

2014

CORPORATE
GOVERNANCE REPORT

Senwes 

ON THE ROAD TO
2020

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Senwes 

Corporate Governance, Structures & Practices

The Senwes Group (“the Group”) and the Board of Directors (“the Board”) of Senwes and its related parties are guided by corporate best practices as contained in the King Reports on Corporate Governance (King III). These sound principles are taken into account on a continuous basis in the decision-making process and the implementation thereof.

The shareholder structure changed during the course of the year, which dictates the composition of the Board to a large extent. The structure is as follows:

Name of Shareholder	%
Senwesbel Ltd	51.09
Senwes Capital (Pty) Ltd	6.36
Grindrod Trading Holdings (Pty) Ltd (“Grindrod”)	20.00
Senwes producers	14.79
Public	7.76
	100.00

The following is being reported regarding the material corporate governance and best governance practices:

THE BOARD

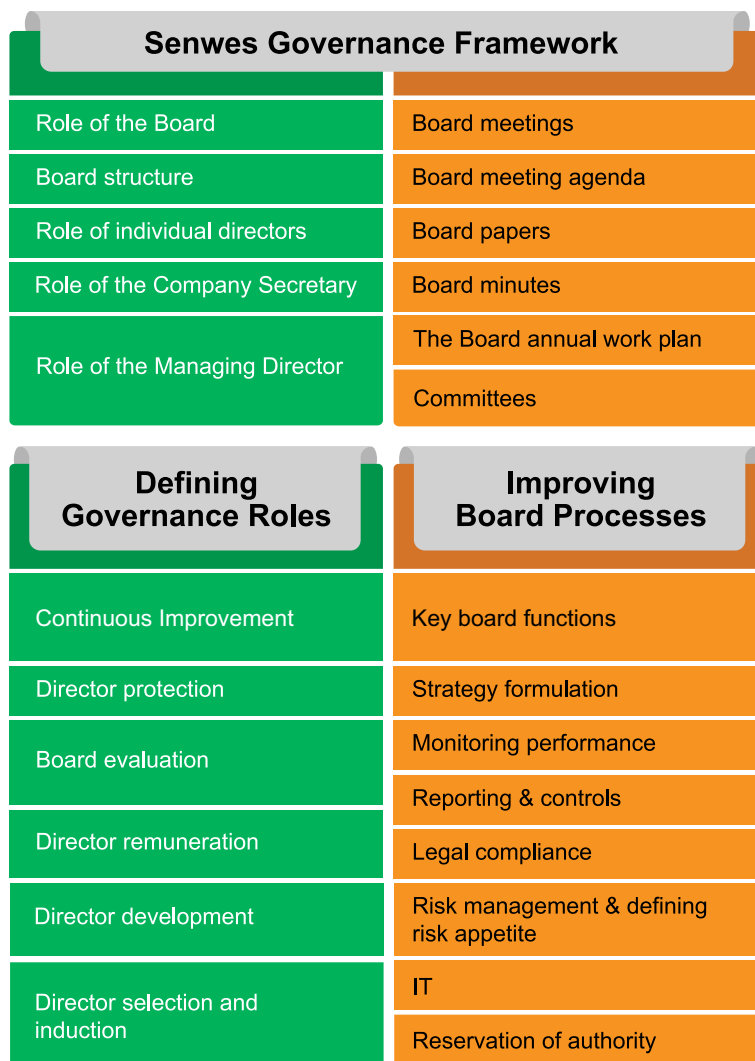
During the year the Board once again critically evaluated its own role in providing strategic guidance to the Senwes Group and confirmed as such that the Board is still focusing on the material aspects which could promote the continued sustainability and growth of the Company. The 2020 vision remains the Board’s focus area within the governance and risk management frameworks that were created within the embedded compliance platforms.

The Board’s role, as well as those of other stakeholders, including the governance structures of subsidiaries and joint venture partners, is considered on a regular basis at the various levels of governance and commitment is confirmed in each instance. The functions and role of each are well defined and are contained in the Board Charter.

