

## CORPORATE GOVERNANCE

### ► INTRODUCTION

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

We are committed to high standards of corporate governance throughout DRDGOLD. We support the principles as set out in the King II Report and except where otherwise stated, DRDGOLD's practices and policies remained in compliance with these principles for the entire year under review.

DRDGOLD is registered with the Securities and Exchange Commission (SEC) in the United States of America and its ordinary shares are quoted on the NASDAQ SmallCap Market in the form of an American Depository Shares (ADR) Programme, administered by the Bank of New York. Accordingly, DRDGOLD is bound by the Sarbanes-Oxley Act of 2002 and is instituting the policies and procedures for implementing the requirements of that Act.

DRDGOLD's shares are also quoted on the London Stock Exchange and as such DRDGOLD must comply with the Combined Code as provided by the listing Rules of the United Kingdom Listing Authority. Furthermore, DRDGOLD's shares are quoted on the JSE Limited, which is its primary listing, the Port Moresby Stock Exchange and the Australian Stock Exchange and DRDGOLD must comply with the Listing Rules of these exchanges.

Further re-inforcing its resolve to continue pursuing a policy of global best practice in business management and corporate governance, DRDGOLD

achieved the following milestones during the year under review:

- The appointment of Dr Paseka Ncholo as a Non-Executive Chairman and Mr Wellesley-Wood as Chief Executive Officer (CEO).
- The adoption of the Remuneration Policy.

### ► THE BOARD OF DIRECTORS

The Board of Directors currently comprises two Executive Directors and five Non-Executive Directors. All the Non-Executive Directors are independent, with the exception of Dr Ncholo and Mr J Turk. The Directors are identified on page 6 of this report.

In accordance with the King II Report on corporate governance, as encompassed in the JSE Listings Requirements, and in accordance with the Combined Code, the chairmanship of the Board was separated from the executive. On 17 February 2005, Dr Ncholo was appointed as Non-Executive Chairman and Mr Wellesley-Wood resumed his previous role of Chief Executive Officer, held by Mr Ian Murray who relinquished his position as Chief Financial Officer to Mr Doug Campbell on 17 January 2005. Mr Murray was re-instated as Chief Financial Officer on 8 March 2005 following the resignation of Mr Campbell. Mr Anton Lubbe, Divisional Director: Growth and Technical Services and an alternate director resigned on 23 March 2005. The Remuneration Committee's Terms of Reference were amended so that it can also act as the Nominations Committee. On 24 August 2005, the Board resolved to rename the current committee and call it the Remuneration and Nominations Committee in order to recognise the additional duties of this committee. The Committee makes recommendations to the Board on the appointment of new directors. It identifies and nominates candidates for the approval of the Board as and when Board vacancies arise. It must also put in place plans for succession in particular for the Chairman, Chief

Executive Officer and Chief Financial Officer.

A prospective candidate would be invited to attend a meeting and be interviewed before any decision is taken.

All of the Directors bring to the Board a wide range of expertise as well as significant financial, commercial and technical experience and, in the case of the Non-Executive Directors, independent perspectives and judgement.

During the year under review an external facilitator evaluated the Board and found that all of the Directors were effective. The Directors resolved that the Board will be evaluated on an annual basis.

The Board is responsible for setting the direction of DRDGOLD through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting on the basis of agreed performance criteria and defined, written delegations to management for the detailed planning and implementation of such objectives and policies.

The Board retains full and effective control over DRDGOLD, meeting on a quarterly basis with additional ad hoc meetings being arranged when necessary, to review strategy and planning and operational and financial performance. The Board further authorises acquisitions and disposals, major capital expenditure, stakeholder communication and other material matters reserved for its consideration and decision in terms of its terms of reference. The Board also approves the annual budgets for the various operational units.

The Board is responsible for monitoring the activities of executive management within DRDGOLD and ensuring that decisions on material matters are considered by the Board.

*“We are committed to high standards of corporate governance throughout the Group”*

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

While the Executive Directors are involved with the day-to-day management of DRDGOLD, the Non-Executive Directors are not, nor are they full-time salaried employees.

