

our performance continued

Human capital

mabogo dinku a thebana — together we can

Our approach to managing our people

Our approach to human capital management is based on international best practice and encompasses our commitment to upholding the United Nations Declaration of Human Rights and the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work.

Our human capital manager, who reports to the chief executive officer, is responsible for the development of our human capital strategy and its alignment with corporate strategy, employment policies and procedures, and talent management and succession planning requirements.

Our employee value proposition

Our focus is on retaining and attracting employees by ensuring we understand their needs and work preferences.

RBH is committed to rewarding its employees fairly, while ensuring our rewards are linked to performance. We incentivise performance through medium- and long-term incentive structures. We regularly benchmark our remuneration to ensure it is market related. Our reward philosophy is transparent and employees are aware that rewards are linked to performance. Our employees' performance is managed and tracked through bi-annual performance reviews and ongoing informal performance conversations between managers and their team members throughout the year are encouraged.

Diversity

We take into account that our employees are different ages and that they come from different cultural backgrounds when designing the benefits we provide and the culture we would like to create at RBH. The fringe benefits we offer our employees, in addition to the legally mandated benefits, include medical aid, retirement benefits, study assistance and bursaries, as well as group life and disability cover and flexible working hours.

Our employees are the key determinant of our success. Through our ongoing engagement with our employees we share RBH's vision, values and culture and the terms of our Compact with our shareholder.

Key statistics

- During 2016 our number of employees increased by 11% to 29 people (2015: 26)
- 62% of our employees were women
- 93% of our employees were black
- 71% of our senior managers were black
- 100% of our middle managers were black
- 3.4% voluntary turnover of employees in 2016

Training and development

- 48% of our employees received training during 2016
- 58% of those trained were members of our management team, 21% were semiskilled and 21% were unskilled



Employee wellness

RBH recognises that healthy employees are an advantage to our business because it means that our employees are fit to work at their full potential and absences due to sickness are reduced. Our wellness programme, facilitated for RBH by ASI, is aimed at encouraging employees to maintain a healthy lifestyle, enhance their quality of life, reducing absenteeism and increasing productivity and performance. As part of our commitment to the health and wellness of our employees, RBH in partnership with Discovery Health also runs a wellness day annually during which basic health screening and advice on nutrition, etc is provided, as well as guidance on the medical aid plan best suited to an employee's needs.

The 'Class of' programme

RBH runs a graduate programme termed the "Class of" programme. This is a 12-month internship initiative aimed at recruiting and placing graduates who have successfully completed tertiary qualifications across various study disciplines. They are mainly placed in other RBN entities and companies in which we invest. Between 2010 and 2016, of the 131 who participated in the 'Class of' programme, 72 were given permanent positions in the companies in which they completed their internships and others found employment elsewhere, 12 were given fixed term contracts, 24 internship contracts were extended. Only 23 were not placed. In 2016 there were 22 participants in the 'Class of' programme of which 15 were females.

The Thutopele learnership programme

Thutopele means education first. The programme was first launched in September 2014 where matriculants were offered a NQF level 3 Bookkeeping course.

In 2015 the programme continued with the learners being offered a NQF level 5 Association of Accounting Technicians (AAT) qualification. Sixteen learners successfully completed the programme.

The programme was run by Oxbridge Training. We would also like to thank the Royal Bafokeng Institute's engineering school for accommodating the Thutopele learners.

Through these initiatives we are helping build the future of the Bafokeng community.

our performance continued

Human capital continued

Case study



Meet our 'Class of' interns who became RBH employees Mpho and Lethabo, both interns on the 'Class of' programme, were placed with RBH between 2014 and 2016.

Mpho Nethonzhe

When Mpho Nethonzhe completed school the only guidance she had in terms of what career she should choose was the coverage Marketing got in the newspapers she read. That's what guided her to enrol for and complete a National Diploma in Marketing at the Tshwane University of Technology. After working as a peer educator and a retail associate she was accepted onto the 'Class of' programme as a stakeholder relations intern with RBH in 2015. In 2016 she was placed in stakeholder communication in a stakeholder relations role. In 2017 she was offered a permanent position and today she is the sustainability officer responsible for RBH's corporate investment and enterprise and supplier development programmes. Her time at RBH has convinced her that her choice of career is the right one for her.



Lethabo Mogopodi

Lethabo Mogopodi's journey into BCom Accounting was not an easy one. Because he also had no career guidance and had never been exposed to the world of business he was very unsure of what he should study. What also didn't help was that he had been advised to do maths literacy for matric. The 98% he got for maths literacy didn't gain him entrance to a BCom and he was enrolled in a one year bridging programme to study applied maths in business and economics. Having completed his degree he struggled to find his first job, which didn't give him much scope to apply what he had learned.

He was about to enrol with UNISA to study to become a chartered accountant when he was accepted onto the 'Class of' programme as an intern working with the investment team in 2014.

He told us how overwhelming but exciting it was to be given the opportunity to stretch himself and try and do things he had never done before. His experience with the investment team at RBH helped him realise that he had found his niche in investments. In July 2015 he was appointed as Investment Analyst at RBH and he is studying to become a Chartered Financial Analyst.

