

# Corporate governance

## Introduction

DRDGOLD's Board of Directors continues to ensure that the principles of good corporate governance as recognised and practised throughout the world are upheld and implemented. All the directors are fully aware that they are the custodians of corporate governance in the organisation and this is reflected in the way they execute their fiduciary duties, which is with diligence, integrity and honour. The intention is that this filters down to all employees. The upholding of such ideals puts the company in a position to improve organisational performance and deliver value to shareholders and stakeholders alike. DRDGOLD has set up systems and controls to promote discipline, transparency, accountability, responsibility and fairness for the protection of the interests of shareholders, employees and the communities in which we operate.

The King Report on Corporate Governance for South Africa (the King II Report) is a codified body of principles which is intended to serve as a guideline for the enhancement of high standards of corporate governance. DRDGOLD has formulated policies and implemented practices which are aimed at achieving compliance with the King II Report in as practical a manner as possible. These policies and practices were in place throughout the year under review. The Third King Report on Corporate Governance in South Africa was published in February 2009 for comment, and finally released on 1 September 2009. It will come into operation in March 2010.

DRDGOLD's shares are quoted on the JSE Limited (JSE), which is its primary listing. DRDGOLD is also registered with the Securities and Exchange Commission (SEC) in the United States of America and its ordinary shares are quoted on the Nasdaq Capital Market (Nasdaq) in the form of an American Depositary Receipts (ADR) Programme, administered by the Bank of New York Mellon. Accordingly, DRDGOLD is subject to compliance with the Sarbanes-Oxley Act of 2002 (SOX), which is documented in our Form 20F filed annually with the SEC.

## Board of Directors

The Board of Directors currently comprises two executive directors: the Chief Executive Officer, Mr Niël Pretorius, and the Chief Financial Officer, Mr Craig Barnes; and four non-executive directors, Messrs Geoffrey Campbell, Robert Hume, James Turk and Edmund Jeneker. The King II Report requires that the board be a unitary one with a balance between the executive and the non-executive directors, and a substantial number of independent non-executive directors.

### Compliance with stock exchange requirements

Some of the recommendations contained in the King II Report have been adopted in the JSE Listings Requirements and, as a foreign listed company on Nasdaq in July 2005, the board has satisfied certain Nasdaq Rules as indicated below. This means that the board has had to reconcile the stock exchange rules of the JSE and Nasdaq.

**Policy detailing the procedure for appointment to the board:** In compliance with both Nasdaq and JSE requirements, the Board of Directors has adopted a formal and transparent policy in terms of which the Nominations Committee identifies candidates, interviews them and recommends the short-listed candidates to the board. The board deliberates on the suitability of the candidates and appoints the most suitable persons.

**Policy evidencing a clear division of responsibility at board level:** The board has established committees with distinct terms of reference. The terms of reference give details of the duties and responsibilities which directors have to carry out in their respective areas of specialisation. The balance of power and authority at board level is illustrated by the separation of the positions of chief executive officer and chairman as outlined below. On 29 August

2007, the board formally approved a Board Charter which sets out the directors' responsibilities and serves as a standing guideline for the benefit of directors. This is in line with the King II Report.

**The chief executive officer must not hold the position of chairman of the board:** Since February 2005 the board has continuously satisfied this requirement. The company continues to comply with this requirement as Mr Campbell is the independent non-executive chairman and Mr Pretorius, the Chief Executive Officer. The appointment of an independent chairman is in full compliance with the King II Report's recommendations. As the independent chairman is not part of the executive, he approaches the business of the company in an impartial and objective manner.

**Appointment of committees:** The board has Audit, Risk, Remuneration, Nominations and Transformation and Sustainable Development (Transco) committees as recommended by the King II Report, as required by the JSE Listings Requirements, and in line with the nature of our business. Each committee is governed by a set of terms of reference with respect to its composition, duties and responsibilities.

**A brief CV of each director:** This has been provided for in this report on pages 10 and 11.

**Categorisation of each director's capacity:** This has been provided for in this report on pages 10 and 11.

**Majority of independent directors according to the JSE Listings Requirements:** The majority of DRDGOLD's directors are independent in accordance with the JSE Listings Requirements.

**Listing Agreement:** DRDGOLD executed a Listing Agreement in the form designated by Nasdaq as prescribed by the rules of that stock exchange.