The Directors have a responsibility to become acquainted with all of their duties, as well as with the issues pertaining to the operations and business of DRDGOLD. The Board operates in a field which is technically complex and the Directors are continuously exposed to information which enables them to fulfil their duties. To assist new Directors, an induction programme has been established by DRDGOLD, which includes background materials, meetings with senior management, presentations by DRDGOLD's advisors and site visits.

The Directors are assessed annually, both individually and as a Board, as part of an evaluation process, which is driven by an independent consultant. In addition, the Remuneration and Nominations Committee formally evaluates Executive Directors and the Alternate Directors on an annual basis, based on objective criteria. All Directors, in accordance with DRDGOLD's Articles of Association, are subject to retirement by rotation and re-election by shareholders. In addition, all Directors are subject to re-election by shareholders at the first Annual General Meeting following their appointment. The appointment of new directors is approved by the Board as a whole. The names of the Directors submitted for re-election are accompanied by sufficient biographical details in the notice of the forthcoming Annual General Meeting to enable shareholders to make an informed decision in respect of their re-election.

All Directors have access to the advice and services of the Company Secretary,

who 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 DRDGOLD at the Group's expense, should they believe that course of action would be in the best interests of DRDGOLD.

The independence of the Non-Executive Directors (except for Dr Ncholo and Mr Turk) complies with the relevant definitions and requirements of the various listing authorities mentioned above. The majority of the Non-Executive Directors have options in terms of DRDGOLD's Share Option Scheme, but DRDGOLD does not believe that this interferes with their independence. Particulars regarding Directors' remuneration and Share Options, as well as their interest in the issued ordinary share capital of DRDGOLD, are set out in full on pages 55 to 62 of this report. DRD (Isle of Man) Limited has established a Board of Directors. This Board comprises three Non-Executive Directors, Mr Gisborne (Mr Cowleard as his alternate), Mr Matthews and Mr Campbell. Mr Wellesley-Wood is the Executive Chairman, with Mr Murray as his alternate.

#### ► BOARD MEETINGS AND RESOLUTIONS

Board meetings are held quarterly in South Africa or internationally. The structure and timing of DRDGOLD's board meetings, which are scheduled over two or three days, allows adequate time for the Non-Executive Directors to interact without the presence of the Executive Directors.

An agenda and supporting papers are distributed to all Directors prior to each board meeting. Appropriate explanations and motivations are provided for items of business requiring resolution at the meeting. This ensures that relevant facts and circumstances are brought to the attention of Directors. In terms of good governance, the Directors can

conduct unrestricted inspections of all Company property, information and records.

In addition to the quarterly board meetings, there is provision in the Company's Articles of Association for decisions to be taken between meetings by way of Directors' written resolutions. These resolutions are circulated to the Directors in a round robin fashion, supported by full motivations and explanations, and the directors are afforded five days to apply their minds to the matter at hand before they approve the resolution.

#### ► BOARD COMMITTEES

The Board has established a number of standing committees to enable it to properly discharge its duties and responsibilities and to effectively fulfil its decision-making process. Each committee acts within written terms of reference which have been approved by the Board and under which specific functions of the Board are delegated. Each committee has defined purposes, membership requirements, duties and reporting procedures. Minutes of the meetings of these committees are circulated to the members of the committees and made available to the Board. Remuneration for Non-Executive Directors for their services on the committees concerned is determined by the Board. Currently in the case of each committee this comprises: Chairman US\$4 000 per annum; members US\$2 000 per annum. The committees are subject to regular evaluation by the Board with respect to performance and effectiveness.

Details of attendance by Directors at the Board meetings held during the 2005 financial year are set out on page 46.