Post internship

When they were asked about what being interns at RBH had meant to them, both Mpho and Lethabo said that the support and guidance they got from their mentors and the opportunities and encouragement they were given to try new things were the best part of their experience as interns. Today, they both speak excellent English, but they recalled of how hard it was to manage their tertiary studies and the move into corporate speak, when they had little experience of speaking English.

Lethabo spoke of being aware of the responsibility he has as an investment analyst at RBH where the decisions our investment team make can affect the future of the RBN. He is also very honoured to be part of the team that can make a difference for future generations of the RBN.

Mpho loves working with people and is thrilled to be part of the team that ensures that learners receive the career guidance counselling that she lacked, is giving learners the opportunity to improve their maths through its maths programme and is also helping local businesses to grow. Lethabo also participates in the career guidance sessions arranged by RBH. They are both able to share the challenges they faced, help learners make informed choices and be better prepared for the challenges of tertiary education and the world of work.

our performance continued

Intellectual capital



Intellectual capital is defined as organisational knowledge-based intangibles, including intellectual property, tacit knowledge, systems, procedures and protocols. As such our stock of intellectual capital, which underpins and enables everything we do, is difficult to measure.

We have identified the key element of RBH's intellectual capital as being:

- The skills and experience of our investment team and support functions
- Our ability to establish and maintain successful relationships with our stakeholders (refer to page 11 and 64 of this review for details)
- Our ability to adapt to a rapidly changing business environment, reinvent ourselves, achieve cost efficiencies and the courage to make tough decisions
- Strategies, policies, procedures and codes that govern how we do business
- Investment in our people and the community
- Robust and fit for purpose computer systems
- The use of technology and innovation to support the achievement of our strategic objectives.

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Social and relationship capital

The RBNDT spends an estimated R400 to R600 million annually on the social transformation of *Morafe* (community). This expenditure is in line with the nation's priorities, summed up in the Tswana idiom *Bana ba motho ba kgaogana tlhogwana ya tsie* (The little that we have, we have to share among each other).

RBH's primary purpose is to contribute to the funding of the RBN's socio-economic development by delivering sustainable income from and growth of the assets the nation has entrusted to us. We also have a role to play in enhancing the spend of the RBNDT and in unlocking our partners' funding of social transformation.

To this end we have committed to:

Partner	with those entities that are like minded and have a transformative agenda
Maintain	our transformed and long-term investment partner of choice status, adding both strategic and commercial value to our investee companies, partners and the RBN community
Facilitate	the creation of long-term sustainable community upliftment initiatives for the RBN while remaining aligned to the requirements of the BBBEE Codes of Good Practice
Build	brand advocacy through our social and business engagements



Samuel Lebabo, Thapelo Diale and Gordon Sekano, who run our maths programme at Thethe Secondary School

our performance continued

Social and relationship capital continued

Driving our social transformation strategy

Skills development

Positioning youth and graduates for EMPLOYMENT OPPORTUNITIES

Brand and social advocacy

Promoting BRAND OWNERSHIP as a reputation-building element

Economic participation

Facilitating opportunities for JOB CREATION

Empowered entrepreneurs and suppliers

Enhancing ACCESS TO INFORMATION and PLATFORMS to provide better market opportunities

During 2016, we relooked our approach to social transformation and laid the foundations for an integrated approach through targeted investments in:

- education and skills development
- supplier and enterprise development
- preferential procurement.

The three-year social transformation plan we will be implementing between 2017 and 2019 will remain focused on these three areas. To ensure our projects and partnerships are achieving our objectives we will continually monitor and evaluate their effectiveness.

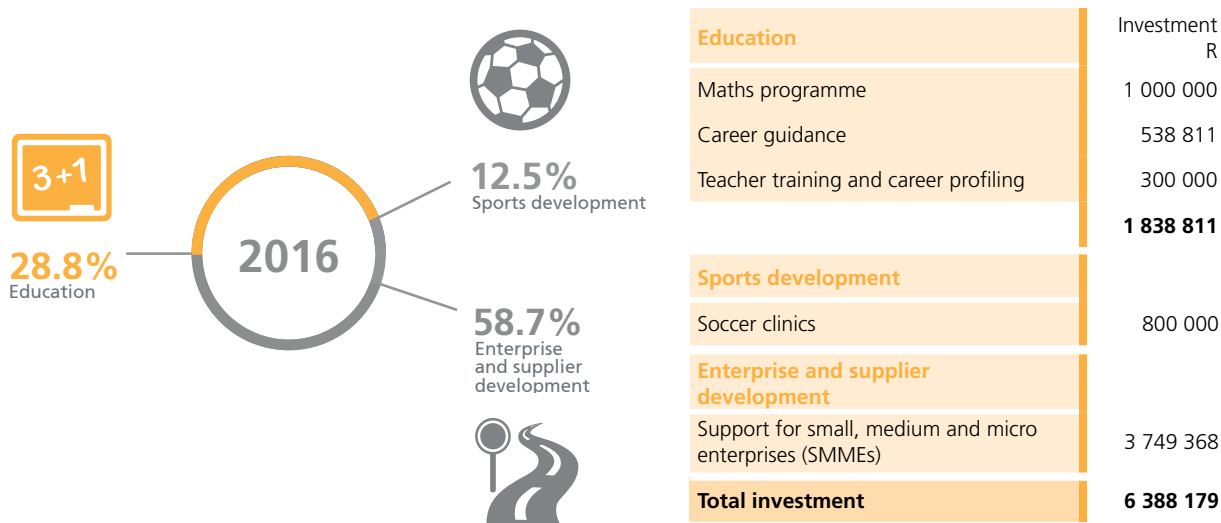
The social investment of the RBNDT and RBH in 2015 – 2016

