

Corporate governance report

The board of directors and management are committed to leadership with integrity, responsibility, accountability and transparency and regard good corporate governance as an effective mechanism for encouraging efficiency in operations and to ensure that the needs of different stakeholder groups are balanced.

It strives to achieve compliance with the principles as set out in the Code of Corporate Practices and Conduct as defined in the King III report. The principles defined in the report are applied as far as is practical in adding value to stakeholders within the context of the group's business model. The King IV report, released in November 2016, further advances South Africa's leadership in corporate governance. Iemas is in the process of evaluating its governance practices against those proposed in King IV, and will adopt King IV in the next financial year, to the extent practical, possible and in accordance with the co-operative model.

GOVERNANCE STRUCTURE

The board has the power to appoint board committees and to delegate powers, at the discretion of the board, to such committees. The board retains ultimate accountability for performance and corporate governance. Each committee member is selected according to the skills sets required for the committee to fulfil its functions.

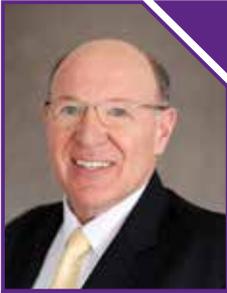
ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The board is committed to high standards of corporate governance that are required to ensure the success and long-term sustainability of the group. It is of the opinion that effective leadership forms the foundation for good governance, as leaders define the strategy, provide the direction and establish the values and ethics that will influence and guide the practices and behaviour of the group. The group's code of conduct gives effect to Iemas' core values of integrity, teamwork, ownership and accountability, professionalism, innovation and dignity that guide its relationships with stakeholders.

Iemas is committed to sustainable development and recognises that it has social, economic and environmental responsibilities, as defined in its corporate citizenship guidelines. Sustainable financial performance, good governance, adherence to regulations and legislation, transparent stakeholder relationships, responsible and inclusive financial services provision, socio-economic development, management of its environmental impact and a strong focus on fair employee practices are guiding principles for the way in which Iemas conducts its business. The board ensures that the group is perceived to be a responsible corporate citizen and that it maintains an ethical corporate culture.

BOARD OF DIRECTORS

Independent non-executive directors



Len de Villiers (62)

DIS (Harvard), also studied at RAU, Wits and INSEAD (France)

Date appointed: 31 October 2014

Len has 30 years' experience in information technology and was group CIO of Absa Bank, Nedbank, First National Bank and Transaction Capital. He is chairman of the CIO Council of South Africa which represents the top 200 CIO's in South Africa and was voted "the most admired CIO in South Africa" by this Council in 2009. Len also serves on the boards of Moyo Business Advisory, Zambia National Commercial Bank (ZANACO) and the Advisory Board of the University of Pretoria.

Iemas committee membership

Information technology committee



Prudence Lebina (37)

CA(SA), BCom, HDip Accounting, certificate in business leadership (Columbia Business School)

Member of the South African Institute of Chartered Accountants (SAICA), African Women Chartered Accountants and Business Women Association

Date appointed: 31 October 2016

Prudence is the chief executive officer of GAIA Infrastructure Capital, an infrastructure investment holding company listed on the Main Board of the JSE. Prior to this she was head of corporate development and investor relations at Atlatsa Resources Corporation. She was also an investor relations manager and corporate finance principal analyst at Exxaro Resources. From January 2006 to June 2010, Prudence was employed by Deutsche Bank SA in the global corporate finance division.

Iemas committee membership

Audit and risk committee



Temba Mvusi (62)

BA (Unisa), ELP (Wharton), MAP (University of the Witwatersrand), PDP (University of Cape Town)

Date appointed: 31 October 2011

Temba is currently chief executive of group market development at Sanlam, chief executive officer of Sanlam Corporate, executive head of market development at Santam and a member of Sanlam's executive committee. He was appointed as executive director to the Sanlam board in December 2009 and also serves on the boards of various Sanlam subsidiaries and Vulindlela Underwriting Managers. In December 2012, Temba was appointed as chairman of Iemas' board of directors.

Iemas committee membership

Human resources committee



Retha Piater (63)

BCom (Hons), MBA, Advanced Management Programme (INSEAD)

Date appointed: 10 July 2014

Retha has extensive experience in human resources management, including the development and execution of people strategy, managing the people life cycle, support and enabling people processes. She started her career in the human resources field in the mining industry and has experience in generalist roles at several mines and on commodity level as human resources manager and group manager remuneration, benefits and human resources systems. Retha was the executive head of human resources for the Exxaro Resources group of companies prior to her retirement in 2016.

