

## CORPORATE GOVERNANCE

DRD believes that corporate governance is about how we exercise best business practice throughout our organisation. It is the means by which we enhance our organisational performance and deliver value to shareholders and stakeholders alike. The systems that we have put in place serve to enhance transparency and accountability by providing checks and balances throughout our organisational structure.

We are committed to high standards of corporate governance throughout the group and we support the principles as laid down in the King Report II, namely fairness, accountability, responsibility and transparency.

### Board of directors

The board of directors comprises three executive, five non-executive directors and one alternate director, whose details are set out on the inside back cover of this report.

The board recognises its responsibility to retain full and effective control over the Company. The board meets regularly on a quarterly basis with additional meetings being arranged when necessary to establish, review and implement strategy and also to review operational and financial performance.

The board further authorises acquisitions, disposals, major capital expenditure, stakeholder communication and other material matters reserved for its consideration in terms of its Terms of Reference. The board approves the annual budgets for the various operational units.

The roles of chairman and chief executive officer currently vest in the same person but a reputable recruitment agency has been requested to assist in the appointment of a suitably qualified and experienced non-executive chairman who will be appointed in the forthcoming year.

The board reviews practices for the monitoring of executive management and ensuring that decisions on material matters are in the hands of the board. The board

approves all terms of references for the various sub-committees of the board, including special committees tasked to deal with specific issues.

All directors are subject to retirement by rotation and re-election by shareholders in accordance with the Company's Articles of Association. In addition, all directors are subject to re-election by shareholders at the first annual general meeting following their appointment. The board as a whole approves the appointment of new directors.

The current board of directors is categorised as follows:

Executive directors, being individuals involved in the day-to-day management of the Company:

Mark Wellesley-Wood (Chairman)  
Frik Coetzee (Chief Operations Officer)  
Ian Murray (Chief Financial Officer)  
Independent non-executive directors, being individuals not involved in the day-to-day management of the Company and who are not a full-time salaried employee:

David Baker  
Geoff Campbell  
Nick Goodwin  
Rob Hume  
Paseka Ncholo  
Charles Valkin

The board has met on ten separate occasions during the financial year. The board schedules to meet at least four times per annum.

### 2001

	17 July	17 Aug*	18 Sept*	10 Oct	10 Oct*	13 Dec*
<b>Executive directors</b>						
MM Wellesley-Wood						
F Weideman						
VO Hoops						
IL Murray						
<b>Non-executive directors</b>						
RAR Kebble						
G Fischer						
N Goodwin						
F Lips			-	-	-	-
LG Njenje						
RP Hume						-

### 2002

	22 Jan	5 March*	20 March*	23 April
<b>Executive directors</b>				
MM Wellesley-Wood			☛	
FH Coetzee			☛	
IL Murray				-
F Weideman				
<b>Non-executive directors</b>				
DC Baker			☛	☛
G Fischer				-
N Goodwin				
RP Hume			☛	
RAR Kebble				
LG Njenje				
GC Campbell				
MP Ncholo				

\* Special board meetings ☛ By telephone

## **CORPORATE GOVERNANCE**

### **Company secretary and professional advice**

The Company secretary is appointed in terms of Section 268 of the Companies Amendment Act 1999 (No 37 of 1999). All directors have access to the advice and services of the Company secretary, who reports to the chairman of the board. The secretary is responsible to the board for ensuring compliance with procedures and regulations of a statutory nature. Directors are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense, should they believe that course of action would be in the best interests of the Company.

### **Stakeholder communication**

The board strives to present a balanced and understandable assessment of the Company's position, addressing material matters of significant interest and concern to stakeholders.

International media, analyst and investor briefings are held when the Company's results are announced at quarterly intervals. The Company has a website containing up-to-date information and a monthly newsletter, distributed to a database of interested stakeholders, is published.

Shareholders and members of investment communities around the world may direct their comments and questions on issues concerning the Company to the Company secretary, whose contact details appear on the inside back cover.