The allocation of RBNDT's spend of R601 million in 2015*



*These percentages exclude support costs

The allocation of RBH's social investment in 2016



This social contribution:

- 50 • paid the salaries of three maths teachers at Thethe Secondary School (see the case study on page 50 of this section of this review)
- provided career guidance counselling at eight Bafokeng high schools
- provided teacher training and career profiling for 2 677 grade 9-12 learners
- paid for soccer clinics in two Bafokeng villages which involved 100 learners
- supported 423 SMMEs in Phokeng.

52 Our supplier and enterprise development programme is focused on supporting businesses which we can also use to provide RBH with services in future.

Supplier and enterprise development are an integral part of ensuring sustainable transformation and empowerment at grass roots level. To this end RBH invested over R3.7million in impacting and improving small enterprises in Phokeng and our suppliers in Johannesburg.

The purpose of our soccer clinics was to identify children approximately seven years old living in the Bafokeng villages who have the potential to become future Platinum Stars* players with the aim of building their life skills.

43 See page 43 of human capital for information on our internship programme and the case study on page 52 of this section of this review to see how we have been able to utilise the specialist services of an enterprise we supported through our corporate supplier development programme.

*The Platinum Stars soccer team is owned through the RBNDT

our performance continued

Social and relationship capital continued

Case study

Committed to education that empowers



The RBN has always recognised that education and skills development is the key to equipping its people to become self sustaining and independent of the nation's coffers.

RBH is funding an exciting contribution to the RBN's extensive education efforts by supporting a mathematics programme at Thethe Secondary School run by three remarkable young men. Having graduated from the University of the Witwatersrand and the University of Pretoria with degrees in applied mathematics, pure maths and actuarial science, and maths and science education; Thapelo Diale, Samuel Lebabo and Gordon Sekano chose to become teachers instead of opting for far more lucrative careers in the corporate world. They spent time at Lebone II College, a Bafokeng funded private school, learning teaching techniques and then decided they wanted to use these skills to convert one of the public high schools serving the Bafokeng community, where two of them had matriculated, into one of the best performing schools in mathematics.

Despite the many challenges they faced, which included the learners lacking an understanding of grade 8 and 9 maths concepts, difficulty in using their equipment because there was no electricity supply in the classrooms and no working computers, they persevered, found a way to bring electricity to the classrooms, borrowed tablets from the Royal Bafokeng Institute (RBI) and made their own videos of lessons they taught on sections of the syllabus they realised learners were struggling with and distributed these to the smartphones of learners in other schools in the area (see https://youtu.be/LKO7n_pwPyc).



In 2016 Thethe Secondary School's matric maths results were the sixth best out of the 38 schools in the Rustenburg area. In addition to teaching maths to grades 8, 9, 10, 11 and 12 at Thethe High School, the threesome provide aftercare maths lessons, were examiners for the grade 12 common paper in March 2016, have produced a Euclidean geometry book, teach alpha maths to 13th year learners at Lebone II, produce a bi-monthly maths newspaper article (*Segoagoe*) and have produced over 900 teaching videos.

Performance level statistics as below for before and after intervention. maths results (matric)

	Number of learners in 2015 before intervention	Number of learners in 2016 after intervention
90-100	0	1
80-89	0	0
70-79	0	7
60-69	5	4
50-59	5	8

Statistics for maths programme

- 90.9% matric pass rate
- 55% of learners achieved between 50% - 100%
- 8 learners achieved above 70%

The introduction of highly skilled science and maths teachers is also making a difference in Charora High School, another Bafokeng public high school. For more information on the Bafokeng investment in education, the challenges it faces, its past initiatives and how it is reconsidering its role in education, see our website.



As *Kgosi* Leruo Molotlegi said in his State of the RBN address in February 2017: 'We cannot deny that our national education system is failing our students – and in this case, taking leadership means that we have to take decisive action'.



our performance continued

Social and relationship capital continued

Case study

In support of an entrepreneurial spirit

Philile Maphumulo and Kedibone Imathu are the co-founders of Heritage Capital Partners (www.heritagecapital.co.za).

After qualifying as chartered accountants they were both attracted to the world of finance where they gained extensive experience in private equity and corporate finance. Having both decided they wanted to do something entrepreneurial using their financial background they established Heritage Capital Partners through which they plan to build a platform of owner-managed businesses that are outstanding examples of job creation, transformation and skills development.

They invest to promote growth and expansion in small to medium-sized businesses, as opposed to pure acquisitions, with the aim of creating superior long-term returns for their investors, as well as lasting value for a broader and more representative stakeholder base through their choice of economic sectors and a unique holistic approach to black economic empowerment in their portfolio companies.

