

2014

INTEGRATED REVIEW

REPOSITIONING FOR
SUSTAINABLE GROWTH

NAVIGATION ICONS



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01

About this review

We have chosen to report in an integrated manner because we believe it helps us to provide our stakeholders with a concise, transparent and balanced view of the most material issues facing Royal Bafokeng Holdings (RBH), the strategy we have in place to address these issues and how we have performed against our strategy.

This year we have taken a further step along our integrated reporting journey. In addition to using the International Integrated Reporting Framework to guide us in structuring our report to show the connectivity between material information on our strategy, governance, performance and prospects and how our strategy affects and is affected by environmental, social and financial issues, we have also chosen to adopt the use of the capitals as recommended in the Framework.

This review conforms to the requirements of the South African Companies Act 2008 and we have applied King III and have been guided by the Global Reporting Initiative's (GRI) G4 guidelines.

Our audited annual financial statements will be published separately and at a later date. RBH has obtained independent third party assurance over selected information that it has identified as material to the sustainability of its business.

Please refer to the corporate governance section of our website (www.bafokengholdings.com) for the assurance statement. 

For details of our stakeholders see page 51.

PLEASE GIVE US YOUR FEEDBACK

We would welcome your feedback on this review and any suggestions you have in terms of what you would like to see incorporated in our review for 2015.

To do so please contact Siza Majola at communication@bafokengholdings.com
www.bafokengholdings.com

more info www.bafokengholdings.com



02

Organisational overview

Our value statement:

We pride ourselves on being a community-based investment company whose growth uplifts and creates intergenerational wealth for the Royal Bafokeng Nation, a relevant and innovative traditional community

Vision

To protect and manage the Royal Bafokeng community's wealth to provide reliable intergenerational income and capital growth



Values

- 1 We operate ethically and execute with integrity
- 2 We embrace and drive positive change
- 3 Trust and respect (tlhompō) is central to all our relationships



Our purpose

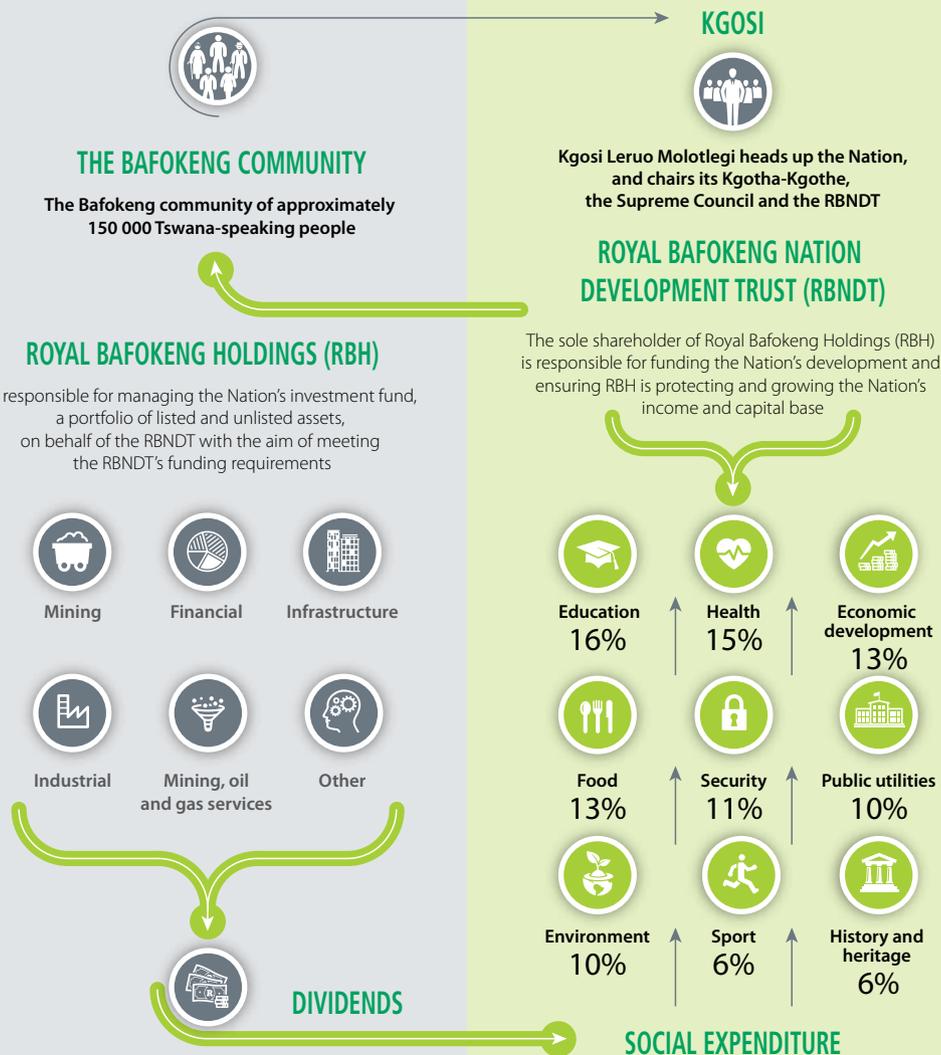
To deliver sustainable income and growth to serve the intergenerational development needs of the Bafokeng community



Royal Bafokeng Holdings (RBH) is an investment company with a unique role: to preserve and grow the asset base of the Royal Bafokeng community, which originated from the platinum deposits on Bafokeng land. It does this through the responsible investment of the Nation's assets in businesses that generate exceptional returns over the long term with the aim of earning dividends that can be used to achieve the Nation's sustainable development objectives and ensure that current and future generations of the Bafokeng benefit from these investments. RBH is wholly owned by the Royal Bafokeng National Development Trust (RBNDT or the Trust), which was established in 2004 to manage and develop the commercial assets of the RBN. The beneficiaries of the Trust are the Bafokeng community.

The 150 000 Tswana speaking people who make up the Royal Bafokeng Nation are led by Kgosi Leruo Molotlegi. The Royal Bafokeng Nation, the Supreme Council and Kgosi have a vision: To develop themselves to be a self-sufficient community by the second decade of the 21st century. The RBNDT, RBH's sole shareholder, and RBH have a key role to play in the achievement of this vision, through their management of the Nation's wealth.

The Royal Bafokeng Nation's asset management structure



RBH receives dividends from its investments in commercial enterprises. RBH passes dividends to RBNDT in line with agreed dividend policy to fund its development initiatives

BAFOKENG COMMUNITY GOVERNANCE STRUCTURES



KGOTHA-KGOTHE

(highest decision-making body) chaired by the Kgosi

This is the equivalent of an annual general meeting
Any member of the Bafokeng community who is 18 years or older may vote at this meeting



SUPREME COUNCIL

(90 members)

- Highest decision-making body
- The custodian of culture and traditions
- Approves detailed social programmes and budget
- Approves key focus areas for RBN
- Traditional council members* (18)
- Council of Dikgosana (72)



KGOTLA (WARD)

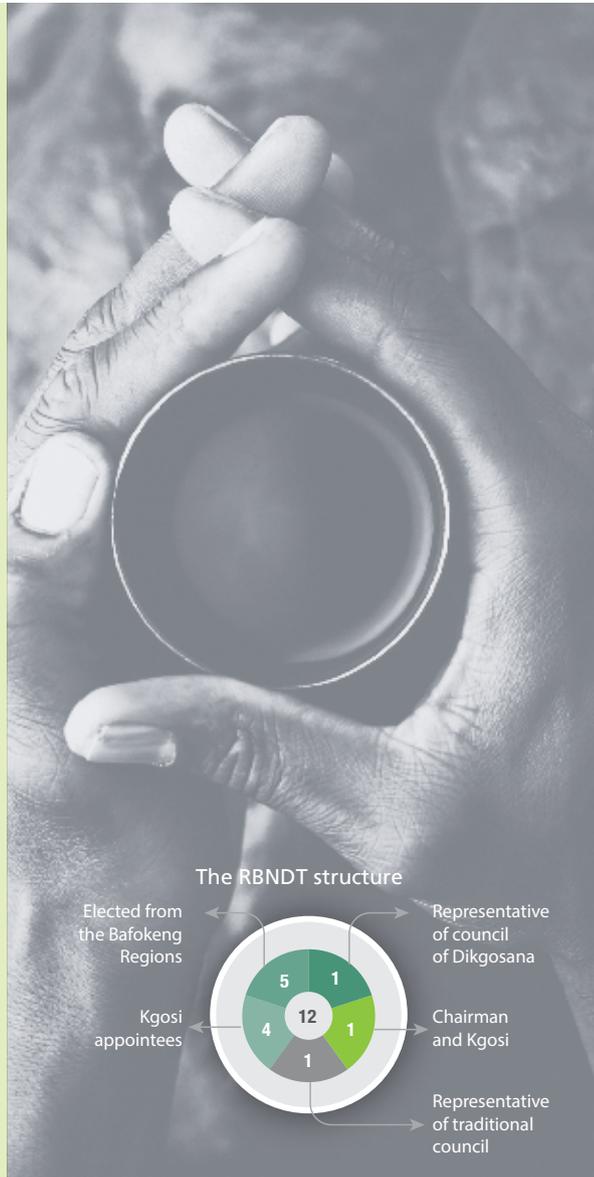
Led by a Kgosana



KUTLE (FAMILY UNIT)

The family is an essential part of maintaining Bafokeng unity and traditions

- The Traditional Council, which is democratically elected, ensures that matters discussed at the Supreme Council are implemented
- The Council of Dikgosana ensures the land is managed properly, people are treated correctly and that Bafokeng traditions are followed



The RBNDT structure



We pride ourselves on being a community-based investment company



04 Who we are





From left:
RBH CEO, Albertinah Kekana with board members Obakeng Phetwe (CEO of the RBNDT) and Steve Phiri (CEO of RBPlat) during a strategy session attended by RBH board members and management

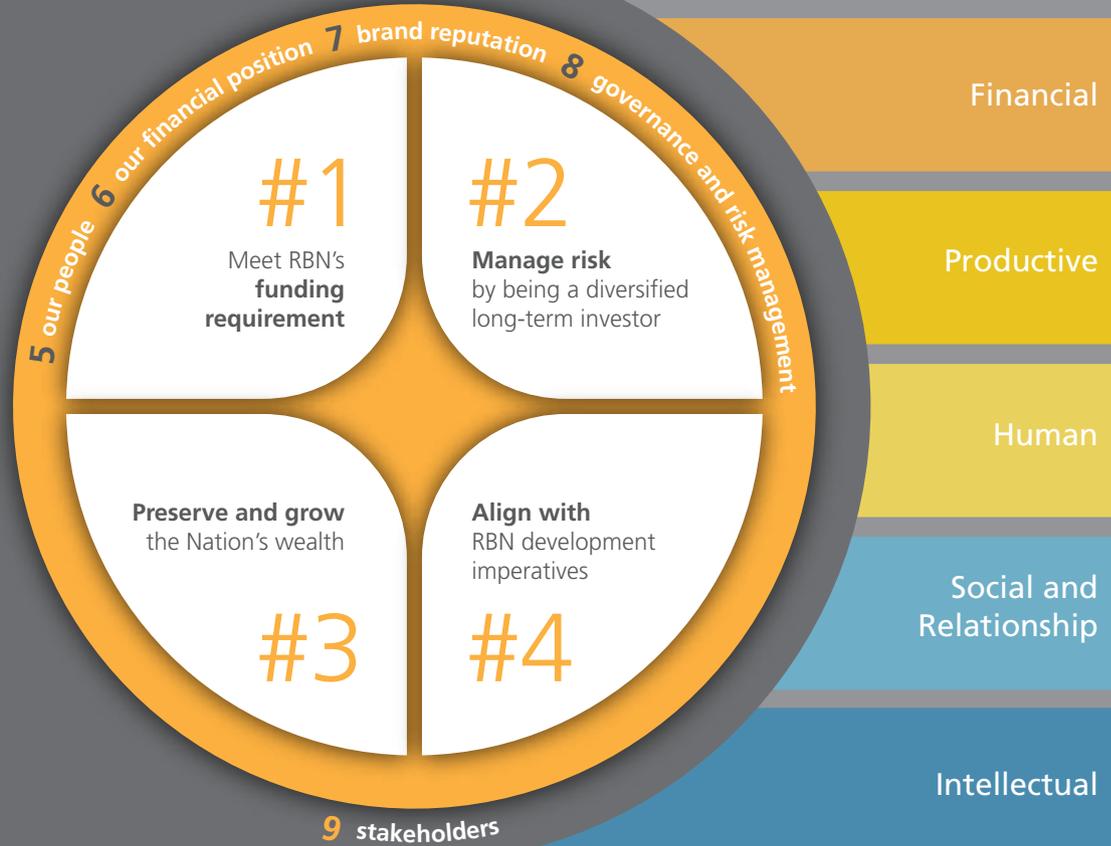
05

Our business model

What drives and enables our strategy?

