that shareholder shall be obliged to make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate, to the transfer secretaries at the applicable address set out below at least 5 (five) business days prior to the AGM. Shareholders who wish to participate in the meeting by dialling in must note that they will not be able to vote electronically. Should such shareholders wish to have their votes counted at the meeting, they are welcome to cast their votes via representation at the meeting either by proxy or by letter of representation, as provided for in this notice of AGM. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation. The company cannot be held liable for any loss, damage, penalty or claim arising in any way from the use of the telecommunication facility whether or not as a result of any act or omission on the part of the company or anyone else.

## RECORD DATES, PROXIES AND VOTING

In terms of section 59(1)(a) and (b) of the Act, the board of the company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM (being the date on which a shareholder must be registered in the company's securities register in order to receive notice of the AGM) as Friday, 16 August 2013;
- participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register in order to participate in and vote at the AGM) as Friday, 13 September 2013

The last day to trade in order to participate and vote at the AGM is Friday, 6 September 2013.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM, are entitled to appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that proxy forms be forwarded so as to reach the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, (70 Marshall Street, Corner Sauer Street, Johannesburg; PO Box 61051, Marshalltown, 2107), by not later than 48 (forty eight) hours before the commencement of the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM do not deliver proxy forms to the transfer secretaries by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM immediately prior to the AGM, in accordance with the instructions therein, with the Chairman of the AGM.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, should contact their CSDP or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the AGM, to obtain the necessary letter of representation to do so.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only

## Notice of Annual General Meeting

***(continued)***

one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the company.

### **VOTING**

For the purpose of resolutions proposed in terms of the JSE Listings Requirements wherein any votes are to be excluded from that resolution, any proxy given by a holder of securities to the holder of such an excluded vote shall be excluded from voting for the purposes of that resolution.

By order of the board

25 July 2013



## PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

At the AGM, the directors must present the annual financial statement for the year ended 28 February 2013 to shareholders, together with the reports of the directors, the audit and risk committee and the auditors. These are contained within the integrated annual report.

### Ordinary resolutions 1.1 to 1.2 – Re-election of directors required to retire in terms of MOI

In accordance with the company's MOI, one third of the directors is required to retire at each AGM and may offer themselves for re-election. In addition, any person appointed to the board of directors following the previous AGM is similarly required to retire and is eligible for re-election at the next AGM.

The following directors are eligible for re-election:

- Mr IM Groves
- Mr CD Stein

Brief biographical details of each of the above directors and the remaining members of the board are contained on pages 6 to 7 of the integrated annual report of which this notice forms part.

### Ordinary resolution 2.1 to 2.3 – Appointment of members of the audit and risk committee

In terms of section 94(2) of the Act, a public company must at each AGM elect an audit and risk committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Act, Regulation 42 to the Act specifies that one third of the members of the audit and risk committee must have appropriate academic qualifications or experience in the areas as listed in the regulation.

The board of directors of the company is satisfied that the proposed members of the audit and risk committee meet all relevant requirements.

### Ordinary resolution 3 – Reappointment of auditors

Baker Tilly SVG, and the individually registered auditor, Mr EL Steyn, have indicated their willingness to continue in office and ordinary resolution 3 proposes the reappointment of that firm as the company's auditors with effect from 1 March 2013. Section 90(3) of the Act requires the designated auditor to meet the criteria as set out in section 90(2) of the Act.

The board of directors of the company is satisfied that both Baker Tilly SVG and the designated auditor meet the relevant requirements.

### Ordinary resolutions 4 and 5 – Authority to directors to allot and issue unissued ordinary shares

In terms of the Act, directors are authorised to allot and issue the unissued shares of the company, unless otherwise provided in the company's MOI or in instances as listed in section 41 of the Act. The JSE requires that the MOI should provide that shareholders in a general meeting may authorise the directors to issue unissued securities and/or grant options to subscribe for unissued securities as the directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and are subject to the JSE Listings Requirements. Directors confirm that there is no specific intention to issue any shares, other than as part of and in terms of the rules of the company's share incentive scheme, as at the date of this notice. For this reason, the maximum number of unissued shares that may be issued by the directors in terms of this authority is limited to 10% of the number of issued shares as at 28 February 2013.

Also, in terms of the JSE Listings Requirements, the authority to issue shares for cash as set out in ordinary resolution 5 requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the AGM for ordinary resolution number 5 to become effective.

*(continued)***Ordinary resolution 6 – Approval of remuneration philosophy by way of a non-binding, advisory note**

The King Report on Corporate Governance for South Africa, 2009 recommends that the remuneration philosophy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the company.

**Special resolution 1 – Authority to directors to repurchase company shares**

Section 48 of the Act authorises the board of directors of a company to approve the acquisition of its own shares subject to the provisions of section 48 and section 46 having been met. The JSE Listings Requirements require the shareholders of the company to approve the authority to repurchase shares and the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the AGM for special resolution number 1 to become effective.

**Special resolution 2 – Approval of directors' remuneration**

In terms of section 66(8) and section 66(9) of the Act, companies may pay remuneration to directors for their services as directors unless otherwise provided by the MOI and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the company. Proposed fees for the 2014 financial year have been included in the resolution for approval by shareholders.

**Special resolution 3 – Approval of financial assistance to related and inter-related companies**

Section 45(2) of the Act authorises the board to provide direct or indirect financial assistance to a related or inter-related company, subject to subsections (3) and (4) of section 45 of the Act and unless otherwise provided in the company's MOI. In terms of section 45(3) of the Act, a special resolution of shareholders is required in these instances. The main purpose of the special resolution as set out in the notice of the meeting is to approve the granting of inter-company loans, a recognised and well known practice, details of which are also set out in the notes to the annual financial statements.