They met up with our CEO Albertinah Kekana when they entered the Alpha Code competition for next generation financial services entrepreneurs for which she was a judge and they were winners. RBH recognised their potential and has since provided them with funding and included them as a supplier within its investments value chain.

Not only are Philile and Kedibone fundraising in tough times, but they have the added challenge of being first-time fund managers. They are, however, making good progress with establishing their fund and are in the process of capital raising for potential investment opportunities they have identified. Their involvement in these businesses includes ensuring they have the right people and skills in the business to ensure growth. They have also assisted RBH's investment team with advisory work and identifying other possible transactions.



Philile Maphumulo (left) and Kedibone Imathu

At RBH we believe we have a dual stakeholder engagement role. Not only do we need to build relations based on trust with RBH's stakeholders, we also need to support our community by proactively telling their story and the lessons we learn on our journey towards building resilience not only in RBH's portfolio but also in our community.

Reputation management will always be a key objective of our stakeholder engagement strategy. Our approach to achieving this objective is to proactively build trust, raise awareness of our story and identify and align with those who share the same values.

We establish the key concerns and interests of our stakeholders through interaction with our board, our shareholder, the community and a bi-annual media perception audit.

During 2016 we continued to work on building relationships with our key stakeholders, both internal and external, through regular engagement and education around RBH's diversification and efforts to build resilience; improving our communication and engagement with the companies in which we are invested; protecting and creating awareness of RBH's reputation as an empowerment partner of choice; and strategic reputation management projects.

We continue to engage with various RBN entities to better understand their needs, how we can support them and inform them regarding RBH. To support the RBN's efforts to establish mutually beneficial partnership and possible collaboration regarding education, infrastructure development and skills development we facilitated engagement between RBN's service delivery entities and potential funders, government and the SETAs.

Our board and management team maintained regular engagement with our shareholder, the RBNDT. The trustees of the RBNDT visited Saldanha Bay to view the construction of the bullets that will store LPE. Our employees attended Kgotha-Kgothe and their induction into the RBN included a site visit to various RBN entities.



Our employee volunteer programme also facilitates engagement between the Bafokeng community and RBH. To keep our employees informed we publish an employee newsletter and our CEO regularly engages with all our employees and provides them with feedback on progress and board decisions that may affect them.

We engaged with our employees on their role in creating brand awareness during 2016 and will continue to build on this engagement to increase their understanding of their role as brand advocates in 2017.

6 transparency and accountability

Corporate governance review

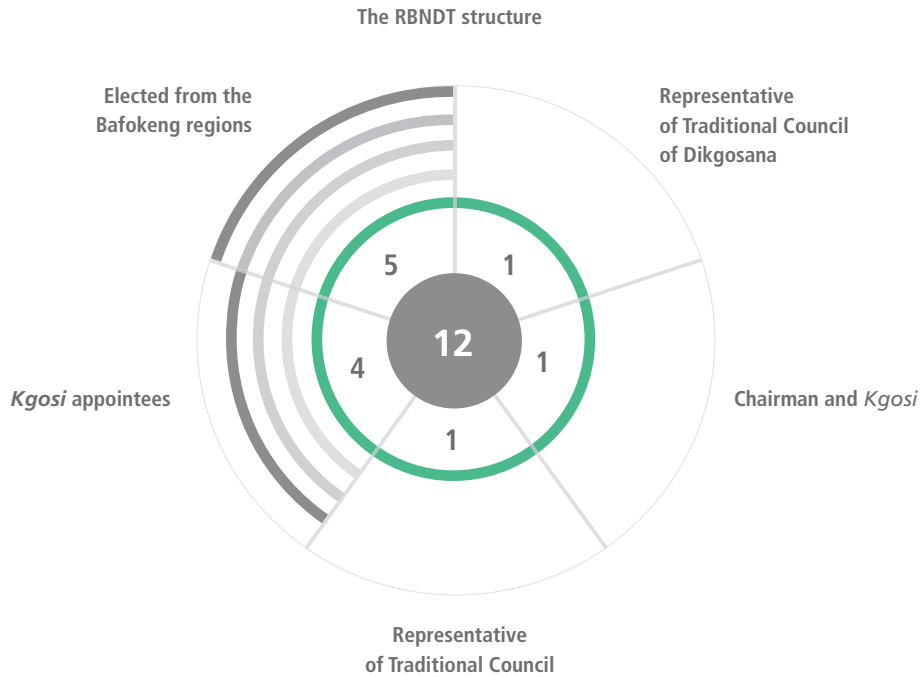
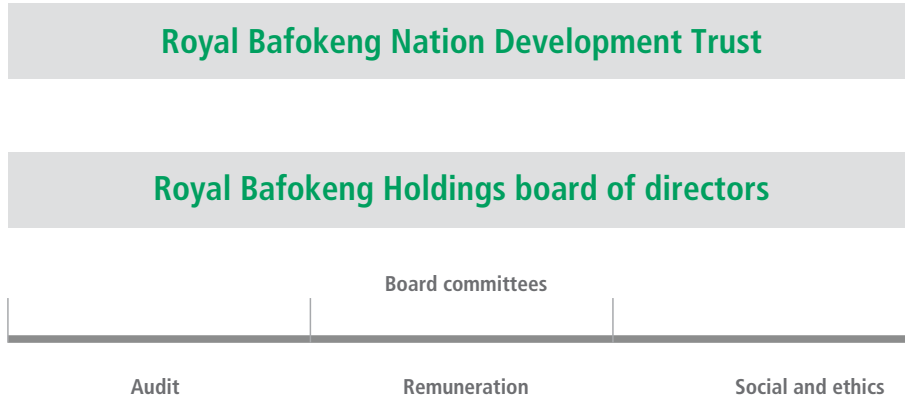
We believe that effective corporate governance contributes value to RBH and its stakeholders.