DRIVES: #1 to 4

ENABLES: #5 to 9



*The capitals that make up our business model are described in the various sections of the review. We have not included natural capital in our business model because while natural capital plays a key role in our business in the form of mineral resources and land, RBH has no influence over how the RBN manages its mineral assets and the land it owns. However, the revenue the Nation earns from its natural capital is what made the formation of RBH possible. RBH's impact on the environment stems mainly from electricity we use in our offices which is accounted for by the owners of the property we rent, and motor and air travel. We are conscious of the need to reduce our use of scarce resources such as water and electricity. We take care to limit our production of greenhouse gas emissions by reducing our use of electricity and avoiding unnecessary travel.

| Inputs | Activities | Outputs | Outcomes |
|--|---|---|--|
|  <ul style="list-style-type: none"> • Equity funds • Debt funding • Efficient systems, controls and processes | <ul style="list-style-type: none"> • Active investment • Risk management | <ul style="list-style-type: none"> • Dividends • Diversified portfolio • Capital growth | <ul style="list-style-type: none"> • Our exposure to one sector is reduced • Sufficient dividends to fund the development spending needs of the community • The Nation's wealth is preserved and grown |
|  <ul style="list-style-type: none"> • Systems, technology and office equipment necessary to conduct our business | <ul style="list-style-type: none"> • Running our business | <ul style="list-style-type: none"> • An effective business | <ul style="list-style-type: none"> • Sustainable long-term growth • Stable platform with efficient systems |
|  <ul style="list-style-type: none"> • Skills • Ability • Knowledge | <ul style="list-style-type: none"> • Employee relations • Remuneration • Talent management • Training and development • Performance management • Engagement | <ul style="list-style-type: none"> • Effective leaders • Skilled employees | <ul style="list-style-type: none"> • Effective leadership delivering against strategy • Increased productivity • Safe and healthy working environment |
|  <ul style="list-style-type: none"> • Communities • Employees • Ethics and human rights • Companies in which we are invested • Companies in which we may invest | <ul style="list-style-type: none"> • Community social investment • Engaging with RBNDT • Engaging with companies in which we have invested or may invest | <ul style="list-style-type: none"> • Infrastructure development • Enhance community skills • Enterprise development • Better working relations • Improve maths and science education • Job creation • Constructive engagement with business partners | <ul style="list-style-type: none"> • More sustainable communities • Sustainable small businesses • Improved community relations • An ethical business • Ability to leverage our reputation as a BEE partner of choice |
|  <ul style="list-style-type: none"> • Investment skills • Risk management • Reputation and brand • Governance structures • Management systems | <ul style="list-style-type: none"> • Manage investment portfolio and research new investment opportunities • Proactive risk identification • Reputation management • Develop and implement governance systems and processes | <ul style="list-style-type: none"> • Risks and opportunities identified and responded to • Accurate information and cost efficiencies • Effective systems and processes | <ul style="list-style-type: none"> • Innovative ways of working and investing • Effective decision-making • A well-managed ethical business with access to accurate information |

06

Material issues



Members of the Supreme Council and the RBNDT visited one of the companies in which RBH has invested



This year we asked our management team to identify their most material issues. These were then debated at a meeting of the executive committee.

The issues that were identified as being the most material were:

- Our ability to deliver on shareholder expectations
- Opportunities to grow through both portfolio diversification and geographic diversification of our investments
- Our commitment to long-term strategic partnerships
- Reputation management

Underpinning these were human and social capital issues, which included the need for talent management that would ensure RBH retained the skills it needs and ensuring the sustainability of our social programmes through a focus on niched impactful programmes.

07

Strategic review



One thing that has played a key role in the success of the Bafokeng community is its ability to take a long-term view and have the courage and patience to endure to achieve its goals.

Monhla Hlahla
Chairman



RBH is not only owned by the community, we are part of the community, we therefore want our reporting to provide information that is accessible to everyone.

CHAIRMAN'S MESSAGE

I am delighted to be reporting to our stakeholders, and in particular to the Royal Bafokeng Nation (RBN) whose interests are represented by our shareholder the Royal Bafokeng Nation Development Trust (RBN DT) in the third year that I have been privileged to serve you as the chairman of Royal Bafokeng Holdings (RBH).

Last year I reported to you that during 2013 we had recalibrated our focus, reviewed our investment strategy and started on our journey of repositioning our investment portfolio in terms of our shareholder's mandate, which is to continue with and speed up the process of diversifying the RBH portfolio. As you will see from the diagram on pages 22 to 23 we are making steady progress towards achieving these diversification goals. Of course, when we take decisions in this regard we are always mindful of our responsibility to deliver dividends that will be used to uplift and empower the Bafokeng people not only in the short term but also in the medium and long term.

We have established an excellent team at RBH which has had a busy year working towards achieving the goals we have set them. You can read about their progress in the Chief Executive Officer's Strategic review on pages 17 to 20 and the financial capital section of this review on pages 21 to 40.

Now that we have built an excellent management team at RBH and established a solid internal governance structure, my focus and that of the board, is on deepening the capacity of our board sub-committees and their ability, in particular, to gain an in depth understanding of our subsidiaries and the exciting new opportunities they have.

The management of risk is one of my key responsibilities as chairman and it is certainly a key focus for me. This includes not only the risks to which we are exposed but also the opportunities these risks may present.

A long-term view

One thing that has played a key role in the success of the Bafokeng community is its ability to take a long-term view and have the courage and patience to endure to achieve its goals. It is this long-term view that has allowed the Nation to provide for itself in terms of education, infrastructure and health in the face of economic challenges.

It is critical if we are to achieve our goal of establishing inter-generational wealth that RBH maintains a similar long term view regarding the investment portfolio entrusted to it. We are fortunate that our shareholders understand the need for such a view.

We are proud that RBH's performance benchmarks extremely well against that of community endowment funds run by teams considered to be the best people in the world at managing such funds. As a result of RBH's management of the RBN's platinum endowment the RBN DT has been able to continue improving the standard of living of its people with over R7 billion invested in improving the living standards of our people over the past 12 years.

07

Strategic review

Our focus on engagement

In addition to maintaining regular communication with our shareholders, we also meet formally with the RBN DT once a year, for two days, to review our strategy and RBH's performance against strategy. We also hold quarterly investment meetings with the RBN DT's investment committee.

During 2014 we have also spent time engaging with the companies in which we invest. The aim of these engagements is to introduce them to the community that is invested in their business and how the RBN DT has made use of the dividends it receives from RBH to improve the living standards of the Bafokeng community.

An example to others

This year the RBN's model has attracted the attention of not only communities on the African continent seeking better ways of managing themselves and their financial resources, but even as far as the United States where some groups heard about the RBN and what they have achieved for themselves and have come to visit and see for themselves what they can learn from us. This makes us all very proud.

While the past few years have presented the Bafokeng community with some major challenges, they do not compare with the tragedy that struck our neighbours at the time of Marikana and which continues to affect many families who are our neighbours and it has filled many people with fear. This was further exacerbated by the impact of the five-month long strike on local small business. While the Bafokeng community is our first concern the RBN is working with the Rustenburg Local Municipality with the aim of improving the lives of our neighbours.

In conclusion

I am not only very aware of the huge responsibility the Kgosi has delegated to me when he decided that he needed to relinquish his chairmanship of RBH in order to devote all his time to his role as the leader of the RBN, but I am also very honoured to be able to play my part in helping build the wealth of the RBN.

My thanks go to the management team of RBH for the excellent work they have done this year. I would also like to thank my fellow board members for the invaluable contribution they made to our deliberations during 2014.

Monhla Hlahla
Chairman

Despite the extremely volatile market conditions that characterised 2014 we have made significant progress towards meeting our commitment to reinstate dividend payments to the RBNDT in 2015.



Albertinah Kekana
Chief executive officer

CEO'S STRATEGIC REVIEW

Despite 2014 being an exceptionally challenging year it has been most rewarding for the RBH team as we were able to focus on implementing and beginning to bed down the strategies we agreed to with our shareholder in 2013.

The time and effort both the RBH team and our shareholder, the Royal Bafokeng Nation Development Trust (RBNDT), invested during 2013 in gaining a better understanding of each other's challenges and what both organisations need to achieve, has been invaluable. During 2013 the Royal Bafokeng Nation (RBN) also reviewed its strategy in terms of what it wants to achieve as a community. The outcome helped us understand what the RBN's long-term funding requirements will be and to consider how best we can meet these. The RBNDT's expectations around dividends and what is a sustainable dividend for it were clarified, as were the constraints RBH faces in terms of what it can deliver in the short term while ensuring preservation and growth for the medium and long term. We jointly took decisions that resulted in a clearly defined strategy to which we are both committed to working together to achieve.

Strengthening our governance structures

The Compact both parties signed formally underpins our ability to maintain the alignment between RBH and RBNDT and is a key element of RBH's governance structures. As part of our strategic review we not only relooked governance at RBH, but also relooked both the governance and leadership in some of our underlying businesses. In some cases we have put in place a new board and changed the leadership.

07

Strategic review

Implementing our strategic objectives

To give us time to review our portfolio and implement new initiatives RBH and RBNĐT together took the decision to allow RBH to retain its dividend income during 2014. The RBNĐT's prudent management of its cash resources meant that the Trust was in a position to allow RBH to retain dividends. We are, however, committed to start paying dividends again from 2015. In order to meet our commitments regarding dividends we had to make some hard decisions in terms of some of our existing investments; I was personally saddened to exit long-term investment partnerships which had been mutually beneficial.

The dividend holiday, together with the injection of capital we received from exiting some of our existing investments, has allowed us to reduce our debt and start the process of repositioning the RBH portfolio in line with our strategy, through firstly supporting existing investments and investing in new infrastructure, renewable energy and consumer investment opportunities. An example of such an investment was our support of RBPlat's capital raising programme in the first half of 2014. We will also be increasing our support for some of our existing investments, which we view as strategic. In particular we will be supporting key projects that our subsidiary Mogs is in the process of implementing. We are excited by our partnership with JC Decaux, a global leader in outdoor advertising, to acquire Continental Outdoor Media and we look forward to working with them on Continental.

Meeting our dividend commitment

Despite the extremely volatile market conditions that characterised mining investments in 2014 we have made significant progress towards meeting our commitment to reinstate dividend payments to the RBNĐT in 2015.

While it will take time to reduce our exposure to any one particular sector through our portfolio diversification strategy, the degree of diversification we have already achieved is helping us meet this commitment.

Portfolio performance

The portfolio had a total return of 7.3% in 2014. This was in excess of inflation, which was 5.3% in the same period. Most of our platinum sector investments faced extreme challenges in 2014, as a result of both the prolonged strike and weaker commodity prices. Royal Bafokeng Platinum performed well, with its operations exceeding production targets, generating significant cash, containing costs, signing a new long-term wage agreement and enjoying another strike-free year. I would like to recognise the excellent job that the management team of RBPlat has done since it took over the management of the Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture from Anglo Platinum in 2010.

Implats was negatively affected by the strike in the platinum sector. We continue to work with management in our role as shareholders and board members on positioning Implats to weather the difficult market conditions currently prevailing. In this regard I am encouraged by the results of Implats' recent strategic review process and believe they have decided on the right course of action.

Our other metals and mining sector investment, Merafe Resources, performed well this year and paid dividends. It will be much better positioned going forward now that it has come to the end of the considerable capital investment it made in the Glencore-Merafe Chrome Venture's energy efficiency projects. 

Our financial services assets continue to do well. 



I believe we are achieving our strategic objective of establishing a reputation for being a long-term partner of choice.

The potential of our wholly owned subsidiary

Our wholly owned subsidiary, Mogs, has two divisions. Mogs Mining Services (MMS), which focuses on delivering services to the mining industry, and Mogs itself, which specialises in the provision of oil and gas infrastructure. Both of these businesses have considerable potential for growth in terms of both the long-term need for energy throughout Africa and the development of the African mining industry. We have also relooked these businesses, given them better strategic direction and are finding additional ways to enhance their value.

Mogs Mining Services, through the nine businesses it is invested in, provides tailored solutions across the mining value chain in Africa, Australia, Europe, South and North America. Mogs oil and gas, our oil and gas infrastructure business, is involved in a number of pipeline and bulk storage facility projects at various stages of development, mostly in the South African Development Community (SADC) region, but also in the Horn of Africa.

Given their close relationship to the mining sector, various Mogs Mining Services businesses were also affected by the strike in the platinum sector. I am encouraged by the resilience shown by the management teams of all the businesses in coping with the resultant financial and operational impacts.

Partner of choice

When I review the quality and stature of the companies with which we have been able to partner, both in our investment portfolio and through MMS and Mogs, I believe we are achieving our strategic objective of establishing a reputation for being a long-term partner of choice.