**Independence and responsibilities of the Audit Committee:** All the members of the Audit Committee are independent according to the definition set out in the Nasdaq Rules. DRDGOLD also complies with South Africa's Corporate Laws Amendment Act, 2006, which was promulgated on 14 December 2007, in terms of which all members of the Audit Committee must be non-executive directors who act independently. The Audit Charter of the committee deals with all the aspects relating to its functioning.

**Regular board evaluation:** In August 2009 the board invited an independent external facilitator to assess the performance of the directors, collectively and individually. The facilitator prepared questionnaires, which tested each director's understanding of the effectiveness of the board, its committees and individual directors. Aspects covered included directors, board structure and composition, board processes and accountabilities, strategy, relations with stakeholders, group structure, and overall effectiveness. The facilitator and the chairman of the board have also conducted interviews with each director.

## Corporate governance *(continued)*

**Appointment of Financial Director:** The company appointed Craig Barnes as its Financial Director. The Audit Committee considered and satisfied itself that Mr Barnes has the appropriate expertise and experience required of a financial director. The factors which were taken into account when making the determinations include those set out at page 10.

### Compliance with other good corporate governance principles

All of the directors bring to the board a wide range of expertise as well as significant financial, commercial and technical experience and, in the case of the non-executive directors, independent perspectives and judgement.

The board is responsible for setting the direction of DRDGOLD through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting on the basis of agreed performance criteria and defined, written delegations to management for the detailed planning and implementation of such objectives and policies.

The board retains full and effective control over DRDGOLD, meeting on a quarterly basis with additional *ad hoc* meetings being arranged when necessary, to review strategy and planning, and operational and financial performance. The board further authorises acquisitions and disposals, major capital expenditure, stakeholder communication, and other material matters reserved for its consideration and decision. The board also approves annual budgets for the various operational units.

The board is responsible for monitoring the activities of executive management within DRDGOLD and ensuring that decisions on material matters are considered by the board. The board approves all the terms of reference for the various subcommittees of the board, including special committees tasked to deal with specific issues.

While the executive directors are involved with the day-to-day management of DRDGOLD, the non-executive directors are not, nor are they full-time salaried employees.

The directors have a responsibility to become acquainted with all of their duties, as well as with the issues pertaining to the operations and business of DRDGOLD. The board operates in a field which is technically complex. However, the directors are continually provided with information which enables them to carry out their duties. To assist new directors, an induction programme has been established by DRDGOLD, which includes background materials, meetings with senior management, presentations by the group's advisers and visits to operations.

In accordance with DRDGOLD's Articles of Association, all directors are subject to retirement by rotation and re-election by shareholders. In addition, all directors are subject to election by shareholders at the first annual general meeting following

their appointment. The appointment of new directors is approved by the board as a whole. The names of the directors submitted for re-election are accompanied by sufficient biographical details in the notice of the forthcoming annual general meeting to enable shareholders to make an informed decision in respect of their re-election. All directors have access to the advice and services of the Company Secretary, who is responsible to the board for ensuring compliance with procedures and regulations of a statutory nature. Directors are entitled to seek independent professional advice concerning the affairs of DRDGOLD at the group's expense, should they believe that course of action would be in the best interests of the company. A structured and efficient procedure has been incorporated into the Board Charter.

### Board meetings and resolutions

All board meetings are held quarterly in South Africa. The structure and timing of DRDGOLD's board meetings, which are scheduled over two or three days, allows adequate time for the non-executive directors to interact without the presence of the executive directors.

An agenda and supporting papers are distributed to all directors prior to each board meeting. Appropriate explanations and motivations are provided for items of business requiring resolution at the meeting. This ensures that relevant facts and circumstances are brought to the attention of directors. In terms of good governance, the directors can conduct unrestricted inspections of all company property, information and records.

In addition to the quarterly board meetings, there is provision in the company's Articles of Association for decisions to be taken between meetings by way of directors' written resolutions. These resolutions are circulated to the directors, supported by full motivations and explanations, and generally the directors are afforded five days to apply their minds to the matter at hand before they approve the resolution.

### Board committees

The board has established a number of standing committees to enable it to discharge its duties and responsibilities properly and to carry out its decision-making functions effectively. Each committee acts within written terms of reference which have been approved by the board and according to which specific functions of the board are delegated. Each committee has defined purposes, membership requirements, duties and reporting procedures. Minutes of the meetings of these committees are circulated to the members of the committees and made available to the board. Remuneration for non-executive directors for their services on the committees concerned is determined by the board. The committees are subject to regular evaluation by the board with respect to performance and effectiveness.