Our board has applied the King Code of Governance Principles (King III) throughout RBH since its inception and took the decision to be an early adopter of King IV following its release in late 2016.

In line with the approach of King IV this corporate governance review includes our assessment, against the King IV principles applicable to our business, of the outcomes our approach to corporate governance has achieved. We will, through our audit and risk committees be spending time in 2017 further analysing our practices to support the various principles and outcomes in terms of King IV. This analysis may well result in a change in our practices to support our application of the principles.



Our governance framework



Our board

as at 31 December 2016



Monhla Hlahla



Tom Boardman



Fran du Plessis



Albertinah Kekana



Nakedi Ramaphakela



Tshidi Nyama



Obakeng Phetwe



Steve Phiri

Independent non-executive directors

Monhla Hlahla (54)

Chairman

BA (Honours) (Economics), Pomona College (USA); MA (Urban and Regional Planning), UCLA School of Architecture and Planning (USA)

Monhla, who joined our board on 1 April 2011, was appointed chairman on 27 March 2012. She was previously the Managing Director of Airports Company South Africa, Chairman of the Industrial Development Corporation (IDC) and the President of the African chapter of Airports Council International. She is a member of the remuneration and social and ethics committees.

Tom Boardman (68)

BCom, University of the Witwatersrand; Chartered Accountant (SA)

Tom was appointed to the board on 1 January 2011. During his career he held senior positions at Anglo American Corporation, Sam Newman Limited and Boardmans and was the Chief Executive of the Nedbank Group before he retired. He serves on the boards of Nedbank, Woolworths Holdings and the Vodacom Group, among others. He is the chairman of the audit and risk management committee and a member of the remuneration committee.

Fran du Plessis (63)

BCom, LLB, Chartered Accountant (SA); BCom (Hons) Taxation, University of Cape Town; LLM, University of Stellenbosch

Fran, who was appointed to the board on 1 June 2012, has practised as a chartered accountant specialising in the fiscal laws of taxation since 1994. She is currently a director of the advisory firm LDP Compliance (Pty) Ltd and has sat on the boards of several companies, including Naspers, Life Healthcare, Sanlam, ArcelorMittal and KWV Holdings, as well as lecturing on an ad hoc basis at the University of Stellenbosch. She is a member of the audit and risk committee.

Tshidi Nyama (56)

BCom, University of the North; MBA, University of Bridgeport (USA)

Tshidi was appointed to the RBH board on 1 October 2007. She is a partner at Makhup Business Services and Coaching. She previously held various senior positions at Spoornt and BHP Billiton, as well as a number of non-executive directorships. Tshidi is the chairman of both the remuneration and social and ethics committees and a member of the audit and risk committee.

Non-executive directors

Obakeng Phetwe (39)

BCom, North-West University; BCom (Hons) CTA, University of South Africa; Chartered Accountant (SA)

Obakeng was appointed to the board on 27 March 2012. A chartered accountant, he completed his articles with PricewaterhouseCoopers Inc. He is currently the chief executive officer of the RBNDT. He previously held the positions of Group Treasury and Business Manager for the RBN; Finance Manager for the RBA; and Senior Audit Manager at Mokua and Associates, Chartered Accountants. Obakeng is a member of the remuneration and social and ethics committees and a permanent invitee to the audit and risk committee.

Steve Phiri (60)

BJuris, University of the North; LLB, Vista University; Diploma in Corporate Law, Rand Afrikaans University; LLM, University of Johannesburg

Steve, who is the chief executive officer of RBPlat and was previously chief executive officer of Merafe Resources for six years, was appointed to the RBH board on 24 July 2006. He has been admitted as an attorney to the High Court of South Africa and is a member of the Black Lawyers Association. Steve's contribution to the board includes his expertise in governance and stakeholder relations. He is a member of the social and ethics committee.

Executive directors

Albertinah Kekana (44)

Chief executive officer

BCom; Chartered Accountant (SA); Post-Graduate Diploma in Accounting; Advanced Management Programme, Harvard University (USA)

Albertinah was appointed CEO and a member of the board with effect from 1 November 2012. She was previously the chief operating officer of the Public Investment Corporation and has extensive asset management, investment banking and business leadership experience.

Nakedi Ramaphakela (30)

Finance director

BAccSc (Hons), University of Witwatersrand; Chartered Accountant (SA)

Nakedi was appointed finance director on 1 July 2016. Nakedi joined Royal Bafokeng Holdings in 2012 and grew into her current role after serving as a group finance manager at RBH. Prior to joining RBH she was an assistant manager at PricewaterhouseCoopers.