**Ordinary resolution 7 – Providing signing authority**

Authority is required to do all such things and sign all documents and take all such action as necessary to implement the resolutions set out in the notice and approved at the AGM. It is proposed that the company secretary and/or director be authorised accordingly.

**GENERAL**

Shareholders and proxies attending the AGM on behalf of shareholders are reminded that section 63(1) of the Act requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.



Value Group Limited  
 Incorporated in the Republic of South Africa Registration number 1997/002203/06  
 ("Value" or "the company")  
 JSE share code: VLE ISIN code: ZAE000016507

**TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY**

For completion by registered members of Value unable to attend the Annual General Meeting of the company to be held Monday, 23 September 2013 at 10:00, at the Value Boardroom, Value City, Essex Road, Tunney, Germiston, or at any adjournment thereof.

I/We \_\_\_\_\_ (address)  
 of \_\_\_\_\_  
 being the holder/s of \_\_\_\_\_ shares in the company, do hereby appoint:  
 1 \_\_\_\_\_ or, failing him/her  
 2 \_\_\_\_\_ or, failing him/her

the chairman of the Annual General Meeting, as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the abovementioned Annual General Meeting of members or at any adjournment thereof, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

	For	Against	Abstain
1. Ordinary resolution 1: To re-elect the directors required to retire in terms of the Memorandum of Incorporation			
1.1 Mr IM Groves			
1.2 Mr CD Stein			
2. Ordinary resolution 2: To appoint the members of the audit and risk committee			
2.1 Mr CD Stein			
2.2 Mr IM Groves			
2.3 Mr VW Mcobothi			
3. Ordinary resolution 3: To reappoint auditors			
4. Ordinary resolution 4: To authorise directors to allot and issue unissued ordinary shares			
5. Ordinary resolution 5: To authorise directors to allot and issue ordinary shares for cash			
6. Ordinary resolution 6: To approve remuneration philosophy by way of a non-binding, advisory vote			
7. Special resolution 1: To authorise directors to repurchase company shares			
8. Special resolution 2: To approve directors' remuneration			
9. Special resolution 3: To approve financial assistance to related and inter-related companies			
10. Ordinary resolution 7: To provide signing authority			

A proxy need not be a shareholder.

A shareholder who has dematerialised his/her shares, other than a shareholder which has dematerialised his/her shares with "own name" registration, should contact his/her CSDP or broker in the manner and time stipulated in his/her agreement with the CSDP or broker, in order to furnish his/her CSDP or broker with his/her voting instructions or to obtain the necessary letter of authority to attend the AGM, in the event that he/she wishes to attend the AGM.

On show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the company. A proxy may not delegate his/her authority to act on his/her behalf to another person. (See note 11.)

This proxy form will lapse and cease to be of force and effect immediately after the AGM of the company and any adjournment(s) thereof, unless it is revoked earlier (as to which see notes 15 and 16).

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2013  
 Signature \_\_\_\_\_

Assisted by me, where applicable (name and signature) \_\_\_\_\_

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit.

## Summary of holders' rights in respect of proxy appointments as set out in sections 56 and 58 of the Act and notes to the form of proxy

1. Each person entitled to exercise any voting rights at the AGM may appoint a proxy or proxies to attend, speak, vote or abstain from voting in place of that holder.
2. A proxy need not be a shareholder.
3. A proxy appointment must be in writing, dated and signed by the person appointing a proxy.
4. A proxy may not delegate his/her authority to act on his/her behalf to another person.
5. This proxy from will lapse and cease to be of force and effect immediately after the AGM of the company and any adjournment(s) thereof, unless it is revoked earlier.
6. A shareholder who has dematerialised his/her shares, other than a shareholder which has dematerialised his/her shares with "own name" registration, would contact his/her CSDP or broker in the manner and time stipulated in his/her agreement with the CSDP or broker, in order to furnish his/her CSDP or broker with his/her voting instructions or to obtain the necessary letter of authority to attend the AGM, in the event that he/she wishes to attend the AGM.
7. On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the company.
8. Section 56 grants voting rights to holders of beneficial interests in certain circumstances, namely if the beneficial interest includes the right to vote on the matter, and the person's name is on the company's register of disclosures as the holder of a beneficial interest. A person who has a beneficial interest in any securities that are entitled to be voted on by him/her, may demand a proxy appointment from the registered holder of those securities, to the extent of that person's beneficial interest, by delivering such a demand to the registered holder, in writing, or as required by the applicable requirements of a central securities depository.
9. Forms of proxy must be delivered to the company before a proxy may exercise any voting rights at the AGM either by returning them to Computershare Investor Services (Pty) Limited at the following address Ground Floor, 70 Marshall Street, Johannesburg, to be received on or before 09:00 on Friday, 20 September 2013. Forms can be posted or hand delivered.
10. A person entitled to vote may insert the name of a proxy or the name of an alternative proxy of the holder's choice in the space provided, with or without deleting the chairman of the AGM. Any such deletion must be initialled. The person whose name stands first on the form of proxy and who is present at the AGM shall be entitled to act as proxy to the exclusion of the person whose name follows as an alternative. In the event that no names are indicated, the proxy shall be exercised by the chairman of the AGM.
11. An "X" in the appropriate box indicates that all your voting rights are exercisable by that holder. If no instructions are provided in the form of proxy in accordance with the above, then the proxy shall be entitled to vote or abstain from voting at the AGM, as the proxy deems fit in respect of all your voting rights exercisable thereat, but if the proxy is the chairman, failure to provide instructions to the proxy in accordance with the above will be deemed to authorise the proxy to vote only in favour of the resolution.
12. You or your proxy are not obliged to exercise all your voting rights exercisable, but the total of the voting rights cast may not exceed the total of the voting rights exercisable by you.
13. Your authorisation to the proxy, including the chairman of the AGM, to vote on your behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
14. The completion and lodging of this form of proxy will not preclude you from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, in which case the appointment of any proxy will be suspended to the extent that you choose to act in person in the exercise of your voting rights at the AGM.
15. Documentary evidence establishing the authority of a person attending the AGM on your behalf in a representative capacity or signing this form of proxy in a representative capacity must be attached in this form.
16. The company will accept an original and valid identity document, driver's license or passport as satisfactory identification.
17. Any insertions, deletions or alteration to this form must be initialled by the signatory(ies).
18. The appointment of a proxy is revocable unless you expressly state otherwise in the form of proxy.
19. You may revoke the proxy appointment by: (i) cancelling it in writing, or making a later, inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the company at its premises or at Ground Floor, 70 Marshall Street, Johannesburg for the attention of Computershare Investor Services (Pty) Limited, to be received before the replacement proxy exercises any of your rights at the AGM.
20. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on your behalf at the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument is delivered as required in note 19 above.
21. If this form of proxy has been delivered to the company in accordance with note 9 then, as long as that appointment remains in effect, any notice that is required by the Act of the company's MOI to be delivered by the company to the holder of the voting rights must be delivered by the company to:
  - a. the holder; or
  - b. the proxy, if the holder has:
    - i. directed the company to do so, in writing; and
    - ii. has paid any reasonable fee charged by the company for doing so.
22. In terms of section 56 of the Act, the registered holder of any shares in which any person has a beneficial interest, must deliver to each such person a notice of any meeting of the company at which those shares may be voted on, within two business days after receiving such a notice from the company.