The information that follows reflects the composition and activities of these committees.

## Details of attendance by directors at the board meetings held during the 2009 financial year

Director	Designation	2008						2009		
		19 Aug	22 Sep	20 Oct	28 Oct	19 Nov	4 Dec	3 Feb	20 Apr	30 June
J W C Sayers	Chief Executive Officer <sup>(1)</sup>	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
D J Pretorius	Chief Executive Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
C C Barnes	Chief Financial Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
G C Campbell	Non-executive chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓
D J M Blackmur	Senior Independent non-executive director <sup>(2)</sup>	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A
R P Hume	Independent non-executive director	✓	✓	✓	✓	✓	✓	✓	✓	✓
J Turk	Non-executive	✓	✓	✓	✓	✓	✓	✓	✓	✓
E A Jeneke	Independent non-executive director	✓	✓	A	A	A	✓	✓	✓	A

A Apologies

N/A Not applicable

✓ Includes attendance through teleconference or videoconference facilities.

<sup>(1)</sup> Resigned on 31 December 2008.

<sup>(2)</sup> Directorship terminated on 28 November 2008.

### Audit and risk committees

With effect from 11 February 2005, the Audit and Risk committees started to conduct joint quarterly meetings. The Audit Committee is chaired by Mr Hume and the Risk Committee by Mr Pretorius. The reason for the joint sitting is that there is a great deal of overlap between the financial risks discussed at Audit Committee level and at Risk Committee level. The joint sitting brings about better disclosure and ensures that DRDGOLD conforms more closely to the process prescribed by SOX.

### Audit committee

The members are: R P Hume (chairman), G C Campbell and E A Jeneke.

The Audit Committee is composed solely of non-executive directors, all of whom are independent.

The primary responsibilities of the Audit Committee, as set out in the Audit Committee Charter, are to assist the board in carrying out its duties relating to the selection and application of accounting policies, internal financial controls, financial reporting practices, identification of exposure to significant financial risks, and the preparation of accurate financial reporting and financial statements in compliance with all applicable legal requirements and accounting standards.

The Audit Committee meets every quarter with the external auditors, the company's Internal Audit and Compliance Manager and the Chief Financial Officer. The committee reviews the audit plans of the internal auditors to ascertain the extent to which the

scope of the audits can be relied upon to detect weaknesses in internal controls, and reviews the annual and interim financial statements prior to approval by the board.

The committee is directly responsible for the appointment, re-appointment and removal of the external auditors as well as the remuneration and terms of engagement of the external auditors. The committee pre-approves all services provided by the external auditors and has implemented a policy regarding the provision of non-audit services by external auditors, and pre-approval thereof. DRDGOLD's external audit function is currently being undertaken by KPMG Inc. DRDGOLD's internal audit function is performed by in-house staff and Pro Optima Audit Services (Pty) Ltd. Internal audits are performed at all of DRDGOLD's operating units and are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal control and corporate governance processes.

Significant deficiencies, material weaknesses, instances of non-compliance and exposure to high risk and development needs are brought to the attention of operational management for resolution. The committee members have access to all the records of the internal audit team.

DRDGOLD's internal and external auditors have unrestricted access to the chairman of the Audit Committee and, where deemed necessary, to the chairman of the board and the Chief Executive Officer. All significant findings arising from audit procedures are brought to the attention of the committee and, if deemed necessary, to the board.

# Corporate governance *(continued)*

## Details of attendance by members at the audit committee meetings held during the 2009 financial year

	2008				2009	
	18 Aug	22 Sep	20 Oct	1 Dec	3 Feb	20 Apr
R P Hume	✓	✓	✓	✓	✓	✓
G C Campbell	✓	✓	✓	✓	✓	✓
E A Jeneker	✓	✓	A	A	✓	✓

A Apologies

N/A Not applicable

✓ Includes attendance through teleconference or videoconference facilities.

Section 404 of SOX stipulates that management is required to assess the effectiveness of the internal controls surrounding the financial reporting process. The results of this assessment are reported in the form of a Management Attestation Report that has to be filed with the SEC as part of the Form 20-F. Additionally, the company's external auditors are required to express an opinion on management's assessment of the operating effectiveness of internal controls over financial reporting. During the third quarter of the 2005 financial year, the SEC granted a one-year extension to the reporting deadline for Section 404 of SOX, thus deferring DRDGOLD's deadline to 30 June 2007. In the first quarter of the 2007 financial year, the SEC announced that another one-year extension had been granted for auditor sign-off on management's assessment of foreign private issuers meeting the definition of an 'accelerated filer'. DRDGOLD's externally audited Section 404 initiative was first reported as of 30 June 2008.