Our executive committee

as at 31 December 2016

Albertinah Kekana



Nakedi Ramaphakela



David Wilson



Udo Lucht



Lungelwa Silomntu



Siza Majola



Buyi Mlangeni



Ditiro Chesalokile

Albertinah Kekana

Chief executive officer

(See board of directors for CV)

Nakedi Ramaphakela

Finance director

(See board of directors for CV)

David Wilson

Head: Financial services and consumer goods investments

BCom, Diploma in Accounting (UCT); CA(SA)

Udo Lucht

Head: Resources and industrials investments

BCom (Hons), University of Natal; CA(SA); CFA

Lungelwa Silomntu

Head: Infrastructure investments

MCom (Finance), University of Pretoria; BAdmin (Hons), UNISA

Buyi Mlangeni

Group company secretary

BTech Durban University of Technology; National Diploma, (Natal Tech) Executive Development Programme, Wits Business School

Ditiro Chesalokile

Human capital manager

BCom (Hons) Human Resource Management, University of Johannesburg; Management Advancement Programme Certificate, Wits Business School, Higher Certificate in Management, Foundation for Professional Development

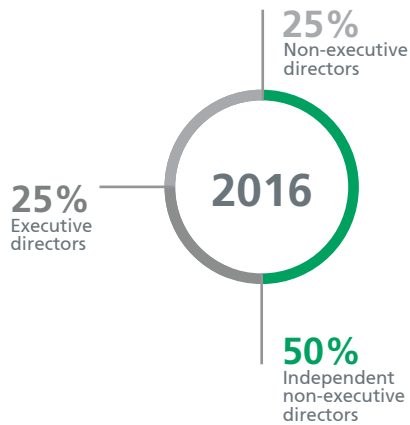
Siza Majola

Group stakeholder manager

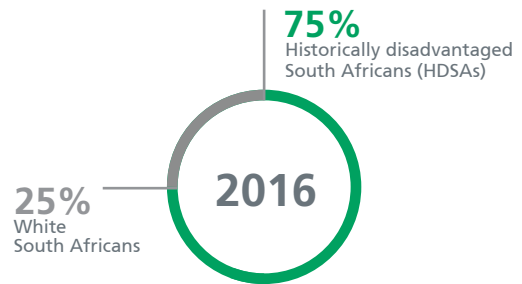
MBA; Sheffield University (UK), BSc (Hons), Stellenbosch University; BSc Fort Hare University



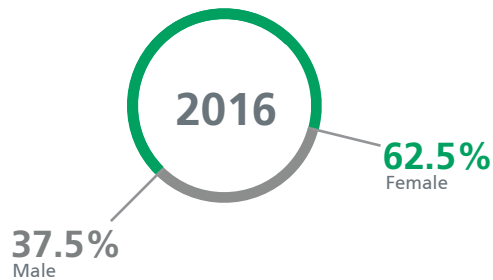
Board level of independence



Racial composition



Board gender composition



Corporate governance review continued

The outcome of our efforts to achieve good corporate governance in RBH

King IV principles

Principle 1

The governing body should lead ethically and effectively

Principle 6

The governing body should serve as the focal point and custodian of corporate governance in the organisation

Principle 2

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

Principle 3

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen

Ethical culture

Ethical leadership

RBH's board-approved code of ethics and investing code of conduct are designed to ensure the effective management of ethics and fraud and corruption in RBH. They are in line with international best practice and make it clear that we do not tolerate acts of bribery or fraud by our employees, contractors, suppliers, joint venture partners and other business partners.

The chairman of our board ensures that the behaviour of board members is in accordance with the codes. In turn our board and its committees monitor compliance with both codes.

Our chief executive officer is ultimately responsible for the implementation of both these codes in RBH.

The Compact our board signed with the RBNDT commits us to our code of ethics and our investing code of conduct and our conflicts of interest policy, which provides guidelines for both directors and employees.

Addressing corruption in our business

We recognise that corruption in all its forms is a major hindrance to sustainable development and work against it in our business. It impedes economic growth and represents serious legal and reputational risk. It also has a major impact on poor communities and corrodes the very fabric of society. We have taken steps to mitigate fraud and corruption in our business and our operating environment and regularly review their effectiveness.

Achieving our aspiration to be a responsible corporate citizen

The entire aim of RBH is to be a responsible corporate citizen by meeting our commitment to preserve and grow the financial capital of the RBH and ensure its long-term future. Our efforts to be a responsible corporate citizen include our investment in our corporate social investment programme, which focuses on maths education, sports development in the young and providing opportunities for community members to obtain work experience and employment opportunities through our various programmes.

King IV principles

Principle 16

In its execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interest and expectation of material stakeholders with the best interests of the organisation over time

Principle 4

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

Principle 17

The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests

Ethical culture

Our approach to stakeholder relations

We have identified balancing the needs, interests and expectations of our stakeholders as being one of our most material issues. Information on how we have approached our stakeholder relations can be found in the social and relationship capital section of this review. Our board has also identified stakeholder relations in terms of its role regarding our shareholder as being a material corporate governance issue. To address this RBH regularly engages with its shareholder.