THE BOARD OF DIRECTORS

The pursuit of managing the Group and the Company in accordance with good corporate governance practices still applies and although the Board, which comprises of 13 members, is not made up of a majority of independent non-executive directors, the opinion is that the shareholder representatives on the Board are in an excellent position to guide the Company to its exclusive benefit in the future. In this regard Senwes does not comply with the principle of majority independence at present, but Senwesbel Limited, the controlling shareholder with a 51% interest in the Company, together with the representatives of Grindrod Trading Holdings with a 20% interest, are not only focused on the continued sustainability of the Company, but also on the long-term existence of the producer who has to compete in a highly competitive global market economy.

The appointment of strong, independent non-executive directors to the Board, and the balance of a strong executive team, ensure that no individual can exercise undue influence on the independent decision-making process of the Board.



During the year the following members joined the Board:

Name	Appointment date
Mr Khutso Mampeule	25 June 2013
Ms Ruwayda Redfearn (alternate director Mr Alan Olivier)	5 September 2013
Mr Tom van Rooyen	29 November 2013

Directors are nominated and elected by shareholders and provision has been made for a transparent rotation process. The performance of the Board, directors and structures is evaluated critically and yet another formal evaluation process commenced in April 2014. Written mandates and authorities have been put in place by the Board, in terms of which certain powers have been reserved solely for the Board.

The members of the Board takes Group matters seriously and meetings are well attended. Personal interests of directors are monitored and reported. The formal declaration of interests is a standing agenda item on the agendas of the Senwes Board and joint venture companies. Share trading takes place in terms of a

formal Code of Conduct for the Trading of Shares in the Group. Share trading closed from August 2013 pending certain strategic transactions and related matters.

The attendance of Board members, personal interests and share trading of board members are reported in the comprehensive Corporate Governance Report.

The Board is serious about the matters of the Company and meetings are well attended, as can be seen from the following graph:

Name of director	Board	Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee	Investment Committee	Social & Ethics Committee
Number of meetings	6	3	4	5	4	2	2
Non-executive:							
JE Grobler (retired 23/08/2013*)	1/1	-	-	-	1/1	-	-
JDM Minnaar (Chairman)	6/6	-	-	5/5	4/4	2/2	-
ZBM Bassa	5/6	3/3	2/2	2/3*	-	-	-
SF Booyen (Vice Chairman)	6/6	3/3	-	2/2*	4/4	2/2	-
JBH Botha	5/6	3/3	-	5/5	-	-	2/2
AJ Kruger	6/6	3/3	-	-	2/2*	2/2	2/2
NDP Liebenberg	5/6	3/3	4/4	5/5	-	-	-
KI Mampuele (new 25 June 2013)*	4/4	-	2/2	-	-	-	2/2
JJ Minnaar	6/6	-	4/4	5/5	-	-	-
R Redfearn (new 5 September 2013) *	2/3	-	2/2	-	-	-	-
TF van Rooyen (new 29 November 2013)*	2/2	-	1/1	-	-	-	-
WH van Zyl	6/6	-	4/4	-	-	-	2/2
Executive:							
F Strydom	6/6	-	4/4	-	-	-	-
CF Kruger	6/6	-	4/4	-	-	-	-

(* Not a member of the Board/Committee for a full year)

Personal interests of directors are monitored and reported. Formal declaration of interests is a standing agenda item on the boards of the joint venture companies as well. Share trading takes place in terms of a formal Code of Conduct for the Trading of Shares in the Group. During the year under review share trading has been closed since August 2013, given a pending strategic transaction and related matters.

Date	Status	Reason
31 March 2013	Closed	Preparation of annual report
28 June 2013	Open for selling only	Publication of annual financial statements
15 August 2013	Closed	Negotiations with 3 rd party, possible material transaction for the Group
1 November 2013	Closed	Publication of cautionary announcement
7 December 2013	Closed	Interim financial statements and payment of interim dividends
30 April 2014	Remain closed	Group under cautionary announcement

The personal interests of the Board members in the Group are disclosed in the table below.