### Transfer secretaries

Computershare Investor Services (Pty) Limited  
 Ground Floor, 70 Marshall Street, Johannesburg, 2001  
 PO Box 61051, Marshalltown, 2107  
 Tel: +2711 370-5000  
 Fax: +2711 688-5248  
[www.computershare.com](http://www.computershare.com)

G3.1	INDICATOR	DESCRIPTION	PAGE NO.
STRATEGY	1.1	Statement presenting overall vision and importance of sustainability	32
ORGANISATIONAL PROFILE	2.1	Name of organisation	Front cover
	2.2	Primary brands, products and/or services	8 – 13
	2.3	Operational structure of the organisation	8 – 13
	2.4	Location of organisation's head office	Corporate information
	2.5	Countries of operation	8 – 13
	2.6	Nature of ownership and legal form	18
	2.7	Markets served	8 – 13
	2.8	Scale of the reporting organisation – Number of employees – Net sales – Total capitalisation in terms of total assets and equity	14 – 20
	2.9	Significant changes during the reporting period	n/a
	2.10	Awards received in the reporting period	4
REPORTING PARAMETERS	3.1	Reporting period	32
	3.2	Date of most recent previous report	32
	3.3	Reporting cycle	32
	3.4	Contact point for questions regarding the report	Corporate information
	3.5	Process for defining report content	32
	3.6	Boundary of the report	32
	3.7	Limitations on the scope or boundary of the report	n/a
	3.8	Basis for reporting that can significantly affect comparability	32
	3.9	Data measurement techniques and the basis of calculations	32
	3.10	Explanation of any re-statements of information provided in earlier reports	n/a
	3.11	Significant changes from previous reporting	32
	3.12	Table identifying location of standard disclosures	141 – 142
	3.13	Policy and practice regarding external assurance for the report	32

## GRI content index

(continued)

G3.1	INDICATOR	DESCRIPTION	PAGE NO.
GOVERNANCE	4.1	Governance structure of the organisation	61 – 67
	4.2	Indicate whether the chairman of the board of directors is also an executive officer	61 – 67
	4.3	Number of independent and/or non-executive members	61 – 67
	4.4	Mechanisms to provide recommendations or direction to the highest governance body	61 – 67
	4.5	Linkage between compensation and the organisation's performance	61 – 67
	4.6	Processes to ensure conflicts of interest are avoided	61 – 67
	4.7	Process for determining the qualifications and expertise of the Board members	61 – 67
	4.8	Statements of mission or values, codes of conduct, and principles	61 – 67
	4.9	Procedures for overseeing economic, environmental and social performance	61 – 67
	4.10	Processes for evaluating the highest governance body's performance	61 – 67
	4.11	How the precautionary approach is addressed	5
	4.12	Externally developed economic, environmental, and social charters to which the organisation subscribes or endorses	32 – 33
	4.13	Memberships in associations and/or advocacy organisations	32
	4.14	List of stakeholder groups engaged by the organisation	33 – 34
	4.15	Basis for identification and selection of stakeholders	33 – 34
	4.16	Approaches to stakeholder engagement	33 – 34
	4.17	Key topics and concerns raised through stakeholder engagement	33 – 34
Indicators	EC1	Economic value generated and distributed	20
	EN3	Direct energy consumption by primary source	35 – 36
	EN4	Indirect energy consumption by primary source	37 – 39
	EN7	Initiatives to reduce indirect energy consumption	37 – 39
	EN16	Direct and indirect greenhouse gas emissions	35 – 39
	LA1	Workforce by employment type	45 – 46
	LA2	Employee turnover	47
	LA7	Rates of injury and number of work related fatalities	49
	LA8	Education programmes for workforce and others	51 – 53
	LA10	Training per year per employee	51 – 53
	LA11	Programmes for skills and lifelong learning	51 – 53
	LA13	Composition of governance bodies and breakdown of employees per category	51 – 53
	SO1	Programmes to assess impacts on communities	56
SO4	Actions in response to incidents of corruption	57	
PR2	Non-compliance with regulations and codes during life cycle	58	
PR9	Non-compliance with regulations for use of products	57	