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Performance

The role of our board in ensuring RBH can create value for its stakeholders

Our board, our executive and our shareholder review our strategy annually with the aim of examining whether it still addresses our core purpose of creating value for our stakeholders or needs to be revised or changed. The board also ensures that our business model and sustainability efforts are designed to support the achievement of our strategic objectives and create value for our stakeholders. The board also established RBH's risk appetite and tolerance in 2016 in line with our risk policy. It sets the direction for how we approach and address risk and has established an audit and risk committee to address risk on its behalf. This ensures the board and the executives of RBH receive the information they need to make informed business decisions.

Practising responsible investment

Our primary responsibility in terms of the sustainable development of RBH, the RBNDT and the RBN is to act as a responsible investor. Our sustainable responsible investment and portfolio management policy sets out our investment approach and defines our:

- principles, objectives and systems for sustainable responsible investment with respect to environmental, social and governance (ESG) issues
- investment and management objectives.

Corporate governance review continued

The outcome of our efforts to achieve good corporate governance in RBH continued

King IV principles

Principle 17 continued

Performance

Our policy towards disinvestment states that disinvestment is regarded as a last resort by RBH, however, we may consider it if an investee company does not meet the set financial performance criteria, or is participating in any exclusion activities listed in our policy.

Our ESG investment and management criteria

- Return on investment
- Evidence of:
 - effectiveness of risk identification process and management system implementation
 - appropriate assessment of the environmental impact and mitigation or offset strategy
 - compliance with RBH's investment exclusion list.
- Acceptable levels of:
 - legal compliance
 - ESG awareness within the organisation
 - consideration of ESG principles in the business strategy and decision-making
 - King IV compliance.
- Compliance with:
 - anti-corruption laws of the country
 - employment equity requirements.

The type of investments we will not consider are included in our mandate which can be found on our website: www.bafokengholdings.com



Effective control

Principle 4

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

The leadership role of the board in taking responsibility for the good governance of the group

Through the appointment of strong independent directors and the separation and clear definition of the roles and responsibilities of the chairman and chief executive officer, RBH has established a clear balance of power and authority at board level.

The board performs its duties within a framework of policies and controls which provide for effective risk assessment and management of our economic, environmental and social performance. Our board charter, which is closely aligned with the recommendations of King IV, details the responsibilities of the board. Our Memorandum of Incorporation also addresses certain of the directors' responsibilities and powers.

King IV principles**Principle 4**
continued**Principle 6**

The governing body should serve as the focal point and custodian of corporate governance in the organisation

Principle 11

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

Principle 10

The governing body should ensure that the appointment of, and the delegation to, management contributes to role clarity and responsibilities

Principle 12

The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives

Effective control

The board has a formal schedule of matters reserved for its consideration and decision at its meetings including approving: strategy, business plans and budgets, significant acquisitions and disposal of assets, executive directors' appointment and remuneration, review and approval of significant group-wide policies and frameworks, capital expenditure for investment, operational, financial risk, board sub-committee and stakeholder relations reporting as well as a solvency and liquidity assessment and a market assessment.

Oversight of risk

The board determines the group's risk appetite and levels of risk tolerance (see the risk management section on page 08). RBH also establishes the issues that could have the greatest impact on our ability to achieve our strategy and create value for our stakeholders. This process allows us to assess what value we have added to the business and what we need to do to add value in the future.

08

Our audit and risk committee oversees the governance of risk in conjunction with our social and ethics committee through our system of internal controls.

We have made progress with our management of risk but recognise that there is still room for improvement.

Delegation of authority in RBH

Through the delegation of authority policy the board delegates authority to the executive committee.

The board's delegation of certain matters to its committee is described under Principle 8 under Legitimacy and in the terms of reference of these committees.

Technology and information governance

RBH's strategic risk register sets the direction for RBH's approach to technology and information. The audit and risk committee assists the board in carrying out its technology and information governance objectives.

Corporate governance review continued

The outcome of our efforts to achieve good corporate governance in RBH continued

King IV principles

Principle 15

The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports

Principle 5

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects

Effective control

Combined assurance

Combined assurance is provided through three lines of defence:

- management oversight
- the risk management framework, which is updated, reviewed and monitored quarterly
- independent and objective assurance by the audit committee, supported by external audit.

Annual financial statements

RBH's annual financial statements for the year ended 31 December 2016 will be prepared in accordance with International Financial Reporting Standards (IFRS) by the accounting staff of RBH, headed up by finance director, Nakedi Ramaphakela. CA(SA).

The financial statements will be audited by the group's independent statutory auditors, PricewaterhouseCoopers, an internationally recognised accounting firm. A copy of their report will be available for inspection at the company's offices.

Compliance with laws and regulations

Our board is committed to full compliance with all applicable laws and regulations.

The effectiveness of the key internal controls we have in place to mitigate our compliance risks is continually monitored as is the effectiveness of the risk management plans in place to ensure compliance with new legislation or amendments to current legislation.

Legitimacy

Providing stakeholders with reporting that enables them to make informed assessments of RBH

The board of RBH collectively reviews the integrated review to ensure it addresses all matters material to its stakeholders and its short-, medium- and long-term prospects.