Iemas committee membership

Human resources committee

Corporate governance report (continued)

BOARD OF DIRECTORS (continued)



Vusi Sampula (53)

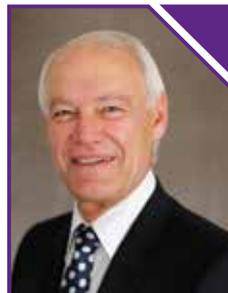
BTech Human Resources, Advanced Diploma Labour Law

Date appointed: 31 October 2014

Vusi is the vice-president of employee relations at Sibanye Gold. He has extensive experience in human resources management. Vusi previously served on the boards of directors of the Social and Labour Plan Trust Fund at Harmony Gold, Masakhane Provident Fund at Lonmin and Thusano Trust Fund at Sibanye Gold and was chairman of the board of trustees of the Lonmin Medical Scheme. Vusi is currently studying towards his BCom Honours degree in employee relations.

Iemas committee membership

Human resources committee



Willem van Heerden (68)

BCom (Hons), CA(SA), Advanced Management Programme at Darden Business School (University of Virginia)

Date appointed: 6 December 2014

Willem served as partner at PwC and moved to commerce later in his career, where he held senior positions in Iscor, Kumba Resources and Kumba Iron Ore. He currently serves on a number of company and pension fund boards.

Iemas committee membership

Audit and risk committee

Information technology committee



Dashni Sinivasan (49)

CA (SA), B.Com (Hons), CTA, BCom Economics

Date appointed: 31 October 2017

Dashni is a chartered accountant and is currently employed at Exxaro as the group financial manager responsible for reporting. She previously held positions as general manager finance, treasury controller and management accountant and has extensive experience in corporate finance and statutory financial reporting. Dashni also has experience, at senior level, in people management, statutory compliance and stakeholder relations.

Iemas committee membership

Audit and risk committee



Quintus Vorster (66)

BCom (Hons), CTA, CA(SA), MCom, PhD

Date appointed: 12 April 2017

Quintus is a chartered accountant and, prior to his retirement in April 2017, he was the director of finance at the University of Pretoria. He has extensive experience in various disciplines including corporate governance, risk management, auditing and financial management. During his career, Quintus published a number of academic articles, research reports and books and supervised a large number of student research projects.

Iemas committee membership

Audit and risk committee

Information technology committee

BOARD OF DIRECTORS (continued)**Executive directors****Johan Nel** (60)*Chief executive officer**BCom (Hons), CTA, CA(SA)*

Member of the South African Institute of Chartered Accountants (SAICA)

**Tom O'Connell** (47)*Chief financial officer**BCom (Hons), CTA, CA(SA), Management Development Programme (MDP), International Executive Programme (INSEAD)*

Member of the South African Institute of Chartered Accountants (SAICA)

**Piet Wolmarans** (54)*Executive director**BCom (Hons), MBA (University of Wales), Advanced Management Programme (Harvard)*

A brief curriculum vitae of each of the executive directors is disclosed on page 19 under the executive management team.

Corporate governance report

(continued)

Board composition

The board of directors is the highest decision-making body of the group. The board has 11 members including eight non-executive directors, all of whom are independent, and three executive directors.

The roles of the chairman and the chief executive officer are separate and the composition of the board ensures that there is an appropriate balance of power and authority so that no one individual or block of individuals has unfettered powers of decision-making and authority. The majority of the board is elected by the members of Iemas.

Role and functions of the board

The board provides guidance to management in formulating the group's strategic direction, objectives and values. The responsibilities of the board and its committees are directed by the Co-operatives Act, No 14 of 2005, the constitution of the co-operative, good corporate governance practices and board and committee charters.

The board and its committees are provided with complete, accurate and timely information that enables them to discharge their responsibilities. Board members have unrestricted access to group information, records, documents and property. Non-executive directors have access to management and may meet separately with them, without the attendance of executive directors.

The board meets at least quarterly to evaluate and monitor business matters that impact the group and its stakeholders. Agenda items include group strategy, policy decisions, instituting control measures and the appraisal of proposals from the executive and other board committees.

Appointment of directors and term of office

When appointing directors, the board takes cognisance of its needs in terms of skills, experience, diversity, size and knowledge. The nomination and election of members to the board are governed by the requirements of the Co-operatives Act, No 14 of 2005, as well as the requirements of the Iemas constitution. The board has also established processes and procedures to encourage and consider board member nominations from among Iemas' members.

The credentials and demographic profile of the board are reviewed by the human resources committee to ensure that the board's composition remains

strategically and operationally appropriate. Directors are appointed either for a maximum term of seven years or until they reach the age of 70, whichever is the earliest.