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
<p>CHAPTER 1: ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP</p>		
<p><b>Principle 1.1:</b> <b>The board should provide effective leadership based on an ethical foundation.</b></p>	<p>The board is the focal point for corporate governance and responsible to set the tone for ethical leadership throughout the organisation. Decisions and actions taken by the board are based on the Group's ethical values and principles. The Integrated Annual Report provides further detail on how the board has discharged its responsibilities in 2013.</p>	<p>The effective leadership is reflected throughout the Integrated Annual Report in areas such as the chairman's and chief executive's reports (pages 22 to 26), stakeholder engagement (pages 33 to 34), corporate governance report (pages 61 to 67)</p>
<p><b>Principle 1.2:</b> <b>The board should ensure that the company is and is seen to be a responsible corporate citizen.</b></p>	<p>The board's role is to exercise sound leadership and judgement in directing the Group to achieve sustainable growth, having due consideration to a balanced financial, social and environmental performance, and taking into account the legitimate expectations of its stakeholders in making decisions in the best interest of the Group. The social and ethics committee ensures that the Group formulates collaborative responses to sustainability challenges.</p>	<p>There is a continued focus on sustainability and CSI initiatives. Refer to sustainability report (pages 32 to 59)</p>
<p><b>Principle 1.3:</b> <b>The board should ensure that the company's ethics are managed effectively.</b></p>	<p>The board ensures that the Group's ethical standards are clearly articulated and supported. All employees are required to maintain ethical standards in ensuring the Group's business practices is beyond reproach. The ethical standards guiding the Group's relationship with stakeholders are governed by the Group's code of conduct.</p> <p>Internal audit annually assesses the Group's ethical performance and provides reports to the audit and risk and social and ethics committees.</p>	<p>Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)</p>
<p>CHAPTER 2: BOARD AND DIRECTORS</p>		
<p><b>Principle 2.1:</b> <b>The board should act as the focal point for and custodian of corporate governance.</b></p>	<p>The board has a charter setting out its role, powers and responsibilities both in terms of the latest governance developments as well as the requirements for its composition, meeting procedures and work plan.</p>	<p>Corporate governance report (pages 61 to 67)</p>

## King III application summary

*(continued)*

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 2: BOARD AND DIRECTORS <i>(continued)</i>		
<b>Principle 2.2:</b> <b>The board should appreciate that strategy, risk, performance and sustainability are inseparable.</b>	The board appreciates that strategy, risk, performance and sustainability are inseparable and as a result the Integrated Annual Report is presented.	Integrated Annual Report presented
<b>Principle 2.3:</b> <b>The board should provide effective leadership based on an ethical foundation.</b>	The board is the focal point for corporate governance and responsible to set the tone for ethical leadership throughout the organisation. Decisions and actions taken by the board are based on the Group's ethical values and principles. The Integrated Annual Report provides further detail on how the board has discharged its responsibilities in 2013.	The values are discussed in the 2013 Integrated Annual Report and these are led by the board
<b>Principle 2.4:</b> <b>The board should ensure that the company is and is seen to be a responsible corporate citizen.</b>	The Integrated Annual Report highlights the Group's performance with regards to sustainability. With the strategic direction provided by the board, the Group seeks to protect, enhance and invest in the wellbeing of stakeholders. The social and ethics committee ensures that the Group formulates collaborative responses to sustainability challenges, which is overseen by the board.	Refer to Principles 2.1 and 2.3
<b>Principle 2.5:</b> <b>The board should ensure that the company's ethics are managed effectively.</b>	The management of ethics within the Group forms an important aspect of the board's focus and responsibility and is closely monitored at each meeting of the social and ethics committee.	Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)
<b>Principle 2.6:</b> <b>The board should ensure that the company has an effective and independent audit committee.</b>	An effective and independent audit and risk committee is in place. The committee consists of three independent non-executive members. The committee's terms of reference outline the roles, powers, responsibilities and membership.	Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)
<b>Principle 2.7:</b> <b>The board should be responsible for the governance of risk.</b>	The board is responsible for the governance of risk and the audit and risk committee assists the board in executing this responsibility.	Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)



PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
<p>CHAPTER 2: BOARD AND DIRECTORS <i>(continued)</i></p>		
<p><b>Principle 2.8:</b> <b>The board should be responsible for information technology (IT) governance.</b></p>	<p>The board is responsible for IT governance and the audit and risk committee assist the board in executing this responsibility. An IT steering committee is in place and the chief information officer ("CIO") is a member of this committee. The CIO presents a status report on IT applications and development and on the IT infrastructure department at each quarterly meeting of the audit and risk committee.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 2.9:</b> <b>The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.</b></p>	<p>A legal compliance policy has been adopted by the board and a legal and compliance report is monitored at each meeting.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 2.10:</b> <b>The board should ensure that there is an effective risk-based internal audit.</b></p>	<p>An effective risk-based internal audit function is in place.</p>	<p>Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 2.11:</b> <b>The board should appreciate that stakeholders' perceptions affect the company's reputation.</b></p>	<p>Stakeholders' perceptions and the potential effect that it may have on the reputation of the Group is appreciated and focused on by the board. A board-endorsed stakeholder engagement process has been adopted across the business.</p>	<p>Stakeholder engagement (pages 33 to 34)</p>
<p><b>Principle 2.12:</b> <b>The board should ensure the integrity of the company's integrated report.</b></p>	<p>The board approves the integrated report after satisfying itself with respect to the accuracy and integrity of the report.</p>	<p>Refer to Principle 9.1 and the Integrated Annual Report (page 70)</p>
<p><b>Principle 2.13:</b> <b>The board should report on the effectiveness of the company's system of internal controls.</b></p>	<p>Annually, internal audit reviews the overall effectiveness of the Group's system of financial controls and presents its opinion to the audit and risk committee and the board. The board uses this assurance and reports on the effectiveness of controls.</p>	<p>Corporate governance report (pages to 61 to 67) Audit and risk committee report (pages 72 to 73)</p>