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### ▶ DETAILS OF ATTENDANCE BY DIRECTORS AT THE BOARD MEETINGS HELD DURING THE 2005 FINANCIAL YEAR

		3 Aug 2004	21 Oct 2004	22 Oct 2004	12 Feb 2005	15 Mar 2005	23 Mar 2005	14 Apr 2005	22 Jun 2005
M M Wellesley-Wood	Chief Executive Officer	√	√	√	√	√	√	√	√
I L Murray	Chief Financial Officer	√	√	√	√	√	√	√	√
M P Ncholo	Non-executive Chairman	A	A	A	√	√	√	√	√
D C Baker	Independent Non-Executive <sup>(1)</sup>	√	√	√	N/A	N/A	N/A	N/A	N/A
G C Campbell	Senior Independent Non-Executive	√	√	√	√	√	√	√	√
D J M Blackmur	Independent Non-Executive	√	√	√	√	√	A	√	√
R P Hume	Independent Non-Executive	√	√	√	√	√	A	√	√
J Turk	Non-Executive <sup>(2)</sup>	N/A	N/A	N/A	√	√	√	√	√
A Lubbe	Alternate <sup>(3)</sup>	√	A	√	A	A	N/A	N/A	N/A
D van der Mescht	Alternate <sup>(4)</sup>	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

All meetings were held in Johannesburg, with the exception of the October 2004 board meeting, which was held in Brisbane and the February 2005 board meeting which was held in Cape Town.

A Apologies

N/A Not applicable

√ Includes attendance through teleconference or videoconference facilities

<sup>(1)</sup> Retired 27 October 2004

<sup>(2)</sup> Appointed on 27 October 2004

<sup>(3)</sup> Resigned on 23 March 2005

<sup>(4)</sup> Resigned on 5 August 2004

The following information reflects the composition and activities of these committees:

#### ▶ 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 Committee meets on a weekly basis and when members are not able to attend personally, telephonic facilities are made available to include them in relevant proceedings and to permit participation in decisions and conclusions reached. The Committee currently comprises: WT Beer; ID Graulich; R Johnson; WA Labuschagne; L Lamsley; M Marriott; IL Murray; DJ Pretorius; MM Wellesley-Wood; AN Weir; JH Dissel. The Committee is chaired by Mr Wellesley-Wood or Mr IL Murray in his absence.

#### ▶ Audit and Risk Committee

On 11 February 2005, the Audit and Risk Committees were merged into one committee (the Audit / Risk Committee) made up of the Audit and Risk sections. The two sections sit together one after the other (chaired by their respective Chairmen) and engage in joint deliberations. The Audit section is chaired by Mr RP Hume and the Risk section is chaired by Professor DJM Blackmur. The reason for the merger is that there was a great deal of overlap between the financial risks discussed at Audit Committee level and at Risk Committee level. The merger brings about better disclosure and aligns DRDGOLD better within the US Sarbanes-Oxley Act of 2002 process. For the sake of convenience the Audit Section of the Committee will be referred to as the Audit Committee and the Risk Section as Risk Committee in this part of the report.

#### ▶ Audit Committee

RP Hume (Chairman); DC Baker (retired on 27 October 2004); GC Campbell; DJM Blackmur.

The Audit Committee comprises solely of Non-Executive Directors, all of whom are independent. The primary responsibilities of the Audit Committee, as set out in the Audit Committee Charter, are to assist the Board in carrying out its duties relating to selection and application of accounting policies, internal financial controls, financial reporting practices, identification of exposure to significant financial risks and the preparation of accurate financial reporting and financial statements in compliance with all applicable legal requirements and accounting standards.

The Audit Committee meets quarterly with the external auditors, the Company's Internal Audit and Compliance Manager and the Chief

Financial Officer. The Committee reviews the audit plans of the internal auditors to ascertain the extent to which the scope of the audit can be relied upon to detect weakness in the internal controls and reviews the annual and interim financial statements prior to approval by the Board.

The Committee is directly responsible for the appointment, re-appointment and removal of the external auditors as well as the remuneration and terms of engagement of the external auditors. The Committee pre-approves all services provided by the external auditors and has implemented a policy regarding the provision of non-audit services by external auditors, and pre-approval thereof. DRDGOLD's external audit function is currently being undertaken by KPMG Inc.

DRDGOLD's internal audit function is co-sourced among in-house staff, Pro Optima Audit Services (Pty) Ltd, and Ernst & Young. Internal audits are performed at all of DRDGOLD's operating units and are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal control and corporate governance processes. Significant deficiencies, material weaknesses, instances of non-compliance, high risk exposure and development needs are brought to the attention of operational management for resolution. The Committee members have access to all records of the internal audit team.