Our people

To deliver against our strategic objectives we needed to ensure we had a team in place that was able to do so.

During 2014 we focused on strengthening the entire RBH team and have ended the year with a team that has settled and which, I believe, is fit for purpose in terms of what we are wanting to achieve. I would like to welcome Mr Veliile Nhlapo who joined us from RBPlat to head up Mogs Mining Services and Mr Brian Harvey, our newly appointed finance director.

Our people include the workers in the companies we invest in. We were saddened to hear of the four fatalities at Implats during 2014 and the two fatalities at RBPlat during October 2014. I would like to extend my sympathies to the colleagues and families of these men.

Stakeholder engagement

I have already mentioned the work we have done in terms of engaging with our shareholder. The fact that we have only one shareholder gives us the opportunity to engage in depth with each other. Also, as both our shareholder, RBNDDT, and RBH are part of the structures established by the RBN to protect the Nation's heritage and safeguard its future, we have a common purpose. We have been able to establish an exceptionally good understanding with our shareholder and will continue to ensure we maintain this understanding into the future. Our board and the Chairman in particular have played an important role in leading the board's engagement with the RBNDDT.

During 2014 we needed to address media coverage that was reputationally challenging. I would refer you to the Chairman's message and the Social and relationship capital section on pages 15 and 47 of this Review in this regard.

It was also a challenging year in terms of engagement for the management teams of our investment partners who were affected by strikes. We would like to recognise the outstanding job they did under difficult circumstances.

07

Strategic review

Social responsibility

Our responsibility for preserving and growing the Nation's wealth is a social responsibility, but in addition to that responsibility we have also had our own corporate social investment programme and have encouraged our partners to invest some of their social spend in RBN community development projects. This year, in addition to our investment role we have also taken on responsibility for raising funds for RBN community development projects. I would refer you to the Social and relationship capital section of this report on pages 47 to 51 for details of what we have achieved this year.

Outlook

We expect the platinum industry to continue to experience difficulties in the short to medium term, which will make it challenging for RBH to meet its community development commitments; but we are optimistic regarding the long-term prospects for the industry and are working in a focused way with our investments in the industry to ensure we are as well positioned as we can be. By 2019 we expect that RBPlat, having completed the Styldrift I project, will be in a position to provide its shareholders with dividend income. For the long term, we are really optimistic about our ability to realign our portfolio to sustainably meet the community's needs.

Thanks

My thanks go to the board for its leadership in always ensuring that we are mindful of what our shareholder expects of us, and its support in challenging times. A very special thank you to my executive team that made it possible for RBH to deliver on some of the most challenging yet fulfilling objectives this year and every RBH team member for the crucial role they have played in supporting the achievement of our objectives.

Albertinah Kekana

Chief executive officer



For details of our governance structure and the Compact see the Governance section of this review on pages 52 to 63

See the Financial capital section of the report on pages 21 to 40 for details of our new investments

For more information on the Mogs divisions see pages 36 to 40

For details of the companies with which we are partnered see pages 26 to 30



For details of RBPlat's performance see www.bafokengplatinum.co.za and for Merafe Resources see www.meraferesources.co.za



08 Financial capital

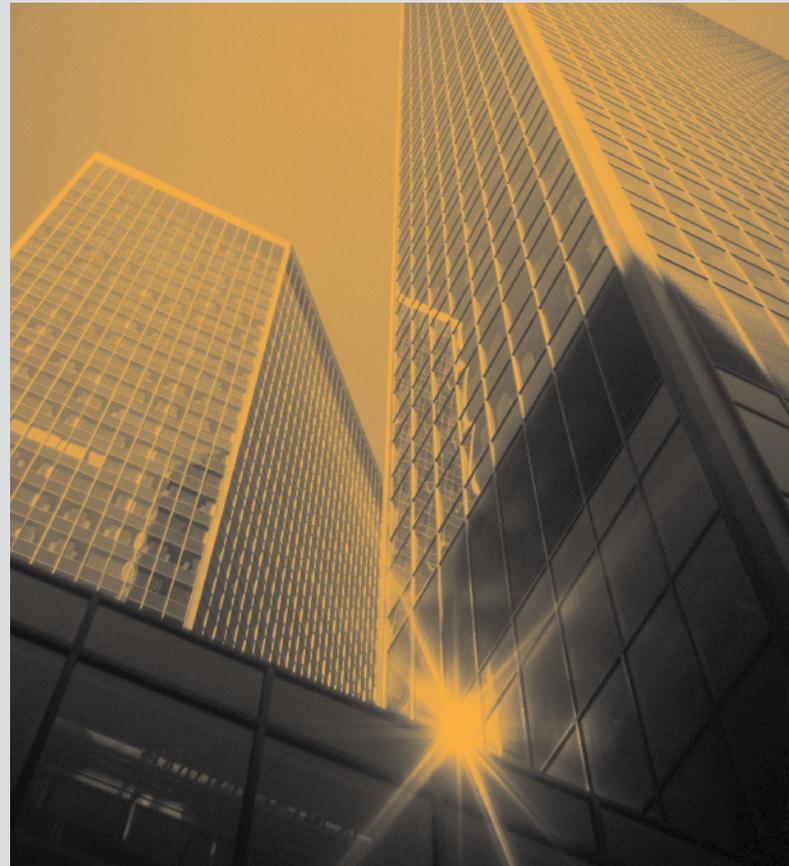
Financial capital consists of an organisation's assets that exist in the form of currency, shares and bonds. Traditionally, it is the primary measure of business performance and success in terms of reporting performance to shareholders, investors, regulators and government.

In this section of our review we will be providing an overview of our approach to investment and portfolio management; what has been achieved during over a decade of investing, preserving and growing the assets of the RBN to fund community development; the progress we have made towards diversifying our portfolio to increase its resilience and sustainability; and we review our financial position. RBH's audited financial statements are issued separately at a later date.

Over a decade of protecting the heritage and safeguarding the future of the Royal Bafokeng Nation

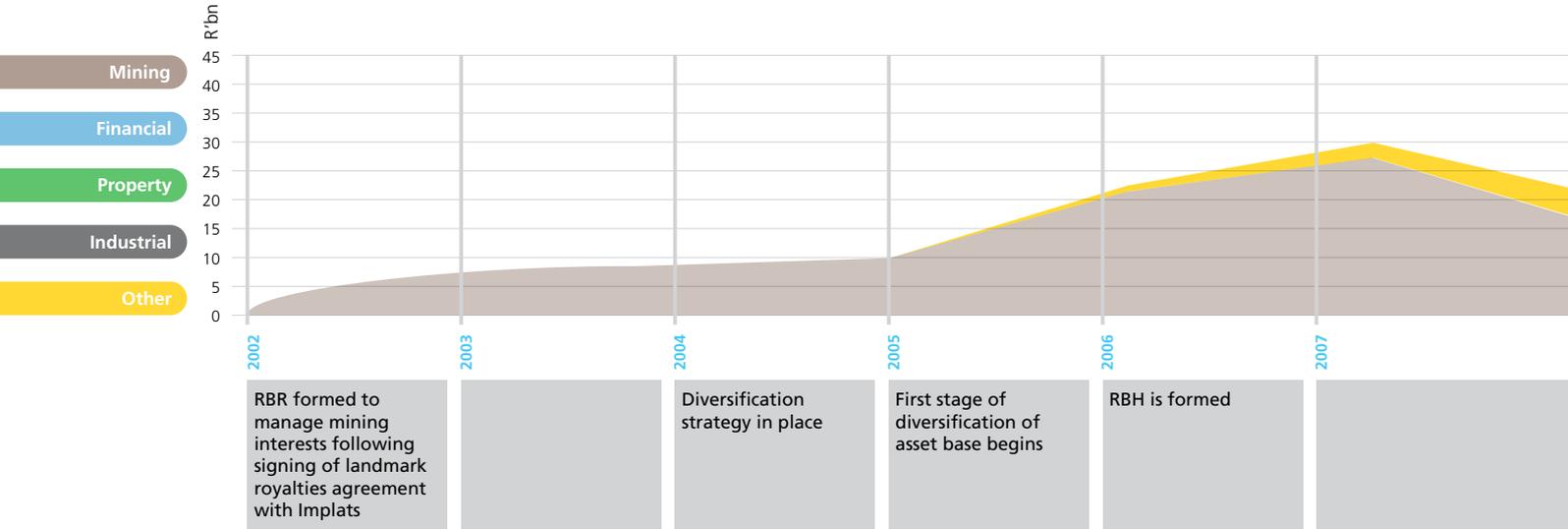
RBH has its roots in Royal Bafokeng Resources (RBR), which was established in 2002 to oversee the mining interests of the Nation. This followed the signing of a landmark agreement between the RBN and Impala Platinum (Implats), which resulted in the Nation receiving royalties from the metals mined in the Impala lease area. In the same year RBR negotiated a joint venture with Anglo American Platinum (Amplats), which resulted in the formation of the Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture, developed and operated by Amplats, and also invested in a shareholding in what was then SA Chrome and today is Merafe Resources. Kgosi Leruo Molotlegi had the foresight to realise that while its mineral resources had provided the Nation with a wonderful financial legacy, it needed to diversify its investments to ensure it could continue to offer intergenerational wealth and long-term sustainability. The first step in this process was the formation of Royal Bafokeng Finance in 2004. The graphic on pages 22 and 23 depicts the progress RBN has made in diversifying from a nation whose wealth was entirely invested in the mining industry to today, where 30% of our investment portfolio is in mining assets.

Because RBH's primary mandate is to deliver yields that will meet the RBN's development needs in the short term, while preserving and growing the Nation's assets for the medium and long term, this is the most material issue for RBH.





08 Financial capital



Invested excess capital in non-platinum assets

- RBR formed
- Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture formed with Rustenburg Platinum Mines (RPM), a subsidiary of Amplats, to exploit PGMs on the Boschkoppe, Styldrift and Frischgewaagd farms. Managed by RPM (RBR shareholding 50%)
- Acquisition of 34.9% shareholding in SA Chrome (now Merafer Resources) listed on the JSE

No change during 2003

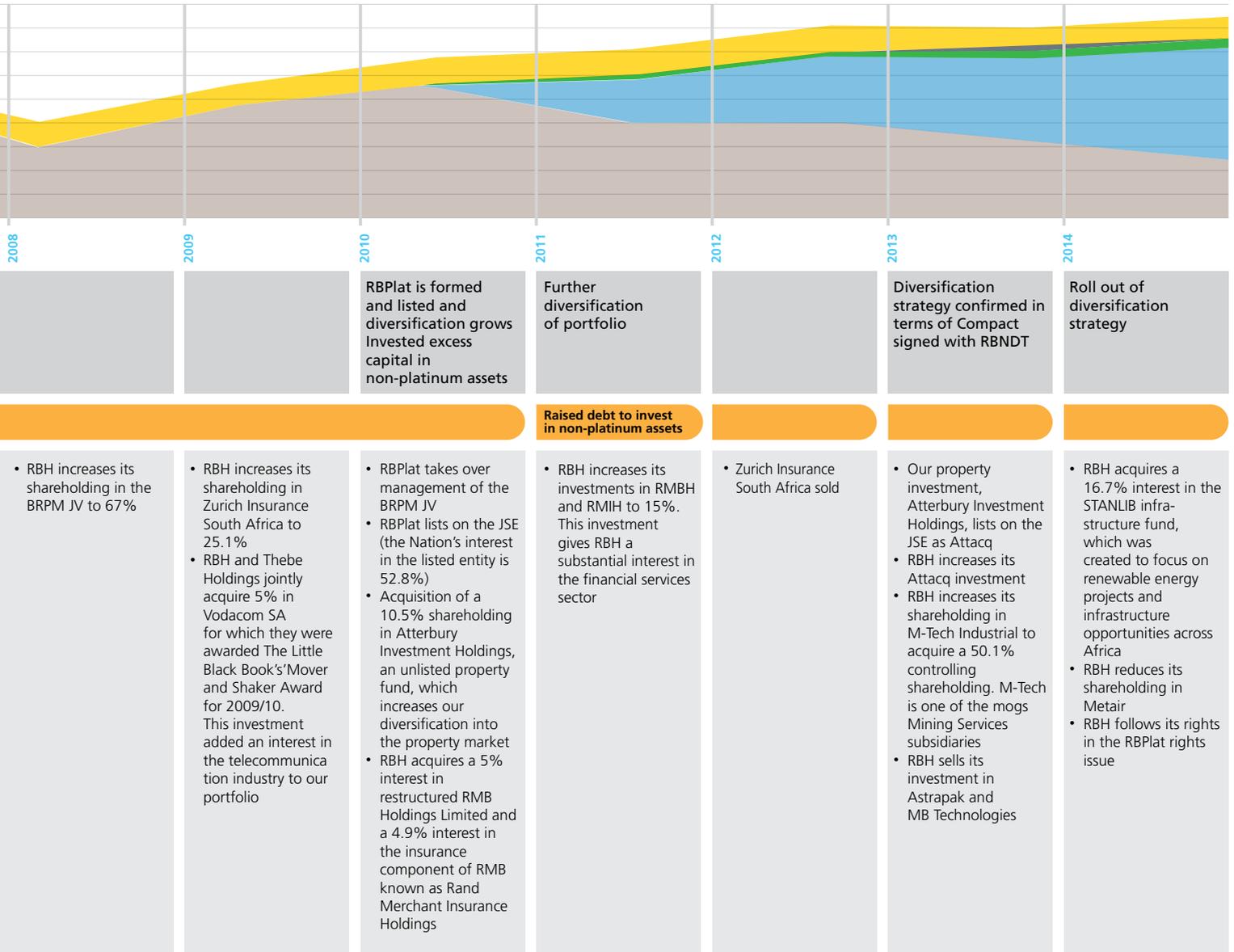
- Royal Bafokeng Finance (RBF) was formed with the aim of diversifying and increasing the Nation's sustainability by ensuring it is not totally reliant on its income from the mining sector and the platinum industry in particular