## King III application summary

*(continued)*

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 2: BOARD AND DIRECTORS <i>(continued)</i>		
<b>Principle 2.14:</b> <b>The board and its directors should act in the best interests of the company.</b>	<p>The board and directors are cognisant of their fiduciary and other duties and responsibilities under the Companies Act and King III. Directors are required to exercise objective judgement. The board acts in the best interests of the Group by ensuring that individual directors:</p> <ul style="list-style-type: none"> <li>● adhere to legal standards of conduct as set out in the Companies Act</li> <li>● exercise their fiduciary duties with the best interest of the Group at heart</li> <li>● are permitted to take independent advice in connection with their duties following an agreed procedure</li> <li>● disclose real or perceived conflicts to the board and deal with them accordingly</li> <li>● deal in securities only in accordance with the policy adopted by the board which is in line with statutory requirements.</li> </ul>	Corporate governance report (pages 61 to 67)
<b>Principle 2.15:</b> <b>The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.</b>	<p>The board is apprised of the Group's going-concern status at meetings. Additionally, monthly management accounts detailing the Group's financial performance is issued to the executive directors for their examination. As a result, the board monitors the solvency and liquidity of the company on a regular basis. This enables the board to consider business rescue should the need arise.</p>	Corporate governance report (pages 61 to 67)
<b>Principle 2.16:</b> <b>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.</b>	<p>The chairman of the board is an experienced independent non-executive director, free of conflict upon appointment and is elected annually by the board. The CEO does not fulfil this function. The CEO and chairman's roles are separate. The board's charter formalises the role of the chairman and his performance is assessed annually.</p>	Corporate governance report (pages 61 to 67) Directors (pages 6 to 7)

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
<p>CHAPTER 2: BOARD AND DIRECTORS <i>(continued)</i></p>		
<p><b>Principle 2.17:</b> <b>The board should appoint the chief executive officer and establish a framework for the delegation of authority.</b></p>	<p>The board appointed the CEO and provides input into senior management appointments who function in terms of a framework wherein the board defines and delegates functions of management appropriately. The role and function of the CEO is formalised and the board evaluates the performance of the CEO annually. Succession plans are in place for the CEO and senior management.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 2.18:</b> <b>The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.</b></p>	<p>The majority of board members are independent non-executive directors. Directors are appointed through a formal process and the knowledge, skills and resources required by the board are considered. The size and diversity of the board allows for the board to conduct its business effectively.</p>	<p>Board of directors (pages 6 to 7) Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 2.19:</b> <b>Directors should be appointed through a formal process.</b></p>	<p>Appointments to the board are a matter for the consideration of the board as a whole and are made in a formal and transparent manner. In this process, a remuneration and nominations committee is in place and assists in identifying suitable members that will address the board's requirements in terms of knowledge, skills and resources.</p> <p>All appointments comply with the requirements of the Companies Act and the company's Memorandum of Incorporation.</p> <p>Non-executive directors are formally appointed with a letter of appointment.</p>	<p>Board of directors (pages 6 to 7) Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 2.20:</b> <b>The induction of and on-going training and development of directors should be conducted through formal processes.</b></p>	<p>The remuneration and nominations committee ensures that new directors undergo an appropriate induction process and recommends to the chairman of the board the need for board participation in continued education programmes.</p>	<p>Corporate governance report (pages 61 to 67)</p>

## King III application summary

*(continued)*

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 2: BOARD AND DIRECTORS <i>(continued)</i>		
<b>Principle 2.21:</b> <b>The board should be assisted by a competent, suitably qualified and experienced company secretary.</b>	<p>iThemba Governance and Statutory Solutions (Pty) Ltd (represented by Ms Claire Middlemiss), is the appointed company secretary. The board believes the company secretary is competent, experienced and is suitably qualified to fulfil the role's functions in assisting the board and committees appropriately and on an objective, arm's length basis.</p> <p>The appointment and functions of the company secretary are in line with the requirements of the Companies Act.</p>	Corporate governance report (pages 61 to 67)
<b>Principle 2.22:</b> <b>The evaluation of the board, its committees and the individual directors should be performed every year.</b>	<p>The board's charter requires the board to conduct annual evaluations of its performance against its roles and responsibilities, as well as that of individual directors. Each committee evaluates its own performance and the remuneration and nomination committee monitors and reports to the board periodically on the performance of the committees. an overview of this process is disclosed in the Integrated Annual Report.</p>	Corporate governance report (pages 61 to 67)
<b>Principle 2.23:</b> <b>The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.</b>	<p>The following board and statutory committees are in place:</p> <ul style="list-style-type: none"> <li>● Audit and risk</li> <li>● Remuneration and nominations</li> <li>● Social and ethics</li> </ul> <p>All board and statutory committees operate under formal terms of reference which are reviewed annually. The terms of reference sets out roles, powers and responsibilities of each committee and are in line with all statutory requirements.</p> <p>The composition of each committee, as well as a description of their terms of reference, is disclosed in the Integrated Annual Report.</p>	Corporate governance report (pages 61 to 67)
<b>Principle 2.24:</b> <b>A governance framework should be agreed between the group and its subsidiary boards.</b>	<p>The board of directors recognises the statutory and fiduciary duties of the directors of a subsidiary company and in particular their duty to act in the best interests of the subsidiary company at all times. All subsidiaries apply the policies and procedures of the holding company.</p>	Referred in roles and responsibilities of senior management and directors of the subsidiaries