DRDGOLD's internal and external auditors have unrestricted access to the Chairman of the Audit Committee and, where deemed necessary, to the Chairman of the Board and Chief Executive Officer. All significant findings arising from audit procedures are brought to the attention of the Committee and, if deemed necessary, to the Board.

DRDGOLD's reporting requirements necessary to ensure compliance with the United States of America's

Sarbanes-Oxley Act of 2002 are in the process of being implemented. A dedicated Disclosure Committee, which reports to the Audit Committee and then to the Board, has been appointed to monitor the progress of this project. During the third quarter, the Securities and Exchange Commission (SEC) granted a one-year extension on the reporting deadline for Section 404 of the Sarbanes-Oxley Act of 2002, deferring DRDGOLD's deadline to 30 June 2007.

In terms of the NASDAQ Corporate Governance standards, which were approved by the SEC in November 2003, the Company must disclose in the Form 20-F whether any member of its Audit Committee is a financial expert as defined and, if not, the reasons why not. It must be noted that no member of the Audit Committee currently has United States Generally Accepted Accounting Principles (US GAAP) experience and as such the Group is not compliant with this requirement. We have retained the services of the US-based firm of Jefferson Wells to assist management on all matters relating to US GAAP for which we require additional expertise.

#### ► Risk Committee

DJM Blackmur (Chairman); DC Baker (retired on 27 October 2004); MM Wellesley-Wood; J Turk.

The Risk Committee was established during January 2004 and comprises two Non-Executive Directors and one Executive Director, with a Non-Executive Chairman. Its overall objective is to assist the main Board in the discharge of its duties relating to risk management and control responsibilities, assurance issues, health, safety and environmental compliance, and the monitoring and reporting of all these matters. The quality, integrity and reliability of the Group's risk management are delegated to the Risk Committee by the Board of Directors. The Risk Committee facilitates communication between the main Board, the Audit Committee,

internal auditors and other parties engaged in risk management activities.

The Risk Committee ensures that:

- an effective risk management programme is implemented and maintained;
- risk management awareness is promoted amongst all employees;
- risk programmes (financing/insurance) adequately protect the Company against catastrophic risks;
- regular risk assessments are conducted;
- the total cost of risk in the long term is reduced;
- the protection of DRDGOLD's assets is promoted throughout the group;
- the health, safety and well being of all stakeholders is improved; and
- DRDGOLD's activities are carried out in such a way so as to ensure the safety and health of employees.

The Risk Committee meets quarterly and reports back to the Board. Additional ad hoc meetings may be arranged as and when required. Certain members of executive management are invited to attend Risk Committee meetings on a regular basis, such as the Chief Financial Officer, the Group Risk Manager, the Group Financial Manager, the Operational Managers, the Group Legal Counsel, the manager responsible for safety, health and environment and the Chief Administration Officer.

DRDGOLD has embarked on a risk management initiative directed by the Risk Committee through which the Board has discharged its responsibility for risk management. The initiative is co-ordinated by a dedicated Group Risk Manager. Following the release of the

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King II Report, containing minimum practices to be adopted, DRDGOLD has formulated a Risk Corporate Governance structure, which has been approved by the Board.

The system to manage risk involves all significant business and operational risks which could undermine the achievement of business objectives and undermine the preservation of shareholder values. The significant risks facing DRDGOLD, including those at an operational level, have been identified. Persons have been appointed to each risk and the product of their work to improve controls is reviewed by senior management through regular risk meetings. The aim of the internal control systems is for management to provide reasonable assurance that the objectives will be met.

DRDGOLD has identified certain major risk areas, which form the basis of the risk reviews. These areas are listed below:

- ▶ market risk such as gold price and exchange differences;
- ▶ operating risks such as flooding, fires, seismicity and operating cost;
- ▶ environmental risks;
- ▶ legal and regulatory risks; and
- ▶ country risk (political).