Directors' direct and indirect interests in the Company:

Name	2014				2013			
	Direct		Indirect*		Direct		Indirect*	
	Shares	%	Shares	%	Shares	%	Shares	%
Non-executive								
JE Grobler (retired)	-	-	-	-	-	-	9 294 407	5.14%
AJ Kruger	137 386	0.08%	633 098	0.35%	132 386	0.07%	731 649	0.40%
NDP Liebenberg	-	-	770 073	0.43%	-	-	889 945	0.49%
JDM Minnaar	-	-	7 870 500	4.35%	-	-	8 959 263	4.96%
JJ Minnaar	-	-	3 147 254	1.74%	-	-	3 637 166	2.01%
TF van Rooyen	24 140	0.01%	72 556	0.04%	-	-	-	-
WH van Zyl	38 384	0.02%	5 615 334	3.11%	38 384	0.02%	6 421 335	3.55%
Executive								
F Strydom	-	-	812 304	0.45%	-	-	787 993	0.44%
CF Kruger	61 570	0.03%	225 322	0.12%	61 570	0.03%	169 090	0.09%
Subtotal of directors	261 480	0.14%	19 146 441	10.59%	232 340	0.12%	30 890 848	17.08%
Other shareholders	180 527 828	99.86%			180 556 968	99.88%		
TOTAL	180 789 308	100.00%			180 789 308	100.00%		

*Indirect interest is based on the percentage of the shareholding of the entity in Senwes, multiplied by the percentage interest held by the individual.

The role and function of the Chairman

The Chairman is a non-executive director who is appointed by the Board on an annual basis. Mr Danie Minnaar has successfully taken up office as Chairman. He has empowered the individual Board members and Board committees to truly take charge in dealing with the extensive workload of the Board. He attends the Committee meetings in an ex-officio capacity.

The roles of the Chairman and Managing Director are separated. The Chairman is supported by the Vice-chairman, Dr Steve Booysen, who also chairs the Audit and Investment Committees.

The role and function of the Managing Director and Executive Committee

The Company's daily corporate and management functions are dealt with by the Managing Director.

The duties of the Managing Director are to execute the strategies and policies, as approved by the Board, to manage the business and to execute all instructions of the Board. The Managing Director is supported by a management team of ten members, which forms the Executive Committee.

COMMITTEES

Functions and mandates

The Board established a number of committees to facilitate effective decision-making and to assist the Board in the execution of its duties and powers. The committees function in a transparent manner and report to the Board on a regular basis. The powers and execution of the responsibilities of each committee are arranged by means of formal, written mandates which are reviewed and approved by the Board on an annual basis.

The current board committees are as follows:

- Audit Committee;
- Investment Committee;
- Nomination Committee;
- Remuneration Committee;
- Risk Committee; and
- Social and Ethics Committee.

The Chairmen of these Committees report formally against each of the mandates and it is ensured that the work of these Committees is done in a proper and thorough manner.

The Audit Committee

This Committee comprises a majority of independent non-executive directors and is chaired by Dr Steve Booysen. The Managing Director, Financial Director and major financial and corporate disciplines throughout the Senwes Group also attend the Committee meetings.

The Committee met three times during the year under review. In terms of the provisions of the Companies Act and its mandate, the Committee attends to the following:

- Annual internal and external audit planning and budgets;
- Integrated reporting;
- Integrity of controls and financial disclosure;
- Appointment of external audit and verification of independence;
- Approval and recommendation of the annual financial reports; distribution to shareholders, liquidity and solvency tests and compliance assurance in terms of the Companies Act, IFRS and accounting policies;
- Governance frameworks; and
- Combined assurance in terms of risk, audit and compliance.

The Investment Committee

The Investment Committee comprises of non-executive directors. The Executives attend the meetings of the Committee as well. This Committee met twice during the year under the guidance of its Chairman, Dr Steve Booysen.

The Committee is responsible for various matters and the mandate has been expanded to also include management of liabilities. It attends to:

- Investment philosophy and investment management;
- Growth transactions and joint venture partnerships;
- Investment performance;
- Funding requirements and equity structuring; and
- Liability management.

The Nomination Committee (“Nomco”)

Nomco met four times during the year and is under the leadership of Mr Danie Minnaar, Chairman of the Senwes Board. It comprises only of non-executive directors, with attendance by the Managing Director and the Company Secretary. Nomco takes care of all Board and governance matters such as:

- Board succession planning;
- Composition of the Board itself and Committees;
- Board and Committee performance; and
- Board training and skills enhancement.