### Compliance with the Corporate Laws Amendment Act

The Corporate Laws Amendment Act, 2006 was promulgated on 14 December 2007. In compliance with this legislation, the company has taken a number of steps as outlined below.

- The Audit Committee has nominated the firm KPMG Incorporated as its auditors and the registered auditor is Mr Riaan Davel.
- The Audit Committee is satisfied that the external auditors, KPMG, are independent.
- At its meeting on 20 April 2009, the Audit Committee discussed and approved the audit fees which were proposed by KPMG.
- All non-audit services are brought to the attention of the Audit Committee in the form of a round robin resolution. If the members of the committee are satisfied, that resolution is passed, an engagement letter signed, and KPMG renders the services.
- The company has an anonymous whistle-blower hotline to deal with complaints from within or outside the company and the Group Risk Manager provides the Audit Committee with a regular report on the whistle-blowing programme.
- The board appointed Rob Hume (chairman), Geoffrey Campbell and Edmund Jeneker to serve on the Audit Committee for the 2008-09 financial year.

### Risk committee (Risco)

The members are: D J Pretorius (chairman), J Turk, G C Campbell, R P Hume, E A Jeneker and C C Barnes

The Risk Committee was established during January 2004 and currently comprises four non-executive directors and two executive directors. Its overall objective is to assist the board in the discharge of its duties relating to risk management and control responsibilities, assurance issues, health, safety and environmental compliance, and the monitoring and reporting of all these matters. Responsibility for the quality, integrity and reliability of the group's risk management is delegated to the Risk Committee by the Board of Directors. The Risk Committee facilitates communication between the board, the Audit Committee, internal auditors and other parties engaged in risk management activities.

The board resolved to appoint Niël Pretorius, the Chief Executive Officer, as chairman of the Risk Committee because it believes that the risks prevailing in a mining company include those relating to safety and these can result in loss of life. By appointing the CEO as chairman, the Risk Committee has someone with hands-on involvement in the company to steer the meeting in the right direction in order to identify and address all the critical issues.

The Risk Committee ensures that:

- an effective risk management programme is implemented and maintained;
- risk management awareness is promoted among all employees;
- risk programmes (financing/insurance) adequately protect the company against catastrophic risks;
- regular risk assessments are conducted;
- the total cost of risk in the long term is reduced;
- the protection of DRDGOLD's assets is promoted throughout the group;
- the health, safety and well-being of all stakeholders is improved; and
- DRDGOLD's activities are carried out in such a way that the safety and health of employees is ensured.

The Risk Committee meets every quarter and reports back to the board. Additional *ad hoc* meetings may be arranged as and when required. Certain members of executive management are invited to attend Risk Committee meetings on a regular basis, including the Group Risk Manager, the Group Financial Manager and the Group Legal Counsel.

## Details of attendance by members at the risk committee meetings held during the 2009 financial year

	2008		2009	
	18 Aug	20 Oct	3 Feb	20 Apr
D J Pretorius <sup>(1)</sup>	N/A	N/A	✓	✓
G C Campbell <sup>(1)</sup>	N/A	N/A	✓	✓
D J M Blackmur <sup>(2)</sup>	✓	✓	N/A	N/A
R P Hume <sup>(1)</sup>	N/A	N/A	✓	✓
J Turk	✓	✓	✓	✓
J W C Sayers <sup>(3)</sup>	✓	✓	N/A	N/A
C C Barnes	✓	✓	✓	✓
E A Jeneker <sup>(1)</sup>	N/A	N/A	✓	✓

A Apologies

N/A Not applicable

✓ Includes attendance through teleconference or videoconference facilities.

<sup>(1)</sup> Appointed as members of the Risk Committee on 3 February 2009.

<sup>(2)</sup> Termination of membership of Risk Committee on 28 November 2008.

<sup>(3)</sup> Resigned on 31 December 2008.

The system to manage risk involves all significant business and operational risks which could undermine the achievement of business objectives and the preservation of shareholder value. The significant risks facing DRDGOLD, including those at an operational level, have been identified. People have been assigned to each risk and the results of their work to improve controls are reviewed by senior management through regular risk meetings. The aim of the internal control systems is for management to provide reasonable assurance that the objectives will be met.

