



CORPORATE GOVERNANCE REPORT 2015



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CORPORATE GOVERNANCE, STRUCTURES & PRACTICES

COMPLIANCE WITH KING III

The Senwes Group (“the Group”) and the Board of Directors (“the Board”) of Senwes and its related parties conduct the business according to the highest standards of corporate governance and in the interest of all stakeholders. The Groups’ corporate best practices as contained in charters, policies and operating procedures and the application of these are regularly tested against the practical realities and execution.

The principles and practical application of King III are applied and are in place throughout the Group and are operating well. The Board is satisfied that the Group complies substantially with the provisions and recommendations of King III and the adopted Governance Frameworks.

The Group elected not to apply the following King III principles given the current shareholder structure:

- The non-executive Chairman of the Board, is not an independent director but is supported by a strong independent non-executive vice-chairman;
- The Board does not comprise of a majority of independent directors;
- The chairman of the Board is the chairman of the Nomination Committee;
- The Chairman of Remco is not independent, but a non-executive director.

SHAREHOLDER STRUCTURE

As indicated below the shareholder structure dictates the composition of the Board and is as follows:

NAME OF SHAREHOLDER	%
SENWESBEL LIMITED	51.59
GRINDROD TRADING HOLDINGS (PTY) LTD (“GRINDROD”)	20.19
SENWES CAPITAL (PTY) LTD (HOUSING TREASURY STOCK)	5.65
SENWES SHARE INCENTIVE SCHEME TRUST	0.93
GARDENVIEW NOMINEES (PTY) LTD	0.66
PRODUCERS	15.29
PUBLIC	5.96
	100.00

The two major shareholders have a long-term strategic view of the Group and enjoy the major representation on the Board.

THE BOARD OF DIRECTORS

The pursuit of managing the Group and the Company in accordance with good corporate governance practices still applies and the Board, comprises of 13 members as indicated below:

SHAREHOLDER:	BOARD MEMBERS
SENWESBEL LIMITED	6
GRINDROD	1 (1 alternate)
TOGETHER WITH:	
INDEPENDENT NON-EXECUTIVE DIRECTORS	3
EXECUTIVE DIRECTORS	3

The fact that strong independent non-executive directors have been appointed to the Board, together with the balance of a strong executive team, ensures that no single individual can exercise undue influence on the decision-making process of the Board.

During the year under review the following changes occurred in the board membership:

- Ms. Ruwayda Redfearn, representing Grindrod resigned due to ill health and Mr. Andrew Waller, the Financial Director of Grindrod, was appointed in her stead;
- Mr. Khutso Mampeule resigned from the board given other commitments; and
- The executive team of the board was also enhanced with the appointment of Mr. Joe Maswanganyi as the Executive Director responsible for Strategy, Sustainability and Corporate Affairs.

Directors are nominated and elected by shareholders and provision has been made for rotation in terms of a staggered rotation programme in terms of which no board member's-term of office may exceed three years. Directors are appointed, subject to re-election, by the shareholders in accordance with the Companies Act and the Memorandum of Incorporation ("MOI").

The composition and the performance of the Board, directors and committees are carefully scrutinised by the Nomination Committee. Shareholders are provided with information about directors to enable them to make an informed decision regarding their election. Reappointment of non-executive directors is not automatic.

A formal evaluation process was conducted again during the year under review and the Board expressed its satisfaction with the performance of its members and the committees via the Nomination Committee. It was confirmed that the Board Committees in particular contribute significantly to the Board being able to attend comprehensively to the matters of the Group as they ensure that detailed oversight takes place, disclosure with integrity occurs and risk management is done in a diligent manner. Chairmen of the Board Committees report comprehensively to the Board to ensure that the functions of the Committees are executed in accordance with its written mandates.

Written mandates and authorities have been put in place by the Board for itself in the Board Charter and the Board Committees, in terms of which certain powers have been reserved for the Board only as the highest decision-making authority, thereby ensuring that the Board address all of its responsibilities towards the Group.

BOARD MEETINGS AND ATTENDANCE OF BOARD MEETINGS

The Board meets quarterly and during the year under review 2 meetings were held with specific focus on strategy and the strategic financial plans for the Group. In addition the Board also visited some of the operational joint venture businesses of the Group. Through the Nomination Committee the Board also adopted and implemented a formal orientation programme and encouraged board members to attend courses and conferences at reputable higher education institutions.

