

Kumba is committed to the highest standards of corporate governance.

Corporate governance

Statement of compliance

Kumba is committed to the highest standards of corporate governance. In our 2007 statement of compliance, we reported that the company had complied fully with the provisions of the Companies Act of 1973 and materially with the Code of Corporate Practices and Conduct ("the code") recommended by the King II report on corporate governance. The compliance standards have been maintained in 2008. The one area of non-compliance with the code which was also disclosed in the 2007 report was the independence of the chairman of the board. Lazarus Zim was previously chief executive officer of Anglo American South Africa. He resigned from that role on 30 April 2006. The board is of the view that Mr Zim will become an independent director in terms of the code during the 2009 year as the recommended period of three years will have passed. The board is satisfied that he acted independently in his role as chairman of the Kumba board in 2008.

Changes to the board during 2008

The following changes were made to the Kumba board in 2008. Chris Griffith was appointed as chief executive officer and member of the board with effect from 1 July 2008 following the secondment of Ras Myburgh to Eskom. Peter Matlare stepped down from his role as chairman of the human resources, remuneration and nominations committee with effect from 3 November 2008. He remains a member of the committee. Allen Morgan was appointed as chairman of the committee in his stead. Zarina Bassa was appointed as a non-executive director and chairman of the audit and risk committee on 14 December 2008. Dolly Mokgatle was acting chairman of the committee in 2008.

Role of the board

The board of directors is accountable to shareholders for the performance of the company. Its role includes:

- the establishment, review and monitoring of strategic objectives;
- approval of major acquisitions, disposals and capital expenditure; and
- oversight of the group's systems of internal control, governance and risk management.

While all directors have equal responsibility for managing the company's affairs, it is the role of the chief executive and executive committee to run the business of the company within parameters laid down by the board and to produce clear, accurate and timely reports to enable the board to make informed decisions.

The board has, through its charter and the delegated authority framework, set aside matters which it cannot delegate.

The following matters are reserved for the board:

- Reviewing the strategic direction of the company and adopting business plans proposed to achieve the company's objectives.
- Approving specific financial objectives, including budgets, and non-financial objectives and policies proposed by management.
- Overseeing the company's performance against agreed targets and objectives.
- Reviewing the process for management of business risk.
- Reviewing processes for ensuring compliance by the company with its key legal obligations.
- Delegating appropriate authority to the chief executive officer for capital expenditure and reviewing investment, capital and funding proposals reserved for board approval in terms of the delegation policy set out in its charter.
- Appointing the chief executive officer and executive and non-executive directors on recommendation from the human resources, remuneration and nominations committee.
- Approving succession planning for key positions within the company.
- Providing leadership and vision in a way that will enhance value and ensure the long-term organisational health of the company.

Board composition

In keeping with the recommendations of the code, the Kumba board comprises a majority of independent non-executive directors. Non-executive directors are considered to have the skill and experience to bring balanced and independent judgement to bear on company business. The board currently comprises, in addition to the chairman, two executive and seven non-executive directors, five of whom are independent according to the definition contained in the Corporate Laws Amendment Act. Independent directors, and biographical details for each director appear on page 43.

The board is chaired by Lazarus Zim, who is responsible for leading the board and for its effectiveness. The chief executive officer, Chris Griffith, is responsible for executing strategy and day-to-day management of the company, supported by the executive committee which he chairs.

Frequency and attendance of meetings

During the review period, the board met six times, the audit and risk committee four times, the safety and sustainable development committee and Remco each met four times. The detail of directors attendance of meetings is set out in the table below right.

Induction and training

The company secretary arranges an appropriate induction programme for directors where required or when a new director is appointed. The programme includes visiting operations, and interviews with operational management to facilitate an understanding of the business. Corporate governance training, including an explanation of directors' fiduciary duties and continuing obligations of the JSE Listings Requirements is tailored for individual director's requirements. The company secretary provides directors with updates on legislative developments. Non-executive directors can, where necessary, obtain independent professional advice at the expense of the company.

Company secretary

The company secretary provides the board as a whole and the directors individually with guidance on discharging their responsibilities. He is also a source of information and advice to the board on matters of ethics and corporate governance. The company secretary maintains and regularly updates the corporate governance manual which is distributed to new directors, and ensures that the board and company comply with the Listings Requirements of the JSE.

Committees of the board

Subject to those matters reserved for its decision, the board delegates certain responsibilities to a number of standing committees: audit and risk; Remco; and safety and sustainable development. The terms of reference for each committee are published on the company's website.

Human resources, remuneration and nominations committee (Remco)

Remco is responsible for making recommendations to the board on the appointment, remuneration policies and practices for the chief executive, executive committee members and senior management.

	Board (6 meetings)	Audit & risk committee (4 meetings)	Safety & sustainable development committee (4 meetings)	Remco (4 meetings)
PL Zim	All	–	–	All
PM Baum	All	–	–	All
GS Gouws	5	2*	–	–
CI Griffith**	3	2*	1	2
PM Matlare	4	–	–	2
DD Mokgatle	All	All	All	–
AJ Morgan	5	2	All	All
ND Moyo	5	2	–	–
VP Uren	All	All	–	–
ZBM Bassa***	–	–	–	–

* Meeting attended as an invitee

** Appointed 1 July 2008

*** Appointed 14 December 2008

Directors' attendance

The committee makes recommendations to the board on the composition of the board and board committees and ensures that the board comprises suitably qualified individuals. It consults other directors in its evaluation of the chairman of the board, the chief executive and individual directors.

Remco normally meets four times each year and presently comprises Allen Morgan (chairman), Peter Matlare, Philip Baum and Lazarus Zim.

Safety and sustainable development committee (S&SD)

The S&SD committee is responsible for developing policies and guidelines to manage sustainable development, safety, health and environmental matters. The committee normally meets four times each year, including a visit to an operation. Mine managers are invited to attend committee meetings. The committee presently comprises: Dolly Mokgatle (chairman), Allen Morgan and Peter Matlare.

Audit and risk committee

The primary role of the committee is to ensure the integrity of financial reporting and the audit process, and that a sound risk management process and effective systems of internal control are maintained. In accordance with the Corporate Laws Amendment Act, the audit & risk committee reported is included in this annual financial review on the next page.

Executive committee

The executive committee is not a sub-committee of the board. It is responsible for implementing the strategies and policies determined by the board, managing the business and affairs of the company, prioritising the allocation of capital, technical and human resources and establishing best management practices.

The executive committee is also responsible for senior management appointments and monitoring their performance and acts as the company's risk committee for the purpose of reviewing and monitoring Kumba's systems of internal control. The membership of this committee consists of the executive directors, executive heads, the mine general managers and the company secretary.