The board established a formal orientation programme to familiarise incoming directors with the group's operations and business environment, their fiduciary duties and responsibilities and the board's expectations in respect of their commitment and ethical behaviour. The secretary of the board is responsible for the director induction programme.

A staggered rotation of directors ensures continuity of experience and knowledge. The board has implemented a board succession plan that involves preparing for future board retirements, committee composition, rotations and committee chairman nominations.

During the year under review the executive management team and board succession plans were updated and the board is confident of its ability to identify suitable short-term and long-term replacements, when the need arises.

Chairman and chief executive officer

At the first board meeting after the AGM, the directors elect, from among themselves, a chairman and vice chairman. The board is chaired by an independent non-executive director. The role of the chairman is formalised and his performance is assessed by the board. The board of directors is chaired by Temba Mvusi, who was re-appointed as chairman on 23 November 2017.

The daily management of the group's affairs is delegated to the chief executive officer, who manages the implementation of board-approved strategy through the executive management team, whose photographs and brief curricula vitae appear on pages 18 and 19 of this report. The chairman annually appraises the chief executive officer and the results of the appraisal are considered in the evaluation of the performance and remuneration of the chief executive officer.

Chief executive officer succession planning

The board appoints the chief executive officer and ensures that succession is planned. The board collaborates with the chief executive officer to develop the next generation of leaders to address both short- and long-term succession scenarios.

During the year under review, the group's CEO, Johan Nel, tendered his resignation effective 31 December 2018. The board completed extensive planning to appoint a successor, including the constitution of a Selection Committee, the appointment of a recruiting agency and a detailed recruitment plan. The board, CEO and executive team are committed to ensure a smooth transition.

Risk management

The board considers risk management to be fundamental to good management practice and sound corporate governance. Risk management is integrated into all organisational processes.

The board has ultimate responsibility for risk management and for considering the nature and extent of the risks it is prepared to take to meet the business objectives. In determining the risk profile, the board considers the dynamics of Iemas, its industry and any systemic risks. Risks are reviewed regularly in relation to the group's risk appetite and management's responses to mitigate key risks are evaluated.

The board discloses to its stakeholders, at least annually in the annual report, sufficient information to enable them to assess whether the board is executing its responsibilities effectively. The group's five most material risks are listed on pages 25 and 26 of this report and additional detail is provided throughout this report.

Board evaluation

The human resources committee is responsible for ensuring that the effectiveness of the board and its committees is evaluated. Performance evaluation is a key measure by which the board can recognise and improve corporate governance shortfalls in an effort to add real value to the group and its stakeholders.

As recommended in the King IV report and approved by the board, a review of the board's performance is conducted every alternate year. The 2018 board performance review included, in addition to board and committee evaluations, the assessment of individual board members' performance, as recommended in the King IV report and approved by the Iemas board.

Evaluations conducted for the year under review identified no material concerns in respect of the performance of the board, board committees and individual board members.

Independence assessment

The policy on the independence of directors requires all non-executive directors to complete an independence questionnaire to establish whether they meet objective independence criteria. The completed questionnaires were evaluated by the board and it was concluded that all the non-executive directors are independent.

Attendance at board meetings

Attendance by each of the directors during the year under review was as follows:

Member	Designation	17 Oct 2017	23 Nov 2017	19 Apr 2018	30 Aug 2018
Piet Botha [#]	Independent non-executive director	X	n/a	n/a	n/a
Len de Villiers	Independent non-executive director	✓	✓	✓	✓
Prudence Lebina	Independent non-executive director	✓	✓	✓	✓
Temba Mvusi	Independent non-executive director and chairman of the board	✓	✓	✓	✓
Johan Nel	Chief executive officer	✓	✓	✓	✓
Tom O'Connell	Chief financial officer	✓	✓	X	✓
Retha Piater	Independent non-executive director	✓	✓	✓	✓
Vusi Sampula	Independent non-executive director	✓	✓	✓	✓
Dashni Sinivasan*	Independent non-executive director	n/a	✓	✓	✓
Willem van Heerden	Independent non-executive director	✓	✓	✓	✓
Quintus Vorster	Independent non-executive director	✓	✓	✓	✓
Piet Wolmarans	Executive director	✓	✓	✓	✓

[#] Piet Botha retired from the board at the AGM on 31 October 2017

* Dashni Sinivasan was appointed to the board at the AGM on 31 October 2017

REMUNERATION

There is no legal obligation on a co-operative to disclose the remuneration per individual director and/or prescribed officer. However, the board approved for Iemas to comply with the IFRS requirements of disclosing the total expense per category in respect of directors' remuneration.