- RBF makes its first non-mining investments in Astrapak, a packaging company listed on the JSE non-listed company Fraser Alexander
- RBF purchases 10% stake in insurance company Zurich SA

- RBR and RBF are merged to form RBH which will manage the Nation's entire investment portfolio
- RBN exchanges its royalties for a 12% shareholding in Implats, which is listed on the JSE
- RBH acquires 100% of Fraser Alexander, 26% of joint venture Metuba Engineering and Construction, a 51% equity interest in Hard Rock Mining through Royal Bafokeng Capital, a 25.1% stake in Pasco Risk Management
- Forms Libstar

- RBH purchases a shareholding in Zaptronix, specialist providers of risk management services in the energy and mobile logistics field, a 30% stake in Praxima, an outsourced payroll and human resources services provider, acquires a 26% interest in MB Technologies, later increased to 55% and a stake in logistics company DHL. RBH also acquires an effective 12.5% interest in Metair, a listed automotive components manufacturer, and a 25.1% interest in M-Tech, a consultancy providing services and solutions primarily in the nuclear industry. Sells half of its interest in Libstar in accordance with an agreement

Our reputation as a black empowerment partner of choice has proved to be a competitive advantage during negotiations on the price and structuring terms of an investment.

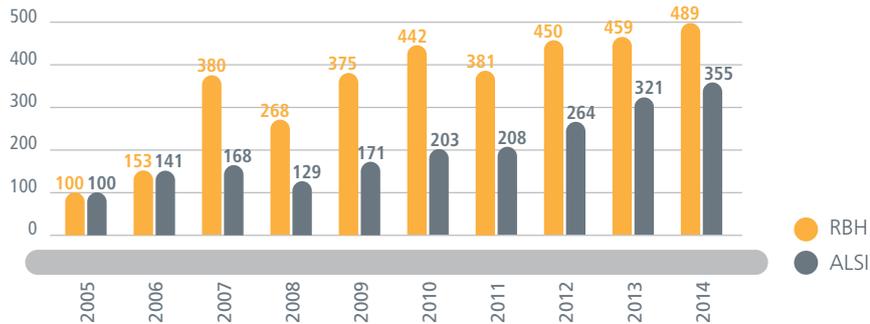




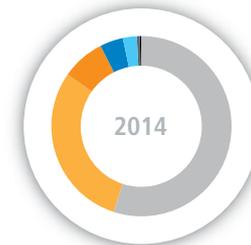
08 Financial capital

When RBH was formed in 2006 the gross asset value of our portfolio was R22.4 billion and we received R124 million in dividends. By 2008, just before the global financial markets crashed, the value of our portfolio was R28.7 billion and we received R1.6 billion in dividends. Following the crash the gross asset value of our portfolio dropped to R17.8 billion. By continuing to work on building up the resilience of our portfolio through diversification we have been able to restore the value the portfolio lost in 2008. By the end of 2014 the gross asset value of our portfolio was R41.2 billion.

Cumulative total return performance (R'm)

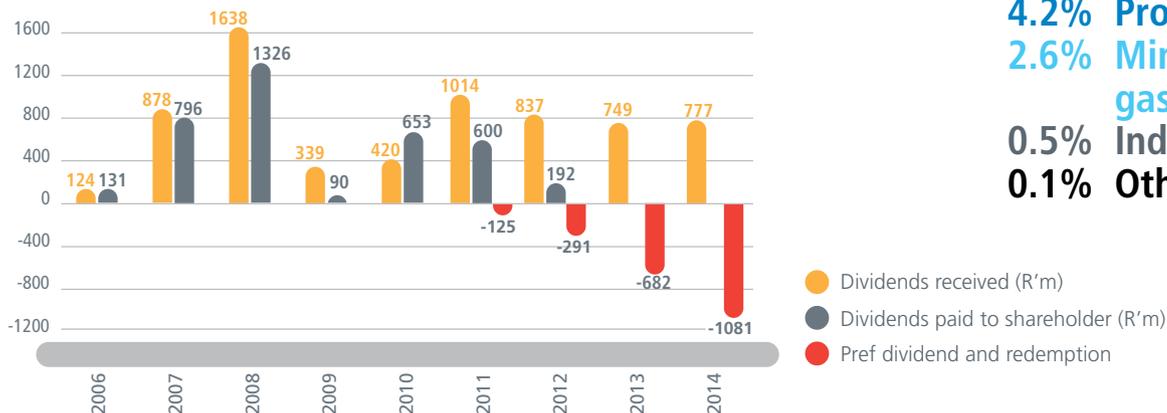


RBH portfolio



55.0% Financials
 29.9% Mining
 7.7% Infrastructure
 4.2% Property
 2.6% Mining, oil and gas services
 0.5% Industrials
 0.1% Other

Dividends flow (R'm)



Our approach to investing

Our investment and portfolio management activities are governed by our Policy for Sustainable Investment and Portfolio Management, which sets out our responsibilities, our investment decision-making process, the economic, social and governance (ESG) investment and management criteria we apply and the type of investments that RBH will not invest in. (For details of the policy see the Corporate governance section of this report on page 53.)

To meet the unique responsibility RBH has to provide the funding for the development needs of the RBN requires that we adopt a prudent approach to our investment decisions. Our shareholder, RBN DT, holds both our board and our executive team accountable for the implementation of our investment strategy.

RBH does not involve itself in the day-to-day operational management of the companies in which it invests; however, we are active and participative shareholders. Our executives sit on the boards of these companies and through their role as directors they are able to influence both the strategy and governance of these businesses.

Our declared investment strategy is long-term investment in like-minded companies that have established track records, strong management teams and a competitive advantage. Paying a fair price for a top asset is part of our investment philosophy, rather than purchasing a lesser quality asset at an attractively low price. Our need to be prudent, especially in terms of our shareholder's aversion to any risk of capital loss, means we do not invest in start-ups.

It is our intention to further diversify our investments by asset class. To achieve our diversification objectives we are looking to increase our investment in property, which is an asset class that has proved itself over decades by delivering sustainable and growing dividend yields, and infrastructure. Our diversification strategy includes seeking out investment opportunities beyond the borders of South Africa.

As part of our diversification into infrastructure we will be increasing our long-term investment in Mogs, which is well positioned, both in South Africa and the rest of Africa, in terms of providing oil and gas infrastructure. Further investment in Mogs will also be an investment in the energy sector, which has considerable potential for growth throughout Africa (see the section on Mogs on pages 36 to 37 of this report for more information on this business). Mogs Mining Services also has considerable potential to expand its delivery of mining services globally, through its subsidiaries that deliver services across the entire mining value chain.

The performance of our portfolio in 2014

Mining sector investment

The prolonged strike in the platinum industry, combined with rising costs and weak PGM prices, resulted in a very disappointing performance from our largest platinum sector investment. It also affected the RBN community, as many of its members are employed in this industry.



08 Financial capital

OUR PORTFOLIO AS AT 31 DECEMBER 2014

| MINING | | 29.9 % of gross assets |
|---|----------------------|--|
|  <p>www.implats.co.za</p> <p>Actual interest 13.0%</p> | Description | Implats, the world's second largest platinum producer, produces approximately 22% of global platinum supply. It mines refines and markets PGMs, nickel, copper and cobalt. Its production in 2014 declined to 2.37 Moz of PGMs |
| | Economic performance | <ul style="list-style-type: none"> Financial performance in the 2014 financial year was negatively affected by five month strike at Impala Rustenburg, resulting in a loss in 2014 of R129 million (2013 profit of 1 068 million) Unit costs increased by 17.6% to R19 430 (2013: R16 526) per platinum ounce affected by mining inflation of 10.8% and significantly reduced production from Impala Net debt position of R3.5 billion (2013: R3.4 billion) |
| | Social performance | <ul style="list-style-type: none"> Implats employs 55 000 people including 15 000 contractors across its operations in South Africa and Zimbabwe Total socio-economic expenditure decreased to R71 million in 2014 (2013: R102 million) Continued to meet its transformation commitments in terms of the Mining Charter targets set for 2014. Spending R261 million on employee housing in South Africa. In Zimbabwe it spent US\$15 million on housing at Zimplats |
| | Governance | <ul style="list-style-type: none"> Guided by principles of King III Code on Corporate Governance, the Companies Act, 2008, the JSE Listings Requirements and all other applicable laws, standards and codes |
|  <p>www.bafokengplatinum.co.za</p> <p>Actual interest 52.5%</p> | Description | Royal Bafokeng Platinum (RBPlat) is an independent black-controlled platinum producer listed on the JSE (RBP), which operates the Bafokeng Rasimone Platinum Mine, and the RBPlat concentrator and is constructing at the Styldrift I project. Shallow depth mining Merensky and UG2 reef |
| | Economic performance | <ul style="list-style-type: none"> R1.43 billion in net cash generated by operations Unit cost increases capped at 8% which is below mining inflation of 10.8% Net profit for the year of R598.8 million |
| | Social performance | <ul style="list-style-type: none"> Black owned and controlled and exceeds black economic empowerment requirements of the Mining Charter Best Performer on the JSE Socially Responsible Investment (SRI) Index R413.4 million invested in social and labour plan between 2010 and 2014 |
| | Governance | <ul style="list-style-type: none"> Applies principles of King III and complies with all relevant legislation and JSE Listings Requirements Integrated reporting came first in EY Integrated Reporting Awards 2013 |

The information on these pages is drawn from information available on corporate websites during February 2015

MINING continued**29.9% of gross assets**

**www.meraferesources.
co.za**

Actual interest 29.0%

| | |
|----------------------|--|
| Description | Merafe Resources has a 20.5% participation in the Glencore-Merafe Chrome Venture, which is one of the world's largest producers of ferrochrome. Full year 2014 ferrochrome production volumes attributable to Merafe amounted to 334kt an increase of 5% on 2013 volumes |
| Economic performance | <ul style="list-style-type: none"> • Net profit of R214 million (2013: R211 million) • Interim dividend of R28 million and final dividend of R20 million in 2014 • Cash production cost increases of 9% were well managed and below mining inflation |
| Social performance | <ul style="list-style-type: none"> • Provided employment to 13 385 people in 2014 (2013: 15 528) • Corporate social investment and enterprise development investment of R20 million (Venture R18 million, Merafe R2 million) |
| Governance | <ul style="list-style-type: none"> • Inclusion in the JSE Socially Responsible Investment (SRI) Index since its inception in 2003 (excluded from 2014 when SRI Index assessment only applied to top 100 companies on the JSE by market capitalisation) • Applies the principles of King III and the SRI Index reporting criteria in its business • Complies with relevant legislation and JSE Listings Requirements |

FINANCIAL SERVICES**55.0% of gross assets**

www.rmbh.co.za

Actual interest 15.0%

| | |
|----------------------|--|
| Description | A focused investment company with a 33.9% stake in leading banking group FirstRand which includes the following financial services franchises: Rand Merchant Bank, WesBank, Ashburton Investments and First National Bank |
| Economic performance | <ul style="list-style-type: none"> • Net profit for the 2014 financial year was R6.3 billion • 33% increase in dividend in 2014 – 227.5 cents |
| Social performance | <ul style="list-style-type: none"> • The FirstRand group provides employment to approximately 38 000 people • FirstRand retained its level 2 BEE status. RMBH does not have a formal BEE rating • 94% of the FirstRand group's total spend qualifies as BEE procurement spend • FirstRand group contributes 1% of after tax earnings to the FirstRand Foundation, which in 2014 was valued at R124 million pledged to various development interventions. (See www.firstrand.co.za for more information) |
| Governance | <ul style="list-style-type: none"> • A constituent of the JSE SRI Index • Effective corporate governance forms part of RMBH's investment assessment criteria which is further monitored by non-executive board representation on those boards. FirstRand has its own extensive governance structure |