In addition to the above initiatives, DRDGOLD also employs third-party consultants to benchmark its operations against other mining operations throughout South Africa as well as more than 300 different mining companies worldwide.

An important aspect of risk management is the transfer of risk to third parties to protect the company from any major disaster. DRDGOLD's major assets and potential business interruption and liability claims are therefore covered by the group insurance policy, which encompasses all the operations. The majority of these policies are through insurance companies operating in Britain, Europe and the United States.

The various risk management initiatives undertaken within the group as well as the strategy to reduce costs without compromising cover have been successful, resulting in substantial insurance cost savings for the group.

### Remuneration committee (Remco)

The members are: E A Jeneker (chairman), R P Hume, G C Campbell and J Turk.

The Remuneration Committee, which comprises directors most of whom are independent and non-executive, is primarily responsible for approving the remuneration policies of DRDGOLD, and the terms and conditions of employment of executive and non-executive directors. Items considered by the committee include salaries, performance-based incentives and the eligibility and performance measures of the DRDGOLD (1996) Share Option Scheme applicable to senior management.

The committee's obligation is to evaluate and recommend to the board competitive packages that will attract and retain executives of the highest calibre, and encourage and reward superior

## Details of attendance by members at the remuneration committee meetings held during the 2009 financial year

	2008			2009		
	9 Jun	19 Aug	20 Oct	3 Feb	9 Feb	20 Apr
E A Jeneker <sup>(1)</sup>	N/A	N/A	N/A	✓	✓	✓
D J M Blackmur <sup>(2)</sup>	✓	✓	✓	N/A	N/A	N/A
G C Campbell	✓	✓	✓	✓	✓	✓
J Turk <sup>(1)</sup>	N/A	N/A	N/A	✓	✓	✓
R P Hume	✓	✓	✓	✓	✓	✓

A Apologies

N/A Not applicable

✓ Includes attendance through teleconference or videoconference facilities.

<sup>(1)</sup> Appointed members of the Remuneration Committee on 3 February 2009.

<sup>(2)</sup> Termination of membership of the Remuneration Committee on 28 November 2008.

## Corporate governance *(continued)*

performance. The committee also aims to ensure that criteria are in place to measure individual performance. The committee approves the performance-based bonuses of the executive directors based on such criteria. DRDGOLD's Executive Officer: Human Resources provides the committee with access to comparative industry surveys, which assist in formulating remuneration policies. As and when required, the committee may also engage the services of independent consultants to evaluate and review remuneration policies and related issues.

The committee meets quarterly, but may meet more often on an *ad hoc* basis if required. The committee may from time to time call for independent consultants to brief members on pertinent issues.

During 2002, DRDGOLD engaged the services of Deloitte and Touche Human Capital to assist in the drafting of a Remuneration Policy. This policy was approved by the board on 21 October 2004. The policy is based on a reward system and has four principal elements:

- basic remuneration, as benchmarked against industry norms;
- bonuses or incentives, which are measured against agreed outcomes or key performance indicators, and are usually linked to the annual budget of the group;
- short-term rewards, which can be described as 'soft' rewards for exceptional performance (like the granting of travel vouchers); and
- long-term retention, which is the rationale underlying the share option scheme and share scheme for senior managers. It is linked to the criticality of skills and strategic value.

These four elements interact in a matrix, which is designed to reward all employees for their effort and provide a transparent framework. It is reviewed and approved by the Remuneration Committee.

### Transformation and sustainable development committee (Transco)

**The members are: E A Jeneker (chairman), D J Pretorius and C C Barnes**

The board took into account that all the group's operations are now based in South Africa. To achieve the triple bottom line espoused in the King II Report and in order to reach the empowerment goal to which it is committed, the board established this committee, the focus of which is transformation and sustainable development.

Transco's terms of reference were approved by the board at the August 2008 meeting. The objectives of this committee are to:

- promote transformation within the company and economic empowerment of previously disadvantaged communities, particularly within the areas where the company conducts business;
- strive towards achieving the goal of equality, as required by the South African constitution and other legislation and within the context of the demographics of the country, at all levels in the company and its subsidiaries; and

- conduct business in a manner that is conducive to the attainment of internationally acceptable environmental and sustainability standards.