Remuneration of non-executive directors

Iemas remunerates non-executive directors at the median of the market to ensure the attraction and retention of non-executive directors with the required experience and skills set. External benchmarking of the fees is performed periodically.

Non-executive directors do not have employment contracts with the group and Iemas adopts a total fee approach consisting of a fixed retainer portion and a fee per meeting. This approach is aligned with the governance recommendation specified in King III. Remuneration is payable on a quarterly basis.

Corporate governance report

(continued)

None of the non-executive directors, by virtue of their board position, participates in any of Iemas' incentive plans or pension schemes. The chairman of the board and chairmen of board committees receive supplementary fees for their additional responsibilities and the time required to make meaningful and effective contributions to the affairs of the group.

Executive remuneration

The human resources committee approved a formal remuneration policy for the executive directors and executive management. This policy requires that the remuneration of executives should be benchmarked externally on an annual basis, before consideration and approval by the committee.

Iemas endorses reasonable, appropriately structured pay-for-performance programmes that reward executives for sustainable, superior performance over the long-term. It is the duty of the board and the human resources committee, specifically, to ensure that executive remuneration programmes are effective, reasonable and fair with respect to critical factors such as the performance of the group, industry considerations, risk considerations and remuneration paid to other employees. It is also the responsibility of the human resources committee to ensure that elements of remuneration packages are appropriately structured to enhance Iemas' short- and long-term strategic goals and to retain and motivate executives to achieve strategic goals.

The remuneration of executive directors and the executive management team comprises guaranteed pay, variable compensation and participation in a long-term incentive scheme. Iemas' executive directors and executive management team are employed under the standard employment contract.

In line with the objective to achieve the delivery of long-term value, the deferred structures depend on Iemas achieving pre-set goals and growth objectives. The deferral structures and long-term incentive vesting criteria applied to executive directors' compensation are identical to that of the executive management team.

Executive directors, who serve as directors on the board, do not receive supplementary fees.

SECRETARY OF THE BOARD

The secretary of the group is accountable directly to the board. Directors may communicate directly with the office of the secretary and vice versa. The decision to appoint or remove a secretary of the group is approved by the board.

Francois van Dyk is the duly appointed secretary of the board. He is not a director of Iemas and the board is comfortable that he maintains an arm's length relationship with the board and the individual directors. Francois has been the secretary for the past seven years and, having regard for his abilities, qualifications, experience and the level of competence he has demonstrated over this time, the board regards him as suitably qualified, competent and experienced to continue as the secretary of the board.

BOARD COMMITTEES

The board has, in accordance with the delegation of authority, delegated some of its functions to directors, managers and committees of the board. The board has audit and risk, human resources and information technology (IT) committees. Members of these committees are independent and both the committee chairmen and members are appointed annually by the board.

Specific responsibilities are formally delegated to board committees, as defined in each committee's charter, which are reviewed annually. The committees are appropriately constituted with due regard to the skills required by each committee.

Audit and risk committee

The members of the audit and risk committee are appointed by the board at the first board meeting after the AGM for a one-year term of office. The committee consists of at least three members, all of whom must be independent non-executive directors. The board also appoints the chairman of the committee. The chairman of the Iemas board is barred from being a member of the audit and risk committee. The chief executive officer, chief financial officer and the head of internal audit are permanent invitees to the meetings of the committee. The external auditors also attend the meetings.

The committee ensures the integrity of the financial reporting and reviews the effectiveness of the financial reporting process, the system of internal control, the management of risks, the internal audit function, the assurance process and the group's process of monitoring compliance with legislation and regulations. The report on risk management appears on pages 25 to 27 and the report of the audit and risk committee appears on pages 46 to 48 of this report.

Attendance by each of the members and the permanent invitees of the audit and risk committee during the period under review, was as follows:

Member	Designation	10 Oct 2017	28 Mar 2018	31 May 2018	23 Aug 2018
Piet Botha#	Independent non-executive director	✓	n/a	n/a	n/a
Prudence Lebina	Independent non-executive director	✓	✓	✓	✓
Sydney Maluleka *	Head of internal audit	✓	✓	✓	✓
Johan Nel*	Chief executive officer	✓	✓	✓	✓
Tom O'Connell*	Chief financial officer	✓	✓	✓	✓
Dashni Sinivasan^	Independent non-executive director	n/a	✓	✓	✓
Willem van Heerden	Independent non-executive director and chairman of the audit and risk committee	✓	✓	✓	✓
Quintus Vorster	Independent non-executive director	✓	✓	✓	✓

Piet Botha retired from the audit and risk committee on 10 October 2017

* Permanent invitee

^ Dashni Sinivasan was appointed to the audit and risk committee on 23 November 2017

Human resources committee

The members of the human resources committee are appointed by the board at the first board meeting after the AGM for a one-year term of office and must consist of at least three members, all of whom must be independent non-executive directors. The chief executive officer and the group manager of human resources are permanent invitees to the meetings of the committee. The board appoints the chairman of the committee and, although the chairman of the board qualifies to be a member of the human resources committee, he is not eligible to be appointed as chairman of this committee.