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

Name of director	Board	Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee	Investment Committee	Social & Ethics Committee
Number of meetings	6**	3	4	4	3	1	1
Non-executive:							
JDM Minnaar (Chairman)	6/6	-	-	4/4	3/3	1/1	-
ZBM Bassa	6/6	-	-	3/4	-	-	-
SF Booysen (Vice-Chairman)	6/6	3/3	-	4/4	3/3	1/1	-
JBH Botha *	6/6	3/3	-	2/2	-	-	1/1
AJ Kruger	6/6	3/3	-	-	3/3	1/1	-
NDP Liebenberg	6/6	3/3	4/4	4/4	-	-	-
KI Mampuele (resigned 29 August 2014)*	2/2	-	2/2	-	-	-	1/1
JJ Minnaar	6/6	-	4/4	4/4	-	-	-
R Redfearn (resigned 5 December 2014) *	2/4	-	1/2	-	-	-	-
TF van Rooyen	6/6	-	4/4	-	-	-	1/1
WH van Zyl	6/6	-	4/4	-	-	-	1/1
AF Waller (appointed 5 December 2015)*	1/2	-	-	-	-	-	-
Executive:							
F Strydom	6/6	-	4/4	-	-	-	-
CF Kruger	6/6	-	4/4	-	-	-	-
J Maswanganyi*	2/2	-	-	-	-	-	-

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

(** Includes strategic sessions)

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 this role and has been able to guide the Board and the Group in a highly efficient manner. The office of the Chairman and the Managing Director are separate with segregated duties.

Although not an independent chairman as defined in King III, the Board and Mr Minnaar's fellow directors are of the view that, given the shareholder structure and his vast experience within the commercial agricultural sector, it is appropriate for him to chair the Board. He has empowered the individual board members and board committees as to truly take charge in dealing with the extensive workload of the board.

The Chairman is supported by the Vice-chairman, Mr Steve Booysen, who is also the chairman of 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 13 members, which form the Executive Committee.

CONFLICT OF INTERESTS

Personal interests of directors are being monitored and reported. Formal declaration of interests is a standing agenda item on the boards of the joint venture companies as well. Board members and senior management are required to disclose their personal interests and other directorships as indicated in the table below.

They have unrestricted access to the Company Secretary, who provides guidance and advice in relevant circumstances and may also seek independent advice at the cost of the Company regarding the business of the Group.

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 trading was regulated as follows:

DATE	STATUS OF TRADING	REASON
30 April 2014	Closed	Group under cautionary announcement since 1 November 2013
16 July 2014	Open	Withdrawal of cautionary announcement
30 September 2014	Closed	Preparation of interim financial statements
5 December 2014	Open	Announcement of interim financial results and dividends
31 March 2015	Closed	Preparation of annual report
30 June 2015	Open	Publication of annual financial statements



The personal interest of the current Board members in the Group are disclosed in the tabel below:

Name	2015				2014			
	Direct		Indirect*		Direct		Indirect*	
	Shares	%	Shares	%	Shares	%	Shares	%
Non-executive								
AJ Kruger	137 386	0.08%	685 062	0.31%	137 386	0.08%	633 098	0.35%
NDP Liebenberg	-	-	781 029	0.43%	-	-	770 073	0.43%
JDM Minnaar	-	-	8 808 865	4.87%	-	-	7 870 500	4.35%
JJ Minnaar	-	-	3 231 081	1.79%	-	-	3 147 254	1.74%
TF van Rooyen	29 250	0.01%	139 944	0.08%	24 140	0.01%	72 556	0.04%
WH van Zyl	38 384	0.02%	6 035 311	3.34%	38 384	0.02%	5 615 334	3.11%
Executive								
F Strydom	-	-	1 471 211	0.81%	-	-	812 304	0.45%
CF Kruger	174 655	0.10%	432 469	0.24%	61 570	0.03%	225 322	0.12%
J Maswanganyi	-	-	-	-	-	-	-	-
Subtotal of directors	379 675	0.21%	21 584 972	11.87%	261 480	0.14%	19 146 441	10.59%
Other shareholders	180 409 633	99.79%			180 527 828	99.86%		
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.