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
<p>CHAPTER 2: BOARD AND DIRECTORS <i>(continued)</i></p>		
<p><b>Principle 2.25:</b> <b>Companies should remunerate directors and executives fairly and responsibly.</b></p>	<p>A remuneration and nominations committee is in place and assists the board in ensuring the Group's remuneration policy is aligned with the Group's strategy and goals. The committee also reviews and approves remuneration of executive directors and senior management, proposes non-executive fees, reviews participation in and detail of share-based and other long-term incentive schemes.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 2.26:</b> <b>Companies should disclose the remuneration of each individual director and certain senior executives.</b></p>	<p>The Integrated Annual Report discloses the details of the remuneration for all directors and prescribed officers of the Group, in accordance with the requirements of the Companies Act, the Listings Requirements of the JSE and King III.</p>	<p>Consolidated financial statements (pages 104 to 105) Remuneration report (page 133)</p>
<p>CHAPTER 3: AUDIT COMMITTEE</p>		
<p><b>Principle 3.1:</b> <b>The board should ensure that the company has an effective and independent audit committee.</b></p>	<p>The Group has an audit and risk committee comprising at least three independent, non-executive directors who were nominated by the remuneration and nominations committee and elected at the AGM by the shareholders.</p> <p>The audit and risk committee has clear terms of reference, approved by the board, which complies with section 94 of the Companies Act and King III, which outlines the audit and risk committee's agenda and work plan.</p>	<p>Corporate governance report (page 61 to 67) Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 3.2:</b> <b>Audit committee members should be suitably skilled and experienced independent non-executive directors.</b></p>	<p>The audit and risk committee members are independent, non-executive directors, suitably skilled and experienced to carry out their duties.</p>	<p>Board of directors (pages 6 to 7) Corporate governance report (pages 61 to 67) Audit and risk committee report (page 72 to 73)</p>
<p><b>Principle 3.3:</b> <b>The audit committee should be chaired by an independent non-executive director.</b></p>	<p>The audit and risk committee is chaired by a suitably qualified, independent non-executive director, namely Mr Mike Groves.</p>	<p>Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)</p>

## King III application summary

*(continued)*

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 3: AUDIT COMMITTEE <i>(continued)</i>		
<b>Principle 3.4:</b> <b>The audit committee should oversee integrated reporting.</b>	<p>The terms of reference of the audit and risk committee requires the committee to oversee, and take responsibility for the integrity of the Integrated Annual Report and imposes suitable duties upon the committee to ensure that this is attended to. The review of the audit and risk committee includes not only the primary financial information, but also includes all relevant narrative information to present a balanced view of the Group's performance. The committee understands how the board and the external auditor evaluate materiality for integrated reporting purposes.</p>	<p>Audit and risk committee report (pages 72 to 73)</p>
<b>Principle 3.5:</b> <b>The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.</b>	<p>The terms of reference of the audit and risk committee requires the committee to ensure that an appropriate combined assurance model, which addresses all the significant risks of the Group is implemented. The audit and risk committee reviews the combined assurance framework to be satisfied that significant risks are addressed within the Group. The framework considers assurances provided by internal audit, external audit and specialist agencies.</p>	<p>Audit and risk committee report (pages 72 to 73)</p>
<b>Principle 3.6:</b> <b>The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.</b>	<p>The terms of reference of the audit and risk committee requires the committee to annually review the appropriateness of the expertise and adequacy of the resources on the finance function and the experience of the senior members of management responsible for the financial function. The results of such a review are disclosed in the integrated report.</p>	<p>Audit and risk committee report (pages 72 to 73)            Audit and risk committee's terms of reference</p>
<b>Principle 3.7:</b> <b>The audit committee should be responsible for overseeing of internal audit.</b>	<p>The audit and risk committee is responsible for overseeing internal audit.</p> <p>A chief audit executive ("CAE") heads up the internal audit function. The audit and risk committee is responsible for the appointment, performance management and dismissal of the CAE.</p> <p>The audit and risk committee ensures that the internal audit function is subjected to a quality review on a regular basis and the CAE reports functionally to the chairman of the audit and risk committee.</p>	<p>Audit and risk committee report (pages 72 to 73)</p>

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
<p>CHAPTER 3: AUDIT COMMITTEE <i>(continued)</i></p>		
<p><b>Principle 3.8:</b> The audit committee should be an integral component of the risk management.</p>	<p>The terms of reference of the audit and risk committee requires the committee to oversee the Group's risk management process .</p>	<p>Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 3.9:</b> The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.</p>	<p>The terms of reference of the audit and risk committee encapsulate the requirements of the Companies Act and details the committee's responsibilities in respect of the external auditor's nomination (for appointment by shareholders), the terms of engagement and remuneration, the policy for non-audit services, reportable irregularities and the quality and effectiveness of the external auditor.</p>	<p>Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 3.10:</b> The audit committee should report to the board and shareholders on how it has discharged its duties.</p>	<p>The audit and risk committee reports to shareholders on how it has discharged its duties at the AGM and a written report is included in the Integrated Annual Report and annual financial statements.</p>	<p>Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)</p>
<p>CHAPTER 4: THE GOVERNANCE OF RISK</p>		
<p><b>Principle 4.1:</b> The board should be responsible for the governance of risk.</p>	<p>The board takes responsibility for the governance of risk within the Group and is assisted by the audit and risk committee.</p>	<p>Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 4.2:</b> The board should determine the levels of risk tolerance.</p>	<p>A risk management policy was approved by the board and has been implemented by management, through the risk management steering committee.</p>	<p>Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 4.3:</b> The risk committee or audit committee should assist the board in carrying out its risk responsibilities.</p>	<p>The audit and risk committee regularly reviews the group risk assessment and satisfies itself that the responses and mitigations are adequate as reported by the risk management steering committee.</p>	<p>Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 4.4:</b> The board should delegate to management the responsibility to design, implement and monitor the risk management plan.</p>	<p>The risk management policy has been delegated to management. The Group has a dedicated risk management function. The chief risk officer is supported by the risk management steering committee to affect and implement risk management plans, which are approved by the audit and risk committee and board.</p>	<p>Principle 4.1</p>