08 Financial capital

OUR PORTFOLIO AS AT 31 DECEMBER 2014

FINANCIAL SERVICES continued

55.0% of gross assets



RMI Holdings
www.rminsurance.co.za

Actual interest 15.0%

| | |
|----------------------|--|
| Description | RMI Holdings is a separately listed investment holding company. It holds a diversified portfolio of strategic insurance investments in some of South Africa's premier insurance brands. Its investments include MMI Holdings (Momentum and Metropolitan), Discovery, OUTsurance and RMB Structured Insurance |
| Economic performance | <ul style="list-style-type: none"> • Net profit for the 2014 financial year of R3.3 billion • 14% increase in ordinary dividend to 108.0 cents |
| Social performance | <ul style="list-style-type: none"> • The companies in which RMI Holdings is invested provide employment to more than 27 000 people • The Discovery Foundation provides ongoing financial support to 43 community healthcare organisations and is investing R150 million over 10 years to train 100 healthcare specialists in South Africa • OUTsurance's social contribution includes the Pointsmen project and the Helping Hands volunteer programme • MMI has the MMU foundation, the Metropolitan Fund for the disabled and the Momentum Fund. Tackling the HIV/AIDS pandemic is an important part of its corporate social investment |
| Governance | <ul style="list-style-type: none"> • A constituent of the JSE SRI Index • Application of principles of King III, compliance with relevant legislation and JSE Listings Requirements set out in Integrated report for 2014 |

INFRASTRUCTURE

7.7% of gross assets



Vodacom SA
(unlisted subsidiary of Vodacom)
www.vodacom.co.za

Actual interest 2.0%

| | |
|----------------------|---|
| Description | A leading mobile telecommunications company providing voice, messaging, data and converged solutions. In South Africa Vodacom had 31.5 million active customers in Dec 2014 |
| Economic performance | <ul style="list-style-type: none"> • Services revenue declined by 5.8% due to the 50% cut in mobile termination rates in April 2014, increased competition and weaker consumer spending • The company maintained tight cost management to mitigate the impact of the steep mobile termination rate reduction • Vodacom still awaits ICASA and Competition Commission approval of its Neotel acquisition • Vodacom SA has 31.4 million customers |
| Social performance | <ul style="list-style-type: none"> • Vodacom provided employment to 4 829 employees in 2014 • The Vodacom Foundation in South Africa has partnered with reputable charitable organisation to grant R720 million to various programmes since 1999 |
| Governance | <ul style="list-style-type: none"> • Vodacom states that it ensures its governance structures support effective decision-making and robust control and are aligned to changing requirements as well as local and international best practice |

The information on these pages is drawn from information available on corporate websites during February 2015

INFRASTRUCTURE continued**Stanlib Infrastructure Fund****Actual interest 16.7%**

| | |
|----------------------|--|
| Description | The key focus of the Stanlib Infrastructure R1.2 billion 10-year close-ended fund will be renewable energy, as well as opportunities in water, power, transport, telecommunications and oil and gas infrastructure projects. The bulk of the fund will be channelled into South African infrastructure projects under development, with the remainder to be invested across sub-Saharan Africa |
| Economic performance | <ul style="list-style-type: none"> As this investment was only made in August 2014 there is no information available as yet on its performance. We will include information on its performance in our 2015 review |
| Governance | <ul style="list-style-type: none"> The governance structure of the fund will be guided by Stanlib governance principles |

PROPERTY**4.2% of gross assets****www.attacq.co.za****Actual interest 10.5%**

| | |
|----------------------|---|
| Description | <ul style="list-style-type: none"> Attacq is a leading South African capital growth fund in the real estate sector, which holds property assets in South Africa, the rest of Africa and Europe. It focuses on sustainable capital appreciation through the development and ownership of a balanced portfolio of properties with contractual income streams. Capital appreciation is supplemented by development and redevelopment profits made within the company |
| Economic performance | <p>December 2014 results:</p> <ul style="list-style-type: none"> Total assets R20.5 billion Current investment portfolio yielding >7% core income Net asset value R10.8 billion Gearing 34.0% |
| Social performance | <ul style="list-style-type: none"> Attacq directly provides employment to 69 people Attacq supports the Atterbury Trust established by the founders of Atterbury who initially allocated a significant portion of their shareholding to the Trust. Attacq donated R550 000 to the Trust during the 2014 financial year. It also made a R250 000 contribution to the Columba leadership programme, which seeks to empower young people from previously disadvantaged backgrounds by focusing on instilling personal, social and environmental responsibility and drawing heavily on the teaching power of lessons from the natural environment. Attacq also contributed R1.5 million to the Bafokeng Leadership Programme |
| Governance | <ul style="list-style-type: none"> Attacq committed itself in its integrated report to complying with all legislation and regulations applicable to its business, including all tax legislation, the JSE Listings Requirements, the Companies Act, as well as the recommendations of established corporate governance frameworks such as the guidelines contained in King III |



08 Financial capital

OUR PORTFOLIO AS AT 31 DECEMBER 2014

MINING OIL AND GAS SERVICES

2.6% of gross assets



www.mogs.co.za

Actual interest 100%

Description

Mogs is a South African based company created by RBH in 2007 to invest in oil and gas services businesses in Africa and the Middle East

Economic performance

- The economic performance of Mogs will be included in the RBH annual financial statements which will be published in May 2015

Social performance

- Mogs' corporate social responsibility is incorporated into RBH's corporate social responsibility programme

Governance

- Mogs applies the same standards of corporate governance as RBH



www.mogs.co.za

Actual interest 100%

Description

The Mogs Mining Services group is invested in eight businesses, which together offer an integrated mining services platform

Economic performance

- The economic performance of Mogs Mining Services will be included in the RBH annual financial statements which will be published in May 2015

Social performance

- Mogs Mining Services' corporate social responsibility is incorporated into RBH's corporate social responsibility programme

Governance

- Mogs Mining Service applies the same standards of corporate governance as RBH



The portfolio returned an investment return rate of 7.3%, which was in excess of inflation of 5.3%.

Investment review 2014

The 2014 year was a mixed year for the RBH portfolio with exceptionally strong performance offset by the extreme difficulties experienced in the platinum sector (and particularly the five-month strike in relation to Implats). Even more importantly the impact of the strike was felt by our community with consequential effects on other businesses in the area.

Overall the portfolio grew in real terms aided in particular by strong performances from our RMBH and RMIH assets along with continued asset growth from Attacq.

Merafe brought its world leading Lion II facility into production. As a result of Glencore's Primus technology this facility has significant competitive advantages. With the capital expenditure in respect of energy-efficient technology coming to an end, Merafe was able to restore a dividend to its shareholders.

Despite the ongoing difficulties in the platinum industry RBPlats had a strong year during which they:

- Raised the equity required for the Styldrift expansion
- Renewed their wage agreement for up to five years with no labour unrest
- Provided significant housing to their employees

The team at RBPlat are setting a very high benchmark for operational excellence within a framework of constructive labour and community relations.

We have entered into a sales and purchase agreement in terms of which RBH and JCDecaux will be purchasing the business of Continental Outdoor Media, which is involved in the outdoor advertising business. The agreement is still subject to conditions precedent (including competition and other regulatory approvals). To the extent these conditions are fulfilled then RBH will be investing in a strong cash generative business that is represented in 14 countries in Africa. Moreover, there is strong alignment between JCDecaux and RBH on the potential of this business for positive growth. JCDecaux's position

as the number 1 player in the outdoor advertising industry in the world, combined with their unique expertise and vision, means that RBH is privileged to have them as a potential fellow shareholder.

We also invested in the Stanlib Infrastructure Fund, which is invested in round 1 and 2 Renewable Energy Independent Power Producer Procurement (REIPPP) Programme. This investment is important as it provides predictable, steady cashflows over the long term.

Key financial highlights

The disposal of a portion of our stake in Metair combined with strong dividend flow from our financial services assets meant that RBH was able to further reduce funding.

No dividend was paid to our shareholder during 2014 however we look forward to restoring dividends to our shareholder in 2015.

Exceptional earnings growth from RMIH and RMBH resulted in dividend income from these two investments increasing from R572.8 million to R722.4 million, an increase of 26.1%.

The portfolio returned an investment return rate of 7.3%, which was in excess of inflation of 5.3%.

Investment review 2014

continued

| RBH PORTFOLIO (R'MIL) | 2014 | YoY (%) | 2013 | YoY (%) | 2012 | YoY (%) | 2011 | YoY(%) | 2010 |
|---|---------------|----------------|---------------|----------------|---------------|----------------|---------------|---------------|---------------|
| Market value of listed investments | 36,969 | 6.1% | 34,847 | 1.4% | 34,352 | 16.4% | 29,505 | 7.2% | 27,534 |
| Implats | 6,298 | -38.4% | 10,223 | -26.7% | 13,938 | 0.2% | 13,909 | -28.2% | 19,363 |
| RBPlats | 5,341 | -3.3% | 5,526 | 2.6% | 5,385 | 4.5% | 5,151 | -17.5% | 6,245 |
| Merafe | 677 | 14.6% | 591 | 18.8% | 497 | -25.0% | 663 | -44.6% | 1,195 |
| RMB Holdings | 13,624 | 33.1% | 10,238 | 18.8% | 8,618 | 49.1% | 5,781 | nm | - |
| RMI Holdings | 9,106 | 48.9% | 6,117 | 33.4% | 4,586 | 53.6% | 2,986 | nm | - |
| Attacq Limited | 1,733 | 23.6% | 1,402 | 96.4% | 714 | 10.9% | 643 | 28.9% | 499 |
| **Metair | 190 | -74.7% | 750 | 22.4% | 613 | 65.1% | 372 | 59.8% | 232 |
| Directors' valuation of unlisted investments | 4,263 | -5.7% | 4,521 | -13.1% | 5,201 | -4.7% | 5,456 | -2.1% | 5,571 |
| Vodacom SA | 3,013 | -7.6% | 3,261 | 4.0% | 3,134 | 22.9% | 2,550 | 10.4% | 2,310 |
| Fraser Alexander | 720 | 0.1% | 719 | -35.4% | 1,114 | 3.4% | 1,077 | 9.9% | 980 |
| Mogs | 311 | -31.2% | 452 | 7.2% | 422 | -3.2% | 436 | 56.8% | 278 |
| Stanlib infrastructure fund | 102 | nm | - | - | - | - | - | - | - |
| Dipalopalo Consortium (PPP with Stats SA) | 41 | nm | - | - | - | - | - | - | - |
| Other | 76 | -15.2% | 89 | -83.2% | 532 | -61.8% | 1,392 | -30.5% | 2,003 |
| Gross Asset Value | 41,232 | 4.7% | 39,368 | -0.5% | 39,553 | 13.1% | 34,960 | 5.6% | 33,105 |
| Cash from Disposals and Dividends | 243 | nm | | | | | | | |
| Less: Liabilities | 9,103 | -3.0% | 9,385 | -6.0% | 9,986 | -2.6% | 10,251 | 204.0% | 3,372 |
| - Preference shares | 7,191 | -7.2% | 7,751 | -1.7% | 7,884 | 3.6% | 7,609 | 375.0% | 1,602 |
| - Non-recourse Debt | 1,911 | 17.0% | 1,634 | -22.3% | 2,102 | -20.5% | 2,642 | 49.2% | 1,770 |
| Net Asset Value | 32,373 | 8.0% | 29,983 | 1.4% | 29,567 | 19.7% | 24,709 | -16.9% | 29,732 |

** RBH reduced its stake from 9.5% to 3% in 2014
nm = not meaningful



Overall the portfolio grew in real terms aided in particular by strong performances from our RMBH and RMIH assets along with continued strong asset growth from Attacq.



08 Financial capital

Mogs Oil and Gas Services

Mogs Oil and Gas Services is a South African-based company created by RBH to diversify its investment portfolio by investing in mining, oil and gas services businesses.

It has two arms:



which provides services to the oil and gas industry; and



which provides services across the mining life cycle

Both of these businesses also provide RBH with the opportunity to diversify geographically.



Mogs – a wholly-owned subsidiary of RBH



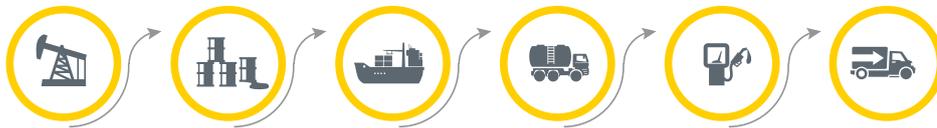
From its inception Mogs has specialised in the rehabilitation of oil and gas pipelines in the Middle East, Eastern and Western Europe and Asia. A number of exciting new projects have kept the Mogs team very busy recently with potential new opportunities.