BOARD 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, whilst still reserving the material decisions for itself in terms of the "Reservation of Authority". 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 Chairman of these Committees report formally against each of the mandates to the Board and it is ensured that the work of these Committees are done comprehensively. Overall the Board has expressed its satisfaction with the active role that each Board Committee plays in ensuring that the onerous responsibilities of the Board are properly executed and addressed.

THE AUDIT COMMITTEE

The Board is satisfied that it has a highly independent Audit Committee. This Committee comprises of a majority of independent non-executive directors and is being chaired by Steve Booysen. The Managing Director, Financial Director and major financial and corporate disciplines throughout the Senwes Group also attend 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;
- Internal and external audit reporting;
- Integrated reporting;
- Integrity of controls and financial disclosure;
- Appointment of external audit as and verification of independence;
- Approval and recommendation of the annual financial reports; distributions 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.

It ensures appropriate reporting of the going concern recommendations and supports the Board actively in ensuring that appropriate corporate governance- and information technology frameworks are in place and are being maintained as such.

THE INVESTMENT COMMITTEE

The Investment Committee comprises of non-executive directors only. The Executives attend these meetings as well. This Committee met once during the year under the guidance of its chairman, Steve Booysen.

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

- Investment philosophy and investment management;
- Growth transactions and joint venture partnership;
- Investment performance;
- Funding requirements and equity structuring;
- Liability management; and
- Review of post-implementation audit reports of investments made.

THE NOMINATION COMMITTEE

This Committee met three times during the year and is under leadership of Danie Minnaar, Chairman of the Board. It comprises of only non-executive directors only with attendance by the Managing Director and the Company Secretary. The Nomination Committee 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 active evaluation thereof;
- Board training and skills enhancement.



THE REMUNERATION COMMITTEE

This Committee met four times this year under the chairmanship of Nico Liebenberg and comprises of non-executive directors only. The corporate divisions attend the meeting on invitation and mainly represent corporate services and human resources.

The Remuneration committee is responsible to:

- Make recommendations regarding non-executive and executive directors' remuneration to the board and shareholders;
- Review and ensure application of the Remuneration Philosophy;
- Ensure sound management of incentive schemes and reasonable and appropriate salaries/wages;
- Ensure appropriate succession planning for the executive and management;
- Employment equity.

SENWES SHARE INCENTIVE SCHEME TRUST

During the year under review and after extensive consideration, the Remuneration Committee recommended and the Board approved a long-term real share incentive scheme for the executive and senior managers, known as the Senwes LTI Share Scheme. The participants are senior managers that are able to influence the performance of the Group and are able to align the interests of the Group with those of the shareholders. It is based on dual principles of retention, thereby ensuring continuity as well as predetermined performance targets. Should these targets not be achieved, the allocated shares are forfeited. The vesting of the grants in terms of this share scheme will take place every three years with the first vesting in 2017.

The scheme is overseen by the Remuneration Committee and complies with section 97 of the Companies Act.

The Remuneration Philosophy and Policy are dealt within the remuneration Report.

THE RISK COMMITTEE

This Committee's members consist of a mix of non-executive and executive directors and the Committee is chaired by 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. This Committee 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:

- Chief risk manager and risk officers;
- Exco;
- Compliance Committee;
- Internal Ethics Committee; and
- Risk Committee.

The risk management functions entail continuous reporting on the top ten risks for the Group as well as each operational business unit or joint venture. The reporting processes are being enhanced and during the year under review a GRC reporting framework was adopted and implemented.

THE SOCIAL AND ETHICS COMMITTEE ("SOC")

This Committee is responsible for oversight of some of the other board committees as provided for in the Companies Act. James Botha is the Chairman and the Committee met once during the year. It comprises of non-executive directors only. It is responsible for, inter alia:

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

During the year under review an ethics programme was adopted and implemented and ethics are monitored continuously throughout the Group. This programme includes the declaration of personal interests and conflict, training and awareness of values and demonstrated commitment of all levels of staff to the Senwes Code of Ethics. It contributes significantly to the ethical culture that the Group desires to pursue.