## King III application summary

*(continued)*

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 4: THE GOVERNANCE OF RISK <i>(continued)</i>		
<b>Principle 4.5:</b> The board should ensure that risk assessment is performed on a continual basis.	The Group's risk management policy which is approved by the audit and risk committee and the board of directors outlines the importance and continual assessment of risks at each level of employment within the Group.	Enterprise risk management (page 5) Corporate governance report (pages 61 to 67)
<b>Principle 4.6:</b> The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	The Group's risk management plan has been implemented and the process for identifying, monitoring and responding to risks has been rolled out to the Group.	Enterprise risk management (page 5) Corporate governance report (pages 61 to 67)
<b>Principle 4.7:</b> The board should ensure that management considers and implements risk responses.	The Group's risk management plan has been implemented and the process for identifying, monitoring and responding to risks has been rolled out to the Group.	Enterprise risk management (page 5) Corporate governance report (pages 61 to 67)
<b>Principle 4.8:</b> The board should ensure continual risk-monitoring by management.	The Group's risk management plan outlines responsibilities of management and their responsibilities toward continual risk monitoring. Risk management forms part of management's functions.	Enterprise risk management (page 5) Corporate governance report (pages 61 to 67)
<b>Principle 4.9:</b> The board should receive assurance regarding the effectiveness of the risk management process.	Internal audit provides assurance on the effectiveness of controls and risk management for the Group and reports its findings to the audit and risk committee.	Audit and risk committee report (pages 72 to 73)
<b>Principle 4.10:</b> The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Risk disclosure provided to stakeholders according to the Group's risk management policy.	Enterprise risk management (page 5) Corporate governance report (pages 61 to 67)



PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
<p>CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY (IT)</p>		
<p><b>Principle 5.1:</b> <b>The board should be responsible for information technology (IT) governance.</b></p>	<p>The board is responsible for IT governance, understands the strategic importance of IT in achievement of the Group's strategic objectives.</p>	<p>Principle 2.8</p>
<p><b>Principle 5.2:</b> <b>IT should be aligned with the performance and sustainability objectives of the company.</b></p>	<p>The IT strategy is integrated with the Group's strategic and business processes.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 5.3:</b> <b>The board should delegate to management the responsibility for the implementation of an IT governance framework.</b></p>	<p>An IT governance framework has been implemented and forms part of the risk management plan.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 5.4:</b> <b>The board should monitor and evaluate significant IT investments and expenditure.</b></p>	<p>The board monitors and evaluates significant IT investments and expenditure.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 5.5:</b> <b>IT should form an integral part of the company's risk management.</b></p>	<p>IT is an integral part of the Group's strategic and business processes and forms part of the Group's risk management plan.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 5.6:</b> <b>The board should ensure that information assets are managed effectively.</b></p>	<p>An information management strategy is in place which monitors the management of information security.</p>	<p>Corporate governance report (pages 61 to 67)</p>
<p><b>Principle 5.7:</b> <b>A risk committee and audit committee should assist the board in carrying out its IT responsibilities.</b></p>	<p>The audit and risk committee regularly considers IT risks and controls, business continuity and data recovery related to IT, information security and privacy.</p>	<p>Corporate governance report (pages 61 to 67)</p>

## King III application summary

*(continued)*

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
CHAPTER 6: COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS		
<b>Principle 6.1:</b> <b>The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.</b>	The Group has adequate systems and functions in place to ensure that it complies with all applicable laws and any instances in respect of exceptions are resolved timeously. The board is continually kept up to date with the progress of any such instances.	Corporate governance report (pages 61 to 67)
<b>Principle 6.2:</b> <b>The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards of the company and its business.</b>	The Group's board members are suitably skilled and experienced with regard to the applicable laws, rules, codes and standards of the Group's business. Processes are in place to ensure that the board is continually informed of relevant laws, rules, codes and standards including any changes made.	Corporate governance report (pages 61 to 67)
<b>Principle 6.3:</b> <b>Compliance risk should form an integral part of the company's risk management process.</b>	Compliance risk forms an integral part of the Group's risk management plan. Legislative and regulatory compliance is monitored by the head of Group's legal department and the chief risk officer.	Corporate governance report (pages 61 to 67)
<b>Principle 6.4:</b> <b>The board should delegate to management the implementation of an effective compliance framework and processes.</b>	Compliance risk forms an integral part of the Group's risk management plan. Legislative and regulatory compliance is monitored by the head of Group's legal department and the chief risk officer.	Corporate governance report (pages 61 to 67)
CHAPTER 7: INTERNAL AUDIT		
<b>Principle 7.1:</b> <b>The board should ensure that there is an effective risk-based internal audit.</b>	The role of internal audit is outlined in the terms of reference of the audit and risk committee as well as the internal audit charter. The annual internal audit plan is approved by the committee and addresses, amongst others, all the areas as recommended by King III.	Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)
<b>Principle 7.2:</b> <b>Internal audit should follow a risk-based approach to its plan.</b>	Internal audit follows a risk-based audit plan by incorporation of the Group's strategy and risks.	Corporate governance report (pages 61 to 67)