In addition to the above initiatives, DRDGOLD also employs third party consultants to benchmark its operations against other mining operations throughout South Africa and more than 300 different mining companies worldwide.

An important aspect of risk management is the transfer of risk to third parties to protect DRDGOLD from any major disaster. Therefore, DRDGOLD's major assets and potential business interruption and liability claims are covered by the group insurance policy that encompasses all operations on a world-wide scale.

The majority of the cover is through insurance companies operating in the London and European insurance and reinsurance market and the insurance programmes are renewed on an annual basis. The cost of insurance for DRDGOLD has been reduced by more than 30% year-on-year which is to a large extent attributable to the various risk initiatives undertaken in the Group based on the recommendations from the annual risk survey conducted on the operations.

### ▶ ANNUAL FINANCIAL STATEMENTS

The Directors are required by the South African Company's Act, 1973, to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly present the state of affairs of the Group at the end of the financial year, and the results of its operations and cash flows for the year, in conformity with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and the Companies Act in South Africa. The Directors are of the opinion that these financial statements, contained on pages 55 to 105 of this report, fairly present the consolidated financial position of the Group as at 30 June 2005, and the results of its operations and the cash flow information of the Group for the year then ended.

In terms of the JSE Listings Requirements full compliance with International Financial Reporting Standards (IFRS) is required for financial years beginning on or after 1 January 2005. As a consequence DRDGOLD is required to produce full IFRS compliant financial statements for the year ending 30 June 2006, including restated comparative information and an opening balance sheet for the year ending 30 June 2005.

To this end DRDGOLD is initiating an IFRS conversion project that will have three stages:

- ▶ Phase 1 will be a preliminary study to identify the principal activities that will be impacted by IFRS. This will include an assessment of their likely impact on DRDGOLD's financial statements together with perceived complexity of implementation.
- ▶ Phase 2 will consist of detailed component evaluations, gap analysis and the completion of the initial conversion to IFRS.
- ▶ Phase 3 will involve the embedding process and infrastructure changes required to report IFRS on a sustainable basis.

Appropriate structures are being put in place to provide project sponsorship, strategic guidance and technical support. The project itself is accountable to the Audit Committee and DRDGOLD's external auditors will be apprised of developments in every phase of the project.

The Directors have reviewed DRDGOLD's business plan and cash flow forecast for the year to 30 June 2006. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Directors are satisfied that DRDGOLD is a going concern and has adequate resources available to ensure its continued operational existence.

To comply with requirements for reporting by non-US companies registered with the SEC, DRDGOLD prepares annual financial statements (Form 20-F) in accordance with US GAAP. This report will be available from the Bank of New York and on the worldwide web at [www.sec.gov](http://www.sec.gov) to holders of DRDGOLD's securities listed in the form of American Depository Receipts on the NASDAQ Small Cap Market.

- ▶ REMUNERATION AND NOMINATIONS COMMITTEE  
GC Campbell (Chairman);  
DJM Blackmur.

The Remuneration and Nominations Committee, which comprises exclusively independent Non-Executive Directors, is primarily responsible for approving the remuneration policies of DRDGOLD and the terms and conditions of employment of Executive Directors and officers. Items considered by the Committee include salaries, performance-based incentives and the eligibility and performance measures of the DRDGOLD (1996) Share Option Scheme applicable to Directors and senior management.

The Committee's objective is to evaluate and recommend to the Board competitive packages which will attract and retain executives of the highest calibre and encourage and reward superior performance. The Committee also aims to ensure that criteria are in place to measure individual performance. The Committee approves the performance-based bonuses of the Executive Directors based on such criteria. The Company's General Manager: Human Resources provides the Committee with access to comparative industry surveys, which assist in formulating remuneration policies. As and when required the Committee may also engage the services of independent consultants to evaluate and review remuneration policies and related issues.

The Committee meets quarterly, but may meet more often on an ad hoc basis if required. The Committee may from time to time call for independent consultants to brief members on pertinent issues.