The Social and Ethics Committee carried out its statutory obligations in terms of its mandate and this Committee confirms that the Group conducts its affairs diligently and responsibly as is required in terms of good corporate citizenship. The Committee reviewed and was satisfied with the integrated report as presented to the shareholders.



COMPANY SECRETARY

The Board collectively and the individual board members are guided by the Company Secretary in the execution of their continued responsibilities and duties. Newly appointed directors undergo an appropriate induction process, presented by the Company Secretary, which contains various elements.

After the Board evaluation during the course of the year, the Board concluded that the Group Company Secretary is a fit and proper person in terms of qualifications, experience and performance and is competent to continue in this critical role. She has also maintained an arms' length relationship with the Board and its directors.

As required in terms of the Companies Act, the Company Secretary supervises compliance with legislation throughout the Group. The appropriate structures in this regard have been established, 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.

Shareholders 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.

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 and is challenged continuously. The Board has also commenced the process to extend the strategy to beyond 2020.

Whilst pursuing these objectives, the Board and management co-operate within the parameters of a disciplined and specific internal control environment, IT-control framework and combined assurance 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. This is reported via the internal Compliance Committee and then to the Risk Committee as well as the Audit Committee. Focused attention is being afforded to compliance aspects throughout the Company.

During the year under review, no material non-compliance matters were reported. The Financial Intelligence Centre (FIC) conducted an on-site routine audit, which confirmed the Group's

compliance with the money laundering legislation known as FICA, is sound.

The Board officially adopted the Group Compliance Coverage plan that involves a group-wide approach to compliance. The Coverage Plan is being implemented with focus on:

- Identification of applicable and material legislation per business unit;
- Assessment of compliance with self-audit questionnaires, which are being designed;
- Continuous follow-up and reporting against the provisions of the particular legislative sections;
- Collated dashboard reporting to the relevant Board and management committees.

IT-CONTROL

The Board ensures the active management of the IT-control framework by a team of IT-members of management as an integral part of the risk management framework 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. The external auditors focus on the IT-environment annually as part of the year-end audit.

GOING CONCERN

After recommendation by the Audit Committee, the Board records the facts and assumptions used to determine whether the business will continue as a going concern for the new financial year and approves the going concern principle.

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.

During the year under review, the Financial Markets Act, 2012 was enacted and the Financial Services Board issued a Directive regarding OTC markets. In terms of the said directive the OTC has to be conducted through a licensed exchange. Senwes has been temporarily exempted from these requirements and is in the process of considering the most suitable share trading mechanisms. Shareholders and users of the OTC will be advised in due course of the proposed plans.



SHAREHOLDER INFORMATION AND MATTERS

SENWES' FIVE LARGEST SHAREHOLDERS AS AT 30 APRIL 2015

	NUMBER OF SHARES	%
SENWESBEL LIMITED	93 259 402	51.58
GRINDROD TRADING HOLDINGS (PTY) LTD ("GRINDROD")	36 498 947	20.19
SENWES CAPITAL (PTY) LTD	10 219 647	5.65
SENWES SHARE INCENTIVE SCHEME TRUST	1 685 094	0.93
GARDEN VIEW NOMINEES (PTY) LTD	1 197 445	0.66

Shareholder information in terms of portfolio size:

PORTFOLIO SIZE	SHAREHOLDERS	%	NUMBER OF SHARES	%
1 - 1 000	765	30.78	270 760	0.15
1 001 - 5 000	550	22.13	1 405 752	0.78
5 001 - 30 000	864	34.77	12 095 179	6.69
30 001 - 100 000	252	10.14	12 371 299	6.84
100 001 – and more	54	1.92	154 646 318	85.54
TOTAL	2 485	100.00	180 789 308	100.00

SHAREHOLDER DIARY



Financial year-end	30 April 2015
Announcement of results in media	2 July 2015
Submission of proxies	26 August 2015 before 11:00 am
Annual general meeting	28 August 2015

CORPORATE INFORMATION

ENQUIRIES REGARDING THIS REPORT

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INVESTOR RELATIONS

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FINANCING PARTNERS

Absa
Nedbank
Rand Merchant Bank
Standard Bank



Senwes 