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
<p>CHAPTER 7: INTERNAL AUDIT <i>(continued)</i></p>		
<p><b>Principle 7.3:</b> Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.</p>	<p>Internal audit forms part of the combined assurance model as the internal assurance provider providing assessments to the audit and risk committee on the effectiveness of internal controls and risk management.</p>	<p>Corporate governance report (pages 61 to 67) Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 7.4:</b> The audit committee should be responsible for overseeing internal audit.</p>	<p>The CAE head of internal audit is appointed by the committee and reports functionally to the chairman of the audit and risk committee. (Principle 3.7)</p>	<p>Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 7.5:</b> Internal audit should be strategically positioned to achieve its objectives.</p>	<p>The internal audit function is independent and objective and reports to the audit and risk committee. The committee reviews the resources and skills of the function on an annual basis to ensure it is adequate to address risk and assurance requirements.</p>	<p>Audit and risk committee report (pages 72 to 73)</p>
<p>CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS</p>		
<p><b>Principle 8.1:</b> The board should appreciate that stakeholders' perceptions affect a company's reputation.</p>	<p>The Group has adopted a stakeholder engagement process, the description of which is in the Integrated Annual Report and is applied across all divisions in the Group's business. Stakeholder engagement results are discussed at board meetings.</p>	<p>Stakeholder engagement (pages 33 to 34)</p>
<p><b>Principle 8.2:</b> The board should delegate to management to proactively deal with stakeholder relationships.</p>	<p>The Group has adopted a stakeholder engagement process, the description of which is in the Integrated Annual Report and is applied across all divisions in the Group's business. Stakeholder engagement results are discussed at board meetings.</p>	<p>Stakeholder engagement (pages 33 to 34)</p>
<p><b>Principle 8.3:</b> The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.</p>	<p>The Group has adopted a stakeholder engagement process, the description of which is in the Integrated Annual Report and is applied across all divisions in the Group's business. Stakeholder engagement results are discussed at board meetings.</p>	<p>Stakeholder engagement (pages 33 to 34)</p>

## King III application summary

*(continued)*

PRINCIPLE	APPLICATION	FURTHER COMMENTS IF APPLICABLE
<p>CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS <i>(continued)</i></p>		
<p><b>Principle 8.4:</b> Companies should ensure the equitable treatment of shareholders.</p>	<p>In compliance with its responsibilities under the Companies Act and the listings requirements of the JSE, the board is cognisant of its duty to ensure that all shareholders are treated equitably.</p>	<p>Stakeholder engagement (pages 33 to 34)</p>
<p><b>Principle 8.5:</b> Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.</p>	<p>The Group provides complete, timely, relevant, accurate, honest and accessible information to its stakeholders whilst having regard to legal and strategic considerations.</p> <p>The degree of transparency and communication is considered with reference to the company stakeholder policies, relevant legal requirements and the maintenance of the Group's competitive advantage.</p>	<p>Stakeholder engagement (pages 33 to 34)</p>
<p><b>Principle 8.6:</b> The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.</p>	<p>The board is apprised on significant disputes by the CEO, CFO and the Group's legal officer. There are policies in place to resolve internal disputes with HR.</p>	<p>Stakeholder engagement (pages 33 to 34)</p>
<p>CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE</p>		
<p><b>Principle 9.1:</b> The board should ensure the integrity of the company's integrated report.</p>	<p>The board, assisted by the audit and risk committee, assumes responsibility for the Integrated Annual Report and ensures that the report fairly represents the performance of the Group and ensures that there are controls in place to enable it to verify and safeguard the integrity of the integrated report. In addition, the audit and risk committee evaluates sustainability disclosures.</p>	<p>Integrated annual report (page 70) Audit and risk committee report (pages 72 to 73)</p>
<p><b>Principle 9.2:</b> Sustainability reporting and disclosure should be integrated with the company's financial reporting.</p>	<p>The Integrated Annual Report includes the Group's summary of financial statements and commentary that allows the reader to contextualise the financial results by providing sufficient information on the key issues affecting the Group, its stakeholders and the community it operates in.</p>	<p>Sustainability reporting and disclosure have been integrated with the Group's financial reporting</p>
<p><b>Principle 9.3:</b> Sustainability reporting and disclosure should be independently assured.</p>	<p>The Group is refining its internal processes, thus the Group nominated a "C" application level for the Global Reporting Initiative reporting framework, although the Group has selected broad-based black economic empowerment for verification by an accredited specialists.</p>	<p>Sustainability report (page 32)</p>

## VALUE GROUP LIMITED

Incorporated in the Republic of South Africa  
Registration number 1997/002203/06  
ISIN code ZAE000016507  
Share code VLE  
49 Brewery Road  
Isando, 1600  
PO Box 778  
Isando, 1600

## SPONSOR

Investec Bank Limited  
Registration number 1969/004763/06  
100 Grayston Drive  
Corner Rivonia Road  
Sandown, Sandton, 2196  
PO Box 785700  
Sandton, 2146

## AUDITORS

Baker Tilly SVG  
3rd Floor  
3 Melrose Boulevard  
Melrose Arch, 2076  
PO Box 355  
Melrose Arch, 2076

## CENTRAL SECURITIES DEPOSITORY PARTICIPANT

Computershare Limited  
Registration number 2000/006082/06  
70 Marshall Street  
Johannesburg, 2001  
PO Box 62053  
Marshalltown, 2107

## TRANSFER SECRETARY

Computershare Investor Services (Pty) Ltd  
Registration number 2004/003647/07  
70 Marshall Street  
Johannesburg, 2001  
PO Box 61051  
Marshalltown, 2107

## SECRETARY AND REGISTERED OFFICE

iThemba Governance and Statutory Solutions (Pty) Ltd  
Monument Office Park  
Block 5, Suite 102  
79 Steenbok Avenue  
Monument Park, 0105  
PO Box 25160  
Monument Park, 0105

The integrated annual report has been prepared under the supervision of Mr CL Sack CA(SA), the Group's financial director.

The consolidated and separate financial statements set out on pages 75 to 126 have been audited by Baker Tilly SVG in compliance with the Companies Act 71 of 2008.

For questions regarding this integrated annual report, contact the Group reporting officer, Mr T Fattes (011) 570 2281, themif@value.co.za

Date published: 25 July 2013.



[www.value.co.za](http://www.value.co.za)