During 2002, DRDGOLD engaged the services of Deloitte and Touche Human Capital to assist in the drafting of a remuneration policy. This policy was approved by the Board on the 21 October 2004. The policy can be described as being based on a reward system comprising four principal elements:

- ▶ basic remuneration, as benchmarked against industry norms;

- ▶ bonuses or incentives, which are measured against agreed outcomes or KPIs, and are usually linked to the annual budget of the Group;
- ▶ short-term rewards, which can be described as "soft" rewards for exceptional performance (like the granting of travel vouchers); and
- ▶ long-term retention, which is the rationale underlying the share option scheme and share scheme for senior managers which is linked to criticality of skill and strategic value.

These four elements interact in a matrix, which aims to reward all employees for their efforts and provides a transparent framework which is reviewed and approved by the Remuneration and Nominations Committee.

#### ▶ REMUNERATION REPORT

##### ▶ Executive Directors' remuneration

The remuneration of the Executive Directors comprises a basic salary, a semi-annual performance bonus, participation in the share option or share scheme and other optional benefits. The total Executive Directors' remuneration for the year-ended 30 June 2005 was R12.1 million (for the year-ended 30 June 2004 it was R8.7 million). Full details are provided in a table on page 57 of this report.

**Basic salary:** Each Executive Director receives a basic salary as recommended by the Remuneration and Nominations Committee in accordance with the remuneration policy. All salaries are reviewed annually, with the salaries of Executive Directors being benchmarked to external market surveys.

##### **Semi-annual performance bonus:**

Executive Directors' service contracts provide that the Executive shall be eligible for a discretionary bonus based on agreed KPIs. This bonus is approved by the Remuneration and Nominations Committee.

##### **Share Option or Scheme:**

At its Annual General Meeting of the

26th November 2004 DRDGOLD changed the option scheme name to DRDGOLD (1996) Share Option Scheme. The current share option scheme is available to Directors and certain employees. An option is awarded on the basis of the critical nature and scarcity of an employee's particular skills and knowledge, as well as the strategic value of his or her position to the company during the review period. Options awarded to an individual employee (which definition includes Executive and Non-Executive Directors and other eligible employees) are subject to a cumulative upper limit of 2% of the company's issued share capital. Details of options held by Directors are contained in a table on page 59 of this report.

**Other benefits:** All Directors are members of the Group Life Scheme. All Directors are reimbursed for reasonable business expenses they incur.

##### ▶ Non-Executive Directors' remuneration

The fees paid to Non-Executive Directors are determined by the Board as a whole and are reviewed as and when necessary. The current fees payable, effective 1 February 2004, are as follows:

- ▶ A basic fee of US\$20 000 per annum; Sub committee fees of US\$2 000 per annum for each subcommittee of which the Non-Executive Director is a member; and
- ▶ US\$4 000 per annum for each subcommittee which the Non-Executive Director chairs.

Details of Non-Executive Directors' remuneration can be found on page 57. Non-Executive Directors have also been granted share options over DRDGOLD's ordinary shares, details of which are shown on page 59.

##### ▶ Directors' service contracts

Service contracts have been concluded with the Executive as well as the Non-Executive Directors. Details of the service contracts are set out in the table on page 56.

## CORPORATE GOVERNANCE

### ► CODE OF ETHICS

The following highlights aspects of the Group's Code of Ethics, a complete copy of which will be made available on request or can be accessed on the Company's website at [www.drdgold.com](http://www.drdgold.com).

Any contravention of this Code is regarded as a serious matter.

### ► Compliance with laws and regulations

Directors, officers and employees must comply with all laws and regulations that are applicable to their activities on behalf of the Group.

### ► The Company and its employees

The Group acknowledges that all employees have a right to work in a safe and healthy environment. All employees are entitled to fair employment practices and have a right to a working environment free from discrimination and harassment.

### ► The Group and the community

The Group recognises that we all share a very real responsibility to contribute to the local communities and the Group encourages employees to participate in, amongst others, religious, charitable, educational and civic activities, provided that such participation does not make undue demands on their work time or create a conflict of interest.

### ► Conflict of interest

The Group expects employees to perform their duties in accordance with the best interest of the Group and not to use their positions or knowledge gained through their employment with the Group for their private or personal advantage.