### Nominations committee (Nomco)

**The members are: G C Campbell (chairman), R P Hume**

This committee was established by the board in compliance with JSE Listings Requirements. The terms of reference were approved in August 2008. Its duties include:

- making recommendations to the board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the board generally, and the balance between executive and non-executive directors appointed to the board;
- regular reviewing of the board structure, size and composition and making recommendations to the board with regard to any adjustments that are deemed necessary;
- identifying and nominating candidates for the approval of the board to fill board vacancies as and when they arise, as well as putting in place plans for succession, in particular for the positions of chairman and chief executive officer; and
- making recommendations about re-election with regard to directors who are retiring by rotation.

## Annual financial statements

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly present the state of affairs of the group at the end of the financial year, its operations' results and cash flows for the year, in conformity with International Financial Reporting Standards (IFRS) and the South African Companies Act referred to above. The directors are of the opinion that these financial statements, contained on pages 39 to 104 of this report, fairly present the financial position of the group as at 30 June 2009 and the results of its operations and the cash flow information for the year then ended.

The directors have reviewed the group's business plan and cash flow forecast for the year to 30 June 2010. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and has adequate resources available to ensure its continued operational existence.

## Share option scheme

At its annual general meeting on 26 November 2004, DRDGOLD changed the option scheme name to that of the DRDGOLD (1996) Share Option Scheme.

## Remuneration report

### Executive directors' remuneration

The remuneration of the executive directors comprises a basic salary and an annual performance bonus. The full details of the total executive directors' remuneration for the year ended 30 June 2009 are provided in a table on page 40 of this report.

#### Basic salary

Each executive director receives a basic salary as recommended by the Remuneration Committee in accordance with the Remuneration Policy. All salaries are reviewed annually, with the salaries of executive directors being benchmarked to external market surveys.

#### Semi-annual performance bonus

Executive directors' service contracts make provision for the members of the executive to be eligible for a discretionary bonus based on agreed key performance indicators. This bonus is approved by the Remuneration Committee.

#### Share option scheme

At its annual general meeting on 26 November 2004, DRDGOLD changed the option scheme name to that of the DRDGOLD (1996) Share Option Scheme. An option is awarded on the basis of the critical nature and scarcity of an employee's particular skills and knowledge, as well as the strategic value of his or her position to the company during the review period. According to the JSE Listings Requirements, options awarded to an individual employee are subject to a cumulative upper limit of 2% of the company's issued share capital. Details of options held by directors are contained in a table on page 42 of this report.

#### Other benefits

All directors are members of the Group Life Scheme. All directors are reimbursed for any reasonable business expenses they incur.

#### Non-executive directors' remuneration

The fees paid to non-executive directors are determined by the board as a whole and are reviewed as and when necessary. The current fees payable, effective 3 February 2009, are as follows:

- chairman's annual fee, R981 000;
- senior independent non-executive director's annual fee, R490 500;
- non-executive director's annual fee, R436 000;
- Audit Committee chairman's annual fee, R43 600;
- Audit Committee member's annual fee, R21 800;
- Nominations Committee chairman's annual fee, R16 350;
- Nominations Committee member's annual fee, R8 175;
- chairmen of Remco, Risco and Transco, annual fee of R32 700 each;
- members of Remco, Risco and Transco, annual fee of R16 350 each;
- non-executive directors' fees to be adjusted annually on the

- basis of the consumer price index;
- half-day fee for participating by telephone in special board meetings;
- daily fee, R16 350; hourly rate, R2 180; and
- chairman of the board to receive committee fees.

Details of non-executive directors' remuneration can be found on page 40. Previously non-executive directors were granted share options over DRDGOLD's ordinary shares; details of the directors with unexercised options are shown on page 42.

#### Directors' service contracts

Service contracts have been concluded with the executive as well as the non-executive directors. Details of the service contracts are set out in the table on page 41.

## Code of ethics

The following highlights aspects of the group's Code of Ethics, a complete copy of which will be made available on request or can be accessed on the company's website at [www.drdgold.com](http://www.drdgold.com). Any contravention of this code is regarded as a serious matter.

#### Compliance with laws and regulations

Directors, officers and employees must comply with all laws and regulations that are applicable to their activities on behalf of the group.

#### The company and its employees

DRDGOLD acknowledges that all employees have a right to work in a safe and healthy environment. All employees are entitled to fair employment practices and have a right to a working environment free from discrimination and harassment.