During April 2014 the Board again underwent an evaluation process. Overall it was found that the Board performs in a dynamic and efficient way, structures are working well and the composition is appropriate going forward.

The Remuneration Committee (“Remco”)

This Committee met five times this year under the guidance of its chairman, Mr Nico Liebenberg, and comprises only of non-executive directors. The corporate divisions attend the meeting on invitation and mainly represent corporate services and human resources.

Remco is responsible to:

- Make recommendations regarding non-executive and executive Directors’ remuneration to the Board and shareholders;
- Create and apply the remuneration philosophy;
- Ensure sound incentive schemes management, as well as reasonable and appropriate salaries/wages;
- Ensure appropriate succession planning for the Executive and management; and
- Consider employment equity.

Non-executive directors remuneration:

Non-executive	Status	Date	Total	Remuneration	Travelling and accommodation expenses	Committees
ZBM Bassa	In office	Full year	R364 330	R198 400	R15 730	R150 200
SF Booysen	In office	Full year	R668 857	R271 667	R29 290	R367 900
JBH Botha	In office	Full year	R478 652	R203 800	R9 352	R265 500
JE Grobler	Retired	23/08/2013	R268 214	R102 500	R87 714	R78 000
AJ Kruger	In office	Full year	R429 813	R203 800	R18 813	R207 200
NDP Liebenberg	In office	Full year	R622 239	R203 801	R16 738	R401 700
KI Mampeule	New	25/06/2013	R273 087	R164 633	R14 254	R94 200
JDM Minnaar	In office	Full year	R901 647	R422 900	R57 847	R420 900
JJ Minnaar	In office	Full year	R416 560	R203 800	R24 060	R188 700
R Redfearn	New	05/09/2013	R254 599	R197 800	R17 799	R39 000
TF van Rooyen	New	29/11/2013	R109 324	R77 917	R1 107	R30 300
WH v Zyl	In office	Full year	R343 544	R203 800	R15 544	R124 200
Total			R5 130 866	R2 454 818	R308 248	R2 367 800

Executive directors remuneration:

Executive	Total	Remuneration	Other allowances	Performance incentives and bonuses	Statutory costs
F Strydom	R6 695 890	R4 570 255	R108 800	R1 892 284	R124 551
CF Kruger	R3 858 049	R2 610 752	R38 390	R1 135 370	R73 537
Total	R10 553 939	R7 181 007	R147 190	R3 027 654	R198 088

The Risk Committee

This Committee consists of a mix of non-executive and executive Directors and is chaired by Mr Nico Liebenberg. Risk Management and all of the divisions are exposed to the Committee by means of a structured work plan. The Committee met four times during the year. It plays a strategic role in guiding the Board in its strategic plans. It analyses strategic and operational risks at all levels. During the year under review the Committee reviewed its risk management plan and risk appetite.

Risk management is applied throughout the Senwes Group. It is understood that risk management will assist to ensure the long-term sustainability of Senwes. The current risk culture within the Company contributes towards creating shareholder value on a sustainable basis that is consistent with shareholders' expectations. Its reporting structure is as follows:

- Risk Manager;
- Financial Director; and
- Risk Committee.

The Social and Ethics Committee (“SOC”)

Created in terms of the Companies Act, SOC is in its second year and has designed its mandate in such a manner as to have oversight over some of the other Board committees. Mr James Botha is the Chairman and the Committee met twice during the year. It comprises only of non-executive Directors. It is responsible for, inter alia:

- Labour matters;
- BEE-matters;
- Consumer protection and sound business practices;
- Ethical codes and conduct;
- Sustainable culture of values;
- Stakeholder management; and
- Sustainability and concomitant integrated sustainability reporting.



COMPANY SECRETARY

The Board is assisted by the Company Secretary in the execution of its continued responsibilities and duties. Newly appointed Directors undergo an appropriate induction process, presented by the Company Secretary, which contains various elements.

As required in terms of the Companies Act, the Company Secretary supervises compliance with legislation throughout the Group. Appropriate structures have been established in this regard, as explained under the heading "Compliance with legislation".

ACCESS TO INFORMATION

The Company complies with the Access to Information Act, 2000 and a manual in this regard is available on the Company's website.

Members also have access to the shares register, minutes of members' meetings and information regarding a number of Company matters. Any enquiries may be addressed to the Company Secretary as Chief Information Officer.