### ► Outside employment and directorship

Employees may not take up outside employment or hold outside directorships without prior approval

of management. Directors who hold outside directorships must disclose same at the quarterly Board meetings.

### ► Relationships with clients, customers and suppliers

Employees should ensure that they are independent of any business organisation having a contractual relationship with the Group or providing goods or services to the Group.

### ► Gifts, hospitality and favours

An employee should neither accept nor solicit any non-minor gifts, hospitalities or other favours from suppliers of goods or services.

### ► Personal investments in shares and share dealings

While Directors and employees are encouraged to invest in and own shares in the Group, such investment decisions must not contravene the conflict of interest provisions of this Code, any applicable legislation, or any policies and procedures established by the various operating areas of the Group, and must not be based on material non-public information acquired by reason of an employee's connection with the Group.

### ► Confidential information and external communication

Directors and employees are expected to treat all information pertaining to the Group, which is not in the public domain, in the strictest confidence and may not divulge such information to any third party without permission, even after the termination of their services with the Group.

The Group strives to achieve timely and effective communications with all parties with whom it conducts business, as well as governmental authorities and the public. No sensitive communication may be made to the media or

investment community other than by DRDGOLD's General Manager: Investor Relations or the appointed Investor/Public Relations Consultants. All other communications to the media or investment community must be made within the ambit of the Group's announcements framework.

### ► STAKEHOLDER COMMUNICATION

DRDGOLD gives substance to its commitment to transparency through implementation of an integrated and sustained programme of communication directed at its various stakeholders. This programme takes full cognisance of all of the obligations placed on the Group by its various listings and the regulatory environments in which it operates. The Group's communication activities with its shareholders is premised on a clear understanding of shareholders' desire to maximise returns on their investment in the Group and that, in order to be able to do this, they and/or their investment advisors require equitable, timeous access to operating, financial and other information.

Information defined or deemed to be influential on DRDGOLD's share price is released to international markets in the first instance via the news dissemination mechanisms of the various stock exchanges on which it is listed, and as soon as possible thereafter to all addressees on the Group's extensive electronic database. These addressees include shareholders, fund managers, analysts and media representatives internationally. All information is also available on the website.

Information relating to DRDGOLD's operating and financial performance is released proactively to the market at least quarterly in the same way, and sometimes more

frequently, as determined by circumstance. Quarterly reporting of the Group results is augmented at half-year and year-end by face-to-face briefings by Group executives in at least two of the markets in which it is listed, and by teleconferences and webcasts. At the end of every other quarter, results commentary is accessible via teleconferences and webcasts.

Between quarters, DRDGOLD's, Chief Executive Officer, Chief Financial Officer and General Manager: Investor Relations travel extensively in the United States, Europe and Australasia, addressing investor and other relevant conferences, and meeting with investors and potential investors in one-on-one and group meetings. From time to time, other senior representatives of the Group are included in these activities.

A primary channel for communication to shareholders and the investing community at large is DRDGOLD's award-winning website. This contains current information on DRDGOLD

and its operations, as well as all announcements and publications, such as the annual report and two-monthly investor bulletins. Interactivity is a primary feature that adds currency to the website and complements the substantial archive. All investor teleconferences are recorded and are available, together with webcasts, on the website for a period of time.

Employees and their elected representatives constitute another important stakeholder constituency for DRDGOLD. While a climate of mature industrial relations ensures that considerable, effective communication is achieved through the collective bargaining process, DRDGOLD is careful to maintain its prerogative, indeed its obligation to communicate directly, regularly and effectively with its employees. A Company-wide workplace briefing system with feedback mechanisms, quarterly results briefings, the website, and employee publications are among the primary media used.

Effective, two-way communication with the communities within which it operates is an area of growing importance to the Group. While much of this communication, increasingly, is required by regulation and statute – and takes the form of formal consultation with interested and affected parties – operational managements have come to recognise the value of community understanding, patronage and support for their actions, and of the role effective communication plays in securing these.

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of DRDGOLD Limited and its subsidiaries. The financial statements presented on pages 55 to 105, have been prepared in accordance with SA GAAP and include amounts based on judgements and estimates made by management.