Mogs identified certain African countries as suitable locations for the provision of oil and gas infrastructures and in particular the port of Saldanha, which is ideally located on the transit route for all major shipments of oil and gas from South America and West Africa and able to accommodate large vessels. Independent terminal networks such as the one planned by Mogs and its partners perform vital connecting services between the world's oil fields and the users of derivative products.



Lucas Ndala

Chief executive officer
of Mogs Oil and Gas Services



Among various projects, Mogs Oil and Gas Services has a 50% shareholding in a partnership with Oiltanking, a German-based company that is one of the biggest providers of tankage service globally. The skills of Oiltanking, which operates through a joint venture, Oiltanking Grindrod Calulo (Pty) Ltd in South Africa, complement the expertise of Mogs Oil and Gas Services. The business already has environmental approval for a crude oil storage facility in Saldanha, a NERSA construction licence, ownership of the land on which the facility will be constructed and an initial concept design in place. The facility is expected to be fully operational by 2017.

Mogs Oil and Gas Services acquired a 60% shareholding in the Sunrise Energy liquified petroleum gas (LPG) import terminal which is an open access facility. This means that it can be used by any gas importer, distributor or downstream user for the importing of LPG. The facilities will include a multi-buoy mooring system located in Big Bay, Saldanha, for the mooring of the LPG vessels. These vessels will be offloaded via a subsea and overland pipeline to the onshore terminal where the product will be blended and odourised to specification before being despatched. Phase 1 of the terminal includes 5 500 tonnes of storage, which allows for the importing of 17 500 tonnes of LPG per month. The terminal's design is modular, allowing for growth to an ultimate storage capacity of 16 500 tonnes of LPG, which corresponds to a throughput capacity of 52 000 tonnes a month. We expect the facility to be operational by 2017.

Partnering with a local Mozambican company, Consolidated Oil and Gas (COGS), the company is currently developing warehousing facilities and storage yards in the port of Pemba to service the companies drilling offshore for gas, and will also be developing similar facilities in the port of Nacala.



The RBH board and management visited the site at Saldanha Bay of the Mogs joint venture investment in the Sunrise Energy liquid petroleum gas facility due to be operational by 2017

In conjunction with this project Mogs is conducting a feasibility study into the possibility of building a fuel pipeline that would service certain SADC countries. These countries currently rely on South Africa and the Mozambican port of Beira for their fuel requirements and would benefit from a more efficient route.

The partnership between Mogs and Black Rhino, an infrastructure development company recently acquired by global asset management firm Blackstone, is in advanced discussions with the governments of both Ethiopia and the Republic of Djibouti. Memoranda of understanding have already been signed with both governments regarding the construction of a fuel pipeline from Djibouti into Ethiopia.



08 Financial capital

MOGS MINING SERVICES

The Mogs Mining Services (MMS) Group, a wholly-owned subsidiary of Royal Bafokeng Holdings (RBH), was established in 2007 as part of RBH's strategy to grow, enhance and diversify its investment portfolio.

Today, it is an international group providing tailored solutions across the mining value chain in Africa, Australia, Europe, South America and North America. The group is invested in nine businesses, eight of which are specialist companies who provide services across the mining lifecycle.

The mining developments in Africa provide the business with a number of growth opportunities.

Fraser Alexander, RBH's first investment in the mining services field, is wholly owned by Mogs Mining Services. Mogs Mining Services has a majority shareholding in its remaining subsidiaries. While their entrepreneurial approach has already increased the value of these businesses by between 25% and 40%, the potential for future growth within the group remains substantial.

The services offered by the Mogs Mining Services Group include:

Exploration and feasibility studies

The MSA Group, established in 1983, is a leading provider of exploration, geology, mineral resource estimation and mining and environmental consulting services to the mining industry. The group has worked in over 50 countries, including 30 African countries, for large multi-national mining companies, banks, junior mining companies, private equity and sovereign wealth funds.

Velile Nhlapo

Chief executive officer
of the Mogs Mining
Services group

Drilling services and resource definition

Geoserve Exploration Drilling (GED) is a specialised drilling company offering core drilling services across the African continent.

Booyens Bore has been operating in the Northern Cape region for the past 20 years and provides a range of drilling and mining services, including production, solar, blast hole and de-watering drilling services.

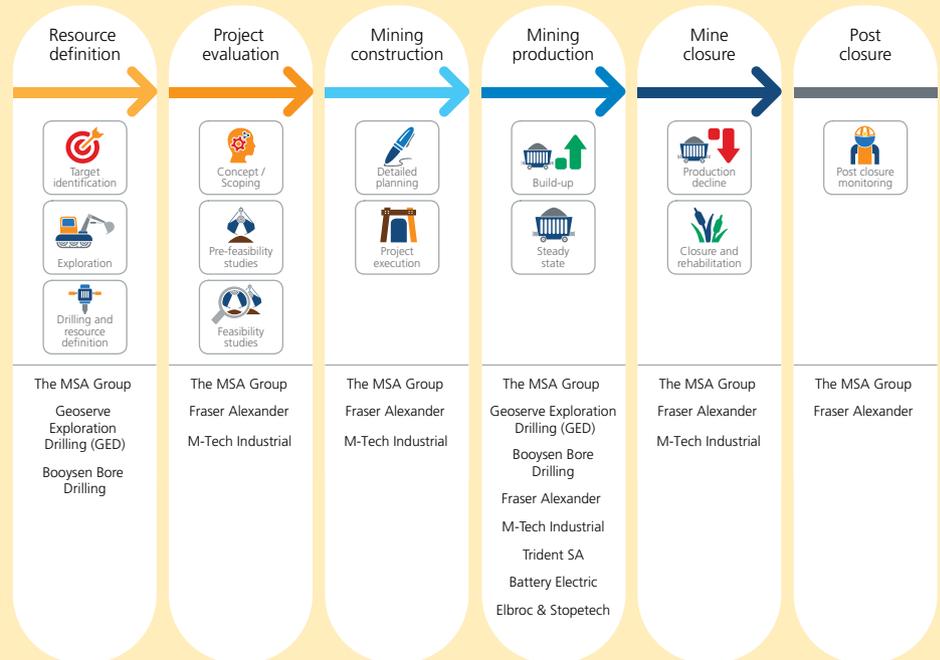
Mine construction

Fraser Alexander has been operating in the mining industry since 1912. Its Construction Division was established in the early 1970s when the company decided to expand its service offering to include a dedicated construction operating division focusing on waste, water and material containment sites and structures.

Since then its construction offering has been expanded to include civil infrastructure development projects, in particular where controlled earthworks and bulk earthmoving machinery are required; construction of the civil structures along with waste, water and materials movement on mining and industrial sites; pipeline construction; construction of landfill sites and specialised environmental and pollution control civil works.

Their entrepreneurial approach has already increased the value of these businesses by between 25% and 40%

The potential for future growth within the group remains substantial.





08 Financial capital

Production

The Mogs Mining Services group of companies offers a wide range of services and products used in operating mines. These include:

Fraser Alexander's Mineral Processing Division, established in 1986, reviews plant operability at design stage; participates in the commissioning of contractor-built plants; operates and maintains mineral processing plants in the coal and precious metals sectors, on an outsourced basis; and manages the overall metallurgical, engineering, quality control, administrative, procurement and asset management of mineral beneficiation plants.

Fraser Alexander's Tailings Division is the largest provider of outsourced residue management solutions internationally. These include the operation and maintenance of treatment plants for influent and effluent, process water, acid mine draining and mine impacted water and desalination. Fraser Alexander has designed and constructed many tailings dams and manages approximately 170 of these on an outsourced basis.

Elbroc and Stope Technology Services are industry leaders in the design, manufacture, installation and maintenance of prop safety systems for the mining industry. These products are designed to stabilise rock ceilings and their ability to withstand seismic movement in the earth's core provides a stable support system in mine shafts.

Trident SA is a leading designer and manufacturer of mining machinery. It is an original equipment manufacturer of Elimco rocker shovel loaders, Goodman locomotives and Trident mono rope winches.

M-Tech Industrial is a multi-disciplinary engineering company involved in the design, analysis and optimisation of energy solutions, fluid dynamics, and energy efficient projects. M-Tech offers a range of energy efficient products and services, bespoke and commercially to the mining and energy sector.

Battery Electric specialises in the design and manufacture of underground railway control systems, which include battery locomotive controllers, battery chargers, AC locomotive controllers, auto re-closers and remote control systems for locomotives.

Mine closure, rehabilitation and post closure monitoring

Fraser Alexander's extensive offering of scientifically based environmental management services ranges from tailings dam and dump rehabilitation, to supporting its customers with mine closure solutions and environmental monitoring services. Its experience in residue management covers a wide range of minerals.

To maintain its position as market leader Fraser Alexander invests in research and development projects aimed at finding cost effective solutions that can add value to its clients.



09 Productive capital

Productive capital is the material goods and infrastructure owned, leased or controlled by an organisation that contribute to production or service provision, but do not become part of its output. It is important to the sustainability of an organisation in two ways. Firstly, the efficient use of productive capital allows an organisation to be flexible, innovative and increase the speed of its delivery. Secondly, manufactured capital and technology can be used to reduce resource use and enhance both efficiency and sustainability.

As set out in our business model the productive capital RBH particularly relies on is the systems and technology it requires to run its business and the office infrastructure it requires to conduct its business. Its expenditure on productive capital and its efficient management of its investment in productive capital allows it to run an effective and efficient business and contributes to its ability to achieve sustainable long-term growth for its shareholders.



10 Intellectual capital

We recognise that intellectual capital is a real business asset; however, measuring it can be difficult. We see it as stemming from three sources:

Products and intellectual property

Human capital

The knowledge and expertise that resides in the way things are done in a business, which includes its use of systems, procedures and protocols

The key elements of our intellectual capital are:

- Our ability to establish successful relationships with our stakeholders (refer to page 51 of this report for details of our achievements in this regard)
- The skills and experience of our investment team
- Our ability to adapt to a changing business environment, achieve cost efficiencies and the courage to make tough decisions.



11 Human capital

Human capital incorporates the health, knowledge, skills, intellectual outputs, motivation and capacity for relationships of an organisation's employees. Organisations need a healthy, motivated and skilled workforce in order to function.

OUR APPROACH TO THE MANAGEMENT OF OUR PEOPLE

Our approach to managing our people is based on international best practice, upholding the United Nations (UN) Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The development of our human capital strategy, its alignment with our corporate strategy and our employment policies and procedures are the responsibility of our human capital manager, who reports to our chief executive officer.

Employee statistics



Gender breakdown



67% Women
33% Men

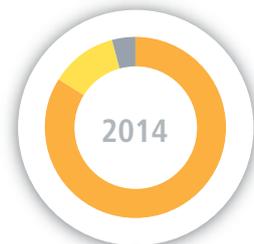


56% Women
44% Men

Racial breakdown



15% White
85% African



4% Coloured
12% White
84% African

We believe in making an appropriate investment in the development of our people.



Broad-Based Black Economic Empowerment transformation

RBH is committed to remaining a truly transformative Black Economic Empowerment (BEE) partner of choice, adding both material and strategic value to our various partners. To maintain our position of offering real transformation, we have put in place a strategy and implementation plan that ensure that there is real transformation in our communities. This strategy is mostly driven through our sole shareholder, the Royal Bafokeng Nation Development Trust (RBNDT), who ensures that there are clear plans for sustainable social programmes at grassroots level. Our aim is to create long term sustainable initiatives touching the hearts of our community while remaining compliant with the B-BBEE Codes of Good Practice.

We are also proud to inform our partners that for the 2014/2015 RBH achieved an improved rating to BEE Level 2.

| Occupational level | Number | Gender | Race |
|--|--------|----------------|--------------------------------|
| Top management | 4 | 3 men, 1 woman | 2 African, 1 white, 1 coloured |
| Senior management | 3 | All women | All African |
| Other management | 3 | All men | 1 African, 2 white |
| Middle management | 4 | 3 women 1 man | All African |
| Skilled, academically qualified, junior management | 7 | 4 women, 3 men | All African |
| Semi-skilled | 4 | All women | All African |
| | 25 | | |

Employment equity

Our aim is to achieve equitable representation in all the occupational categories and levels in our workplace through equal opportunity, fair treatment and the elimination of unfair discrimination. At the same time we need to ensure we have the appropriate specialised skills to achieve the Nation's funding requirements.



11 Human capital

Investing in our people

We believe in making an appropriate investment in the development of our people. If our business is to be sustainable we need to have employees with the relevant skills and experience. It is our aim to provide our employees with the opportunity to acquire competencies that will allow them to develop and progress. We also offer our employees well-structured employment contracts that offer fair and competitive remuneration.