RISK AND SUSTAINABILITY ASPECTS AT BOARD LEVEL

The sustainability of the Company over the long term remains the most important aspect and the Board therefore has a long-term view in respect thereof. The strategy is made up of four pillars, which is challenged continuously. The Board has also started to extend the strategy beyond 2020.

While pursuing these objectives, the Board and Management co-operate within the parameters of a disciplined and specific internal control environment, IT-control framework and compliance framework, which will ensure the continued existence of the Company as a going concern.

COMPLIANCE WITH LEGISLATION

The Board accepts total responsibility for compliance with all applicable legislation and regulatory requirements. Compliance is reported via the internal Compliance Committee to the Risk Committee, as well as the Audit Committee. Attention is focused on compliance aspects throughout the Company. During the year under review no material non-compliance matters were reported. The Financial Services Board also conducted an on-site routine audit which confirmed that the Group's compliance is sound.

IT-CONTROL

The Board ensures the active management of the IT-control framework by a team of IT-members of management. An integral part of the risk management framework is reporting to, inter alia, the IT-Steering Committee. The strategy and performance of Senwes are aligned with and dependent upon these fully incorporated and integrated structures and systems. Extensive business and IT-disaster recovery processes have already been established. Annually, external audit focuses on the IT-environment, as part of the year-end audit.

GOING CONCERN

The Board critically examines and places on record the facts and assumptions used to determine whether the business will continue as a going concern for the new financial year.

INVESTOR RELATIONS

Senwes provides and maintains an independent and active over-the-counter share trading mechanism ("OTC-mechanism"). Share trading is done electronically, in terms of applicable legislative measures.

The market price of the Senwes share is therefore determined by means of trading on the OTC and provides a sound price determination mechanism.

Shareholders have electronic access to information regarding their shares and can still exercise their voting powers electronically, via the internet platform.

SHAREHOLDER INFORMATION AND MATTERS

As indicated on the first page of the report, the shareholder structure changed and both of these main shareholders' blocks are committed to the Company with a long-term investor's view relating to growth and the unlocking of synergies, while assisting with local consolidation in the agricultural sector.

Senwes' five largest shareholders as at 30 April 2014

	Number of shares	%
Senwesbel Ltd	92 369 257	51.09
Grindrod Trading Holdings (Pty) Ltd	36 157 862	20.00
Senwes Capital (Pty) Ltd	11 500 126	6.36
Gardenview Nominees (Pty) Ltd	1 721 220	0.95
Ian van der Merwe Beherend (Pty) Ltd	923 999	0.51

Shareholder information in terms of portfolio size:

Portfolio size	Shareholders	%	Number of shares	%
1 - 1000	878	32.39	312 359	0.17
1001 - 5000	610	22.50	1 559 841	0.86
5001 - 30000	902	33.27	12 635 062	6.99
30001 - 100000	269	9.92	13 182 968	7.29
100001 – and more	52	1.92	153 099 078	84.68
	2 711	100.00	180 789 308	100.00

SHAREHOLDER DIARY

Financial year-end	30 April 2014
Announcement of results in media	2 July 2014
Submission of proxies	27 August 2014 by 09:00
Annual general meeting	29 August 2014 at 09:00



CORPORATE INFORMATION

ENQUIRIES REGARDING THIS REPORT

Elmarie Joynt (Company Secretary)
Telephone: 018 464 7104
Email: elmarie.joynt@senwes.co.za

SENWES LTD

Registration number: 1997/005336/06

POSTAL ADDRESS

PO Box 31
Klerksdorp
2570

REGISTERED OFFICE

1 Charel de Klerk Street
Klerksdorp
2571
Telephone: 018 464 7800
Fax: 018 464 2228
Email: info@senwes.co.za

ETHICS HOTLINE

080 464 7800

INVESTOR RELATIONS

Attention: The Company Secretary
Senwes Ltd
PO Box 31
Klerksdorp
2570
Telephone: 018 464 7104
Fax: 018 464 7121

AUDITORS

Ernst & Young Inc.
PO Box 2322
Johannesburg
2000

FINANCING PARTNERS

Absa
Nedbank
Rand Merchant Bank
Land Bank