#### The group and the community

The group recognises that we all share a very real responsibility to contribute to the local communities and the group encourages employees to participate in, among others, religious, charitable, educational and civic activities, provided that such participation does not make undue demands on their work time or create a conflict of interest.

#### Conflict of interest

The group expects employees to perform their duties in accordance with the best interests of the group and not to use their position or knowledge gained through their employment with the group for their private or personal advantage.

#### Outside employment and directorships

Employees may not take up outside employment or hold outside directorships without prior approval of management. Directors who hold outside directorships must disclose same at the quarterly board meetings.

## Corporate governance *(continued)*

### Relationships with clients, customers and suppliers

Employees should ensure that they are independent of any business organisation having a contractual relationship with the group or providing goods or services to the group.

### Gifts, hospitality and favours

An employee should neither accept nor solicit any non-minor gifts, hospitalities or other favours from suppliers of goods or services.

### Personal investments in shares and share dealings

While directors and employees are encouraged to invest in and own shares in the group, such investment decisions must not contravene the conflict of interest provisions of this code, any applicable legislation, or any policies and procedures established by the various operating areas of the group, and must not be based on material non-public information acquired by reason of an employee's connection with the group.

### Confidential information and external communication

Directors and employees are expected to treat all information pertaining to the group, which is not in the public domain, in the strictest confidence and may not divulge such information to any third party without permission, even after the termination of their services with the group.

The group strives to achieve timely and effective communication with all parties with whom it conducts business, as well as with governmental authorities and the public. No sensitive communication may be made to the media or investment community other than by DRDGOLD's Chief Executive Officer, Chief Financial Officer, or the appointed investor/public relations consultants. All other communications to the media or investment community must be made within the ambit of the group's announcements framework.

## Stakeholder communication

DRDGOLD gives substance to its commitment to transparency through the implementation of an integrated and sustained programme of communication directed at its various stakeholders. This programme takes full cognisance of all of the obligations placed on the group by its current listings and the regulatory environments in which it operates. The group's communication activities with its shareholders are premised on a clear understanding that shareholders wish to maximise returns on their investment in the group and that, in order to be able to do this, they and/or their investment advisers require equitable, timely access to operating, financial and other information.

Information defined or deemed to be influential to DRDGOLD's share price is released to the JSE in the first instance and thereafter to the public via the JSE's news dissemination mechanisms. As soon as possible after this, it is sent to all addressees on the group's extensive electronic database. These addressees include

shareholders, fund managers, analysts and media representatives. All information is also available on the website.

Information relating to DRDGOLD's operating and financial performance is released proactively to the market at least once a quarter in the same way, and sometimes more frequently, as determined by circumstance. Quarterly reporting of the group results is augmented at half-year and year-end by face-to-face briefings by group executives in the two markets in which it is listed, and by teleconferences and webcasts. At the end of every other quarter, the results commentary is accessible via teleconferences and webcasts.

A primary channel for communication with shareholders and the investing community at large is through DRDGOLD's website. This contains current information on DRDGOLD and its operations, as well as all announcements and publications, such as the annual report and the investor bulletins, which are produced every second month. Interactivity is a primary feature that adds currency to the website and complements the substantial archive. All investor teleconferences are recorded and are available, together with webcasts, on the website for a period of time.

Employees and their elected representatives constitute another important stakeholder or constituency for DRDGOLD. While a climate of mature industrial relations ensures that considerable, effective communication is achieved through the collective bargaining process, DRDGOLD is careful to maintain its prerogative, indeed its obligation, to communicate directly, regularly and effectively with its employees.

A company-wide workplace briefing system with feedback mechanisms, quarterly results briefings, the website and employee publications are among the primary media used.

Effective, two-way communication with the communities within which it operates is an area of growing importance to the group. While, increasingly, much of this communication is required by regulation and statute and takes the form of formal consultation with interested and affected parties, operational management has come to recognise the value of community understanding of and support for management's actions, and of the role that effective communication plays in securing these.

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of DRDGOLD and its subsidiaries. The financial statements presented on pages 39 to 104, have been prepared in accordance with IFRS and include amounts based on judgements and estimates made by management.

To comply with requirements for reporting by non-US companies registered with the SEC, DRDGOLD prepares annual financial statements on a Form 20-F in accordance with IFRS. This report will be available from the Bank of New York Mellon and on the worldwide web at [www.sec.gov](http://www.sec.gov) to holders of DRDGOLD's securities listed in the form of American Depositary Receipts on Nasdaq.