People development

Our managers are encouraged to give their team members regular feedback on their performance. In addition, all our employees have biannual performance management interviews. At the start of each financial year a performance scorecard and an individual development plan is drawn up for each employee on the basis of a one-on-one consultation session between employee and manager. The development plan is used to ensure our people receive the training they require to perform well in their roles and the scorecard provides a performance measurement tool.



Nurtures and facilitates the employment of RBN graduates with the aim of creating a talent pipeline for future leaders of the community and RBH.

We started with 14 'Class of' internees in 2010 and by 2014 we had placed 24 internees within investee companies.

Developing future leaders of the Nation

In addition to developing our own employees our 'Class of' programme, which was established in 2010, nurtures and facilitates the employment of RBN graduates with the aim of creating a talent pipeline for future leaders of the community and RBH. The programme provides RBN graduates who have performed well academically with the opportunity to gain practical work experience. Not only does the programme assist the RBN with the challenge of capacity building, it also creates employment opportunities for these graduates once they have completed their internships with their host companies. We started with 14 'Class of' internees in 2010 and by 2014 we had placed 24 internees within RBH, RBN and a number of the companies in which we have invested. (For details of the graduate programmes of one of the companies in which we are invested we would refer you to the RBPlat integrated report 2014 at www.bafokengplatinum.co.za)

Talent management and succession planning

During 2014 we put in place a talent management and succession planning framework that was approved by our board and in 2015 we will be developing and implementing a talent management and succession plan.





Learners at Charora High School participating in a life skills lesson



12 Social and relationship capital

RBH's role in terms of corporate social investment changed during 2014 as, in addition to funding the Nation's development requirements through our management of its investment portfolio, RBH assumed the additional role of assisting with fundraising for various RBN entities. RBH has also narrowed the focus of its corporate social investment programme to just two strategic priorities in future: education and enterprise development, which are also both key priorities for the RBN.

We conduct research before deciding on programmes to ensure that both RBH's programmes and those of the RBN DT are relevant and will meet the needs of the community. The most important criteria for RBH and the RBN DT is the impact our social investment has on the lives of its recipients.

While we have always worked closely with the companies in which we are invested with regard to their corporate social investment

programmes, we are also partnering with other companies who have the knowledge to assist us with various programmes, and in particular with enterprise development initiatives. This approach is resulting in some exciting new initiatives and synergies, which we believe will make a very valuable contribution to the achievement of our community development goals.

During 2014 RBH, together with some of the companies in which we are invested and the companies with whom we are collaborating, contributed over R17 million to enterprise development, education, health, the care of orphans and vulnerable children and sport projects in our communities. We would like to thank all the investors who contributed. The details of these contributions are set out in the tables below.

INVESTMENTS IN ROYAL BAFOKENG ENTERPRISE DEVELOPMENT

| COMPANY | AMOUNT/GOODS | PURPOSE |
|-------------------------|------------------|---|
| | R | |
| Royal Bafokeng Holdings | 2 000 000 | Education |
| Victoria Engineering | 50 000 | Socioeconomic development |
| Attacq | 1 500 000 | Waste management venture |
| Fraser Alexander | 800 000 | Education and socioeconomic development |
| Royal Bafokeng Holdings | 1 200 000 | Investment in research |
| Fraser Alexander | 38 877 | Donation of 10 mobile spazas to hawkers |
| TOTAL | 5 588 877 | |



12 Social and relationship capital

INVESTMENTS IN THE ROYAL BAFOKENG INSTITUTE (The Institute manages the RBN's educational programmes)

| COMPANY | AMOUNT | PURPOSE |
|-------------------------------|------------------|---|
| | R | |
| Royal Bafokeng Holdings | 1 500 000 | Maths and science teacher development |
| Zurich mobile library project | 500 000 | Sponsorship of books and IT in schools |
| Impala Bafokeng Trust | 808 000 | Construction of kitchens in three schools |
| Royal Bafokeng Platinum | 2 040 051 | Maths and science teacher development |
| MB Technologies | 100 000 | Maths and science teacher development |
| Engen | 300 000 | Library construction |
| RBH career fair | 49 200 | Career awareness and development |
| TOTAL | 5 297 251 | |

CONTRIBUTIONS TO THE PHOKENG TRAUMA CENTRE

| COMPANY | AMOUNT | PURPOSE |
|---|------------------|---|
| | R | |
| Royal Bafokeng Holdings | 2 000 000 | Operational costs |
| National Lottery Board | 321 099 | Staff salaries & overheads |
| Department: Social Development (North West) | 680 000 | Maintenance, field worker's stipends, campaigns |
| Networking HIV and Aids Community of South Africa | 250 000 | Thuthuzela centre upliftment |
| Glencore | 100 000 | Mfidikwe satellite office overheads spend |
| Sizwe Ntsaluba Gobodo | 387 000 | Audit (service) |
| Royal Bafokeng Administration | 1 700 | Water and electricity bill (donation) |
| South African Police Service | 6 000 | Telephone bill |
| TOTAL | 3 745 799 | |

CONTRIBUTIONS TO THE GODISANANG ORPHANAGE AND VULNERABLE CHILDREN

| COMPANY | AMOUNT | PURPOSE |
|-------------------------|------------------|-------------------------------|
| | R | |
| Royal Bafokeng Holdings | 2 000 000 | Operational costs |
| Impala Bafokeng Trust | 2 500 000 | Operational costs |
| Praxima | 19 000 | For laptops |
| Glencore | 10 000 | Donation of laptop and fridge |
| Nestlé | 500 | Donation of food |
| TOTAL | 4 529 500 | |

CONTRIBUTION TO ROYAL BAFOKENG SPORTS ADMINISTRATION

| COMPANY | AMOUNT | PURPOSE |
|-------------------------|---------------|----------------|
| | R | |
| Royal Bafokeng Holdings | 20 000 | Sponsorship |



The Grade R class
at Chaneng Primary
School in the classroom
provided by RBPlat



12 Social and relationship capital

RBH'S TOTAL CORPORATE SOCIAL INVESTMENT SPEND IN 2014

| | R |
|---|----------------|
| Investment in enterprise development, education, sport development, care of orphaned and vulnerable children, the Phokeng trauma centre and early childhood development | 8 209 112.00 |
| Administration and training costs | 2 249 202.97 |
| Total CSI spend | 10 458 314.97* |

*Limited assurance has been provided on this amount

In addition to these contributions we also held our first career fair in 2014 for Grade 10 and 11 learners. Thirteen companies participated and 358 learners attended from eight high schools in the region, which included government public schools and RBN high schools.

Impala Platinum, in which we have a 13% shareholding, invested R71 million in socioeconomic development initiatives in South Africa in 2014 and US\$6 million in Zimbabwe where it also has operations (see <http://financialresults.co.za/2014/implats-sustainability-report-2014/index.php>).

Royal Bafokeng Platinum (RBPlat), in which we have a 52.5% shareholding, invested R413.4 million in its social and labour plan commitments between 2010 and 2014. RBPlat's social and labour plan focuses on its four doorstep communities, three of which are on RBN land and one of which is on neighbouring state-owned land (for details of these investments see www.bafokengplatinum.co.za/bus-social-corp.php).

While our main focus is on the RBN's funding requirements, RBH in partnership with the African Women Chartered Accountants Forum, invested R300 000 in bursaries for two female students to study accounting, complete their articles and register as chartered accountants. We also support the field band foundation (R500 000) which gives life skills to youth through music and arts.



Thirteen companies participated and 358 learners attended the career fair from all eight high schools in the region



We wish all our relationships to be based on mutual respect (tlhomp) and that is the point from which we start all our engagement.

RELATIONSHIP CAPITAL

Our key stakeholders:

- **Our shareholder RBNDT**
- **The RBN and its various entities**
- **Our employees**
- **The companies in which we invest**
- **Regulators**
- **The media**

RBH's new communication strategy was developed in 2013 and the RBH communication team were kept busy this year putting a plan in place to support the strategy and implementing it.

It was important for us to raise awareness around our investments with our shareholder and to establish platforms for engagement between RBH and RBNDT. We therefore welcomed our shareholders to our offices, where they spent two days engaging with our management team. During their visit they attended a presentation by our investment team, at which they questioned our team at length, with very challenging questions. We were also able to take our shareholders on site visits to some of our major investments. These visits gave them a sense of the kind of organisations their money is invested in.

In addition to interacting with the RBNDT we also engaged with the many RBN entities to understand how these structures function, their needs, achievements and challenges. These included the Royal Bafokeng Institute (RBI) regarding education and Royal Bafokeng Enterprise Development (RBED), which is doing important work in developing local small businesses in order to drive the local economy.

One of the key challenges we had to address during 2014 was the reputational challenges that arose as a result of misunderstandings that developed around the restructuring of the Royal Bafokeng Administration (RBA). A particular challenge to our reputation that we had to address was the suggestion that RBH and the Nation were in financial difficulties. We were able to allay these fears and prove to the media that this was definitely not the case. The RBA entrusted us with communicating with the media on their behalf regarding the restructuring process and the ensuing media attention. It was a painful time for the community as the impact of the strikes in the platinum sector resulted in people losing their jobs. Following this period it is important that all of us connected with the RBN focus on re-establishing trust and respect.

Our reputation as a long-term black empowerment partner of choice is hard-earned and extremely important to us, so protecting it is a key issue for RBH.

It is also very important to ensure that we keep our employees informed on both RBH and RBN. We ensured that they were regularly briefed.



RBED is doing important work in developing local small businesses in order to drive the local economy

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Transparency and accountability

OUR APPROACH TO GOVERNANCE

The RBH board is committed to ensuring that its policies and procedures support effective governance and that they reflect its recognition that good corporate governance is integral to the success and sustainability of RBH and the creation of long-term value for our stakeholders.

The board also recognises that it must consider the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision-making processes. The Compact we signed with our shareholder, the RBNDT, sets out that it is critical for the Trust, which is the holder of all RBH's issued share capital, and RBH to create an environment which will support the Nation's vision of ensuring that current and future generations of Bafokeng will benefit from the asset base, which originated from the platinum deposits on Bafokeng land. The Compact covers RBH's undertakings in terms of:

- Financial matters
- General governance matters
- How we report to the RBNDT
- RBH's attendance at RBNDT and RBN meetings
- An investment policy statement approved by the RBH board of directors
- A conflict of interest policy, which provides guidelines for both directors and employees
- Our investing code of conduct
- Our code of ethics

We reported in 2013 that we had further enhanced and refined our strategy and the policies and procedures that support its implementation. These steps were taken with the aim of further aligning the governance of RBH with the principles of King III and the requirements of the Companies Act. They included, as previously reported, revising our board charter and the terms of reference of our committees. In terms of King III the board must consider the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision-making processes.

We also adopted the company's memorandum of incorporation as approved by our shareholder at our annual general meeting. Another important element of the various governance changes made in 2013 was the new long-term performance-related incentive scheme approved by our shareholder.

During 2014, as part of our ongoing review of our governance structures, we also formed a board social and ethics committee which held its first meeting on 3 September 2014. The membership of our board and its committees can be found on pages 60 of this review.

Our governance framework

ROYAL BAFOKENG NATION DEVELOPMENT TRUST (RBNDT)

ROYAL BAFOKENG HOLDINGS BOARD OF DIRECTORS (RBH)



BOARD COMMITTEES

Audit

Remuneration

Social and ethics

The RBNDT structure



RBH is committed to effective governance



Transparency and accountability

Our board NON-EXECUTIVE DIRECTORS



Monhla Hlahla (52)

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, Interim Chairman of the Industrial Development Corporation (IDC) and the President of the African chapter of Airports Council International. She serves on the following management committees: human resources, nominations, and the social and ethics committee.

Tom Boardman (66)

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 committees.

Fran du Plessis (61)

BCom LLB, University of Stellenbosch; Chartered Accountant (SA); BCom (Hons) Taxation, University of Cape Town; Advocate of the High Court of South Africa

Fran du Plessis, 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 Loubser du Plessis Inc and also sits on the board of several companies, including 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 (54)

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 and the head of external affairs at BHP Billiton Manganese SA. She previously held various senior positions at Spoornet and WesBank, 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

Executive Directors

Independent
Non-Executive Directors

EXECUTIVE DIRECTORS



Obakeng Phetwe (37)

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 Royal Bafokeng Nation Development Trust. He previously held the positions of Group Treasury and Business Manager for the RBN; Finance Manager for the RBA; and Senior Audit Manager at Moku 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 management committee.



Steve Phiri (59)

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. Steve is a member of the social and ethics committee.



Albertinah Kekana (42)

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.