King IV principles**Principle 7**

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

Principle 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties

Principle 13

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

Legitimacy**A board with an appropriate balance of knowledge, skills, experience, diversity and independence**

The remuneration committee is responsible for identifying and evaluating candidates for appointment to the RBH board and monitoring succession planning at board level. The RBH board members annually evaluate the performance of the board as a whole, its sub-committees and that of individual members through a self-appraisal process. The members of the RBH board have a good balance expertise and experience. The members of the board of the newly established MOGS (Pty) Ltd bring a wide range of expertise and experience appropriate to this business.

Delegation of authority

Our Memorandum of Incorporation (MOI) sets out the shareholder's delegation of authority to the board, which has a formal schedule of matters reserved for its consideration and decision. Its delegation of certain matters to its committees and subsidiary companies is described in the terms of reference of these committees, which can be found in the governance section of our website (www.bafokengplatinum.co.za). In addition the board delegates authority to the executive committee, which in turn delegates authority to heads of department, who in turn delegate authority to members of the RBH team.

**Compliance governance**

The audit and risk committee obtains assurance on the financial statements, and internal controls and carried out its statutory duties set out in section 90 of the Companies Act 71 of 2008. It satisfied itself as to the expertise and experience of the finance director and the financial function and assessed the independence and performance of the internal and external audit functions.

The social and ethics committee advised and provided guidance to the board on the effectiveness of management's efforts in respect of social, ethics and sustainable development matters. It also carried out its duties as prescribed in the Companies Act 71 of 2008 and reported on its discharge of its duties in this regard to the board and stakeholders.

Corporate governance review continued

The outcome of our efforts to achieve good corporate governance in RBH continued

King IV principles

Principle 13 continued

Principle 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term

Legitimacy

Rotation of directors

At every annual general meeting a third of the directors are retired by rotation and being eligible are available for re-election.

Company secretary

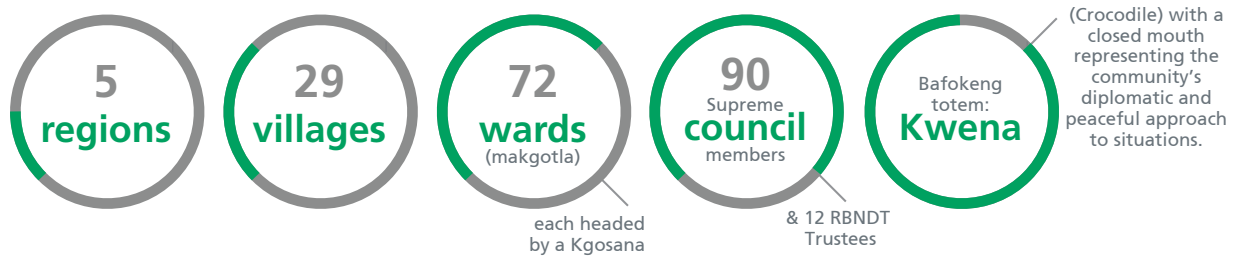
RBH's company secretary is not a director of RBH or any of its subsidiaries and on that basis the board is comfortable that she maintains an arm's length relationship with the executive team. Also, the board does not interfere with her performance of her corporate governance responsibilities. The board has also assessed her abilities based on her qualifications, experience and the levels of competence she has demonstrated and has endorsed and confirmed her appointment as company secretary.

Remuneration

RBH understands that it is essential that our strategy, risks, performance and rewards are aligned if we are to create shareholder value. The remuneration committee is charged with ensuring that executive directors and senior management are fairly rewarded for their individual contributions to the company's overall performance and for ensuring that RBH's remuneration policies and practices are designed to align performance with reward and to attract and retain the right talent, while having regard for the interests of stakeholders and the financial condition of the group.

Royal Bafokeng Nation factsheet

Land acquisition	Key highlights
<ul style="list-style-type: none"> • 1866 to date • Bought in cattle, cash and at times goats • Bought communally and owned accordingly 	<ul style="list-style-type: none"> • 1834 -1891 Kgosi August Mokgatle's reign: Bafokeng pooled community resources and started buying back the land they had occupied for centuries from white colonialists • Land acquisition was facilitated by Paul Kruger, Theodore Wenhold, Christoph Penzhorn • 1924: Platinum discovery, a part of the reef containing the world's largest deposit of platinum group metals were discovered under Bafokeng land • Our Plan'35 is a developmental project that charts ways to diversify the Nation's local economy for the long term sustainability of Bafokeng generations by 2035 • The reigning King is Kgosi Leruo Molotlegi and is the 36th King of the Royal Bafokeng Nation and the 15th direct descendent of a long lineage of the Bafokeng kings • Queen Mother Semane Molotlegi is the mother to the King referred to as Mmemogolo



<p>1990s: Bafokeng trade equitable royalties for the right to mine</p>	<p>1999: RBN gets royalties on all PGMs taken from their territory and a stake in Implats</p>	<p>2004: RBN Supreme Council resolves to establish RBNDT and in 2005 donates all commercial entities to it</p>	<p>2006: Merger of Royal Bafokeng Resources and Royal Bafokeng Finance resulting on the formation of Royal Holdings</p>	<p>2016: Royal Bafokeng Holdings has a diversified asset portfolio representing various sectors</p>
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