### **Ethics**

Every employee, from the category of shift boss and higher, has signed an undertaking to act according to the highest possible ethical standards. Employees undertook not to accept any gifts, hospitality or other favours, regardless of value, which might or could be perceived to influence their judgement in relation to

business transactions, such as the placing of orders and contracts. The Company deals strongly with individuals or entities not demonstrating the same level of commitment to the Company's integrity.

The Company has implemented an authorities framework for all operations, eliminating all informal decision making processes which created opportunities for misunderstanding and previously exposed the Company to risks. The authorities framework is an integral element of corporate governance and is intended to facilitate effective decision making by ensuring that responsibility is clearly indicated, that the appropriate persons have proper authority and by ensuring consistency of approach.

### **Restrictions on share dealings**

The Company operates a "closed period" prior to the publication of its quarterly results during which period directors and officers of the Company may not deal in the shares of the Company. Where appropriate, this "closed period" is also extended to include other "sensitive" periods.

Directors are required to disclose their and their concert parties' dealings in the Company's shares to the company secretary, in line with regulatory and governance requirements.

### **Executive committee**

The executive committee reviews current operations in detail, develops strategy and policy proposals for consideration by the board and implements its directives.

The executive committee comprises:

MM Wellesley-Wood (Chairman), W Beer, FH Coetzee, J Engels, IL Murray, DSD van den Bergh and MA Eloff (Secretary).

The executive committee meets regularly on a weekly basis and where members are not able to attend a meeting personally,

telephonic facilities are made available to include them in relevant proceedings and permit participation in decisions and conclusions reached.

### **Remuneration committee**

The remuneration committee approves all remuneration policies of the Company as well as the terms of employment of executive directors and officers. Items considered by the committee include salaries, performance-based incentives and other benefits. The committee further considers and approves the eligibility and performance measures of the Employee Share Option Scheme applicable to directors and senior management. The committee meets when required.

The remuneration committee comprises:

N Goodwin (Chairman); GC Campbell.

### **Audit committee**

To assist the board in discharging its responsibilities to maintain financial controls, the audit committee meets quarterly with the external audit partner, the Company's independent internal audit practitioner and the chief financial officer to review the audit plans of the internal and external auditors, to ascertain the extent to which the scope of the audit can be relied upon to detect weaknesses in internal controls and to review the annual financial statements prior to approval by the board. A dedicated risk manager has been appointed to address enterprise risk and he assists the audit committee in reviewing hedging, health and safety, environmental and insurance matters.

The Company's independent internal auditor and the external audit partner have unrestricted access to the chairman of the audit committee. All important findings arising from audit procedures are brought to the attention of the committee, and, if necessary, to the board.



**responsibility** IS CLEARLY INDICATED,  
THAT THE APPROPRIATE PERSONS HAVE PROPER AUTHORITY AND  
BY ENSURING CONSISTENCY OF APPROACH

The audit committee comprises:  
RP Hume (Chairman); N Goodwin.

#### **Internal audit function**

The internal audit function is contracted out and is designed to respond to management's requirements, while maintaining an appropriate degree of independence to render impartial and unbiased judgements in performing its service. The internal audit practitioner reports at every audit committee meeting.

#### **Annual financial statements**

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and to prepare annual financial statements which fairly represent the state of affairs of the Company at the end of the financial year, and the results of operations and cash flows for the year, in conformity with South African Statements of Generally Accepted Accounting Practice.

As part of its listing on the NASDAQ SmallCap Market, the Company prepares a set of financial statements in accordance with US Generally Accepted Accounting Principles which is incorporated in the

comprehensive annual report, Form 20-F, for filing with the United States Securities and Exchange Commission.

This report will be available from the Bank of New York to holders of the Company's securities listed in the form of American Depositary Shares on the NASDAQ SmallCap Market.

#### **Worker participation**

The Company employs a variety of participating structures on issues that affect employees directly and materially and that are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflicts. These structures embrace goals relating to productivity, career security and identification with the Company. An affirmative action programme forms part of the Company's training and business plan.