Brian Harvey (40)

Finance Director

BCom (Hons), University of Johannesburg; Chartered Accountant (SA); BTech Mechanical Engineering, University of Johannesburg

Brian, who completed his articles as a chartered accountant at Ernst and Young, was appointed Finance Director of RBH effective 1 September 2014. He has gained extensive experience in various financial roles, including as Financial Director of Lake International Technologies, a division of AECl, and Senior Operations Finance Manager for Atlatsa Resources and Anglo American.

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Transparency and accountability

OUR MANAGEMENT TEAM



Albertinah Kekana

Chief Executive Officer

(see Board of directors for CV)

Brian Harvey

Finance Director

(see Board of directors for CV)

Velile Nhlapo

**Chief Executive Officer:
Mogs Mining Services**

NHD (Metals),
BTech (Mining Engineering)
MMCC

Brett Nagle

**Head of Investments:
South Africa**

BCom and Diploma
in Accounting,
University of
Natal, Chartered
Accountant (SA)

Siza Majola

**Senior Manager:
Stakeholder Relations**

BSc Geology,
University of
Fort Hare; BSc
GIS (Hons),
Stellenbosch
University; MBA,
Sheffield Business
School (UK)

Buyi Mlangeni

Company Secretary

BTech, Durban
University of
Technology;
National Diploma,
Natal Technikon;
Executive
Development
Programme
University of the
Witwatersrand
Business School

Our board charter is closely aligned with King III





Ditiro Kwele

Human Capital Manager

BTech, University of Johannesburg; Management Advancement Programme Certificate, University of the Witwatersrand Business School; Higher Certificate in Management, Foundation for Professional Development

Board level of independence



25% Non-executive directors
25% Executive directors
50% Independent non-executive directors

Board gender composition



50% Female
50% Male

Racial composition



25% White South Africans
75% Historically disadvantaged South Africans (HDSAs)

Our board performs its duties within a framework of policies and controls that provide for effective risk assessment and management of our economic, environmental and social performance. It also plays an important role in setting ethical standards of conduct. Our board charter, which is closely aligned with the recommendations of King III, details the responsibilities of the board. Our memorandum of incorporation also addresses certain of the directors' responsibilities and powers.

The board and its committees oversee all significant aspects and transactions of both RBH and its subsidiaries. Our subsidiaries are also governed by the limits of authority set by the RBH board.

Our board committees operate under board-approved terms of reference, which are updated when necessary to keep them aligned with current best practice. The terms of reference of the audit and remuneration committees were reviewed in 2013 and those of the newly-established social and ethics committee were approved by the board in 2014. The audit committee's terms of reference include responsibility for oversight of risk management in RBH. Both the audit and social and ethics committee are statutory committees in terms of the Companies Act and as recommended by King III.

Each board committee is chaired by an independent non-executive director and the membership of the audit committee is made up entirely of independent non-executive directors. Appointments to the committees are made by the board in consultation with the committee chairmen.

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Transparency and accountability

ROLE OF THE CHAIRMAN

The chairman is responsible for ensuring:

- the overall effectiveness of the board and its committees
- that the board provides effective leadership, maintains ethical standards and is responsible, accountable, fair and transparent
- that strategies are developed and implemented with the objective of achieving sustainable economic, social and environmental performance.

To achieve this she fosters a culture of openness and constructive challenge within the board that allows for the expression of a diversity of views in effective debates and discussions. She also makes herself available to the shareholders for discussions on key corporate governance matters and matters of concern to shareholders as well as other stakeholders.

Roles and responsibilities of the board

As fiduciaries, the board is accountable to shareholders as a whole and they also owe a duty of care and diligence to RBH. They act in the best interests of the company and its shareholder.

The board:

- governs the company on behalf of its shareholder
- is responsible for strategy, strategic decision-making and execution
- regularly assesses the company's performance
- ensures constructive engagement with the stakeholder
- is responsible for RBH's approach to corporate citizenship, safety, health, the environment, ethics and risk
- takes responsibility for its own governance, including the rotation of directors, training of directors, conflicts of interest and the appointment of directors
- regularly monitors and assesses RBH's reputation in the marketplace.

To fulfil these responsibilities board members participate in rigorous and effective debate and discussion and annually assess the performance of the Company Secretary, the board and its subcommittees.

Roles and responsibilities of the audit committee (incorporating risk management)

The audit and risk committee members are independent non-executive directors.

The committee:

- reviews RBH's financial statements and integrated reporting
- oversees the governance of risk and the system of internal controls in conjunction with the social and ethics committee
- refers to the findings of the internal and external auditors
- obtains assurance on the financial statements, internal controls and sustainability information included in RBH's integrated review
- carries out its statutory duties set out in Section 90 of the Companies Act, 2008
- satisfies itself as to the expertise and experience of the finance director and the financial function.

All the recommendations the committee makes are submitted to the board for approval.

The audit committee met its responsibilities in terms of the Companies Act 2008, as amended, during the 2014 financial year.

Roles and responsibilities of the remuneration committee

In line with the King III recommendations the committee's membership is made up of three independent non-executive directors, all of whom are qualified to carry out their duties.

The chief executive officer, finance director and human capital manager are invited to attend all of the committee's meetings, except when their own remuneration is under consideration. Other members of senior management are invited to attend meetings as and when their presence is required.

The committee is responsible for:

- establishing and developing RBH's general remuneration policy for both executive management and non-executive directors
- approving packages for specific individuals in terms of the authority delegated to it by the board
- making recommendations to the board regarding the appointment of new executive and non-executive directors
- advising the board on its composition and that of its committees
- reviewing and updating RBH's succession plan for both its directors and senior management
- reviewing and updating all statutory documents in order to comply with the requirements of the Companies Act.

Roles and responsibilities of the social and ethics committee

The primary role of the committee is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of social, ethics and sustainable development related matters which include:

- ethics management
- corporate social responsibility
- human resource development
- employment equity and transformation
- legislative compliance
- stakeholder engagement
- protection of company assets.

The committee is also responsible for carrying out its duties as prescribed in the Companies Act, 2008, and for reporting the discharge of its duties in this regard to the board and the shareholder.

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Transparency and accountability

MEMBERSHIP AND ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

| DIRECTOR | Date of appointment to the board | Board and strategy session attendance | Audit committee (incorporating risk management) membership and attendance | Remuneration committee membership and attendance | Social and ethics committee (established 3 Sept 2014) membership and attendance |
|--|----------------------------------|---------------------------------------|---|--|---|
| INDEPENDENT NON-EXECUTIVE DIRECTORS | | | | | |
| Monhla Hlahla (Chairman) | 1 March 2011 | 6/7 | | 6/7 | 1/1 |
| Tom Boardman (Chairman of audit committee) | 1 January 2011 | 6/7 | 5/5 | 5/7 | |
| Fran du Plessis | 1 June 2012 | 7/7 | 5/5 | | |
| Tshidi Nyama (Chairman of remuneration and social and ethics committees) | 1 October 2007 | 6/7 | 2/2 (appointed 27 August 2014) | 7/7 | 1/1 |
| NON-EXECUTIVE DIRECTORS | | | | | |
| Obakeng Phetwe | 27 March 2012 | 6/7 | 4/5 | 5/7 | |
| Steve Phiri | 24 July 2006 | 7/7 | | | 1/1 |
| EXECUTIVE DIRECTORS | | | | | |
| Albertinah Kekana** | 1 November 2012 | 7/7 | 5/5 | 7/7 | |
| Refiloe Nkadameng | 1 October 2013 | 4/4 (resigned 25 June 2014) | | | |
| Brian Harvey* | 1 September 2014 | 3/3 | 3/3 | | |

*ex officio members of the audit committee
+ ex officio member of the social and ethics committee

- Audit committee
- Remuneration committee
- Social and ethics committee

COMPANY SECRETARY

Buyi Mlangeni was appointed as company secretary of RBH on 14 August 2012. The company secretary is responsible for administering the proceedings and affairs of the directorate and the company in accordance with the relevant laws. She is available to assist all our directors with advice on their responsibilities, their professional development and any other relevant assistance they may require. In addition to guiding the board on the discharge of its responsibilities, she also keeps the board abreast of any relevant changes in legislation and governance best practice. The company secretary oversees the induction of new directors and the ongoing education of our directors. She is also secretary of the board's committees and is responsible for the preparation for and holding of board meetings and the annual general meeting.

The application of our commitment to good corporate governance and sustainable development

One of RBH's primary responsibilities in terms of sustainable development is to act as a responsible investor.

Our approach to investment is set out in our sustainable responsible investment and portfolio management policy.

The policy defines our:

- principles, objectives and systems for sustainable investment with respect to environmental, social and governance (ESG) issues
- investment and management objectives
- policy towards disinvestment, which sets out 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, fails to meet our ESG investment criteria, or is participating in any exclusion activities listed in the policy.

Our investment decision-making process

SCREENING

Negative screening in terms of our responsible investment policy



DUE DILIGENCE

Undertake due diligence to identify ESG risks and liabilities



DECISION

Investment decisions
Financial performance
Portfolio composition
All risks relating to the investment



AGREEMENT

Active ownerships, improvements adherence to policies and guidelines



MONITORING

Monitoring of identified performance indicators and reporting



Transparency and accountability

ESG INVESTMENT AND MANAGEMENT CRITERIA

RBH's investment and management criteria include:

- 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 III compliance
- Compliance with:
 - / anti-corruption laws of the country`
 - / employment equity requirements
- or use unbonded asbestos fibres (bonded asbestos cement sheeting where the asbestos content is less than 20% is acceptable to RBH)
- / pharmaceuticals subject to international phase-outs or bans
- / pesticides/herbicides subject to international phase-outs or bans
- / in product containing polychlorinated biphenyls (a group of highly toxic chemicals)
- / ozone depleting substances subject to international phase-out
- are substantially involved in the production or trade in weapons and munitions
- trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- purchase logging equipment for use in primary tropical moist forests
- are involved in drift net fishing in the marine environment, using nets in excess of 2,5km in length
- use forced labour or harmful child labour
- through their production or activities impinge on the lands owned, or claimed under adjudication by indigenous peoples, without the full documented consent of these people.

The type of investments we will not consider

RBH uses a process of negative screening based on the type of investments it will not consider in terms of the policy. A reasonableness test is also applied.

We will not invest in businesses that:

- produce or trade:
 - / in products that are considered to be illegal under a host country's laws or regulations or international conventions and agreements (this also applies to a business that conducts illegal activities)

INTERNAL CONTROLS AND RISK MANAGEMENT

RBH seeks to have a sound system of internal controls, based on its policies and guidelines, in all of its subsidiaries, material associates and joint ventures. Wherever possible we apply best practice. In those companies that are independently managed, as well as in our joint ventures, the directors representing RBH seek assurance that significant risks are being well managed.

During 2013 Sekela Xabiso Consultants, independent service providers, were appointed to review RBH's internal controls and to make any relevant recommendations that would help us improve our system of internal control. We have also conducted a comprehensive risk assessment of the group and the various risks affecting our business have been rated and ranked. We have incorporated a risk register into our audit plans and internal audit monitors its management.

Regular management reporting keeps the board apprised of the effectiveness of internal control mechanisms. The finance director reports quarterly to the board on our financial and accounting framework and internal audit reports regularly to the audit and risk management committee on risk and internal controls throughout RBH.

Public disclosure of information

We publicly disclose relevant information on our company website, www.bafokenholdings.com and endeavour to ensure that all information in respect of ownership and documents and policies is current. Our corporate governance policy, board charter, board committees' terms of reference, code of ethics, sustainability strategy, policy for sustainable responsible investment and portfolio management and our corporate social investment policy are available on our website.

Accounting and auditing

The annual financial statements for the year ended 31 December 2014 will be prepared in accordance with international financial reporting

standards by the accounting staff of RBH, headed up by finance director, Brian Harvey.

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 and enforcement

While ultimately responsibility for RBH's compliance with board-approved policies vests with the board, the board has delegated certain responsibilities to management. Board-approved policies encourage the ethical behaviour of each individual, both separately and collectively as a management group. The board is obliged to ensure that its conduct and that of its management are aligned with group values and that these are adhered to in all aspects of our business.

Our CEO has overall management responsibility for ensuring that the company complies with the applicable laws, the board charter, policies regarding corporate governance and the company's code of ethics and that any shortcomings and exceptions permitted by law are handled ethically.

RBH has established a risk-based internal audit function, which has been outsourced to an external service provider. Our internal audit process, which is informed by company strategy, includes financial, operational and compliance matters. The internal auditors report to the audit and risk management committee, which is responsible for overseeing the internal audit function, at every committee meeting.

| | |
|---|---|
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| Public Officer | Brian Harvey brian@bafokengholdings.com |
| Senior Manager: Stakeholder Management | Siza Majola siza@bafokengholdings.com |
| Auditors | PricewaterhouseCoopers Inc 2 Elgin Road Sunninghill 2157 South Africa |