The human resources committee is responsible for approving Iemas' human resources strategy, including its remuneration and reward policy, conditions of employment, development and training interventions,

performance management, transformation, employment equity and skills development. It also acts as a selection committee to make recommendations on the appointment of nominated non-executive directors.

Attendance by each of the members and of the permanent invitees of the human resources committee during the period under review was as follows:

Member	Designation	27 Sept 2017	8 Mar 2018	26 July 2018
Leonie Louw*	Group manager: Human resources	✓	✓	✓
Temba Mvusi	Independent non-executive director	x	✓	✓
Johan Nel*	Chief executive officer	✓	✓	✓
Retha Piater	Independent non-executive director and chairman of the human resources committee	✓	✓	✓
Vusi Sampula	Independent non-executive director	✓	✓	✓

* Permanent invitee

Information technology (IT) committee

The IT committee assists the board in fulfilling its IT governance responsibilities in order to ensure the achievement of corporate objectives. The committee comprises three non-executive directors, appointed by the board for a one-year term of office, and is complemented by two external members with expert knowledge in IT-related fields. The two external specialist members are appointed by the members of the committee on an annual basis. The chairman of the committee is appointed by the board and is an independent non-executive director. The chief executive officer, chief financial officer and chief information officer are permanent invitees to the meetings of the committee.

IT governance is implemented according to the IT governance policy and governance framework. The framework is based on the principles and controls defined in international standards. The committee oversees that the IT strategy is defined, approved, reviewed and implemented in a manner that is aligned with the business strategy.

The IT governance framework also defines the organisational structure and policies and procedures that are required to facilitate good governance and compliance in the areas of technology and information security management.

Corporate governance report

(continued)

Attendance by each of the members and the permanent invitees of the IT committee during the period under review was as follows:

Member	Designation	9 Apr 2018	20 Aug 2018
Chris Bornman*	Chief information officer	✓	✓
Len de Villiers	Independent non-executive director and chairman of the IT committee	✓	✓
Johan Nel*	Chief executive officer	✓	✓
Tom O'Connell*	Chief financial officer	✓	✓
Willem van Heerden	Independent non-executive director	✓	✓
Quintus Vorster	Independent non-executive director	X	✓
Louis Fourie	Specialist adviser to IT committee	✓	✓
Pete Janse van Vuuren	Specialist adviser to IT committee	X	X

* Permanent invitee

Specialist members of the IT committee

Louis Fourie (61)

BA, BTh, LTh (with distinction), MTh (with distinction), DTh, MBA (with distinction)

Professor Louis Fourie is the deputy vice-chancellor for knowledge and information technology services at the Cape Peninsula University of Technology. In addition to a distinguished academic career and notable contributions to his field of expertise, Louis has extensive consultation experience in the field of information and communication technology.

Pete Janse van Vuuren (58)

B.Sc, M.Sc, PhD information management and research

Pete has over 30 years' experience in the IT industry across technical, financial and academic verticals. His early engagements covered the full spectrum of technical development in both mainframe and client server environments. He has 25 years' experience in general and senior management positions and has set up and run three IT related businesses. Pete is currently the CEO of The Thinking Cap and was awarded a lifetime achievement award and fellowship from the Institute of IT Professionals South Africa in 2017.

SAFEGUARDING THE INTEGRITY OF CORPORATE REPORTING

Iemas subscribes to the principle that formal and rigorous processes should be implemented to independently verify and safeguard the integrity of its corporate reporting.

The board, before it approves the annual report and financial statements for a financial period, receives a declaration from the chief executive officer and chief financial officer that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards, give a true and fair view of the financial position and performance of the group and that the opinion has been formed on the basis of a sound system of risk management and effective internal control.

OUTLOOK

The board will continue to strengthen Iemas' governance processes with an emphasis on continually improving assurance processes between the board, its committees and management. The board will evaluate and adopt King IV in the next financial year to the extent practical, possible and in accordance with the co-operative model.

The board is satisfied that it, and all board committees, have complied with the requirements of their charters and that all reasonable measures have been taken to ensure that high standards of corporate governance are implemented across all operations.