

Board of directors



Full details and abridged profiles of the Board of Directors can be viewed on the Group's website www.ecsponentlimited.com/leadership-team/

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Richard Connellan
Independent non-executive chairman

Appointed:
February 2011

Committees:
Remuneration and Nominations



George Manyere
Non-executive vice chairman

Appointed:
March 2017

Committees:
Remuneration and Nominations



Patrick Matute
Non-executive director

Appointed:
March 2017

Committees:
Social and Ethics



Keith Rayner
Independent non-executive director

Appointed:
January 2011

Committees:
Audit and Risk, Remuneration and Nominations (chair)



Brandon Topham
Independent non-executive director

Appointed:
November 2010

Committees:
Audit and Risk (chair), Social and Ethics



Willem Oberholzer
Independent non-executive director

Appointed:
March 2017

Committees:
Audit and Risk, Social and Ethics (chair)



Terence Gregory
Chief executive officer

Appointed:
September 2010

Committees:
Social and Ethics



Dirk van der Merwe
Group financial director

Appointed:
February 2018

Committees:
Social and Ethics

Composition of the Board and subcommittees

The names of the directors in office are detailed below:

				Attendance			
Name	Nationality	Appointed	Committees	Board meetings	Audit and Risk Committee (ARC) 4 meetings Attendance	Social and Ethics Committee (SEC) 3 meetings	Nominations and Remuneration Committee (NRC) 3 meetings
Independent non-executive directors							
RJ Connellan (72)	South African	02/2011	Remuneration and Nominations	100%	Invitee	Invitee	100%
KA Rayner (61)	South African	01/2011	Audit and Risk Remuneration and Nominations (chair)	100%	100%	Invitee	100%
BR Topham (47)	South African	11/2010	Audit and Risk (chair) Social and Ethics	100%	100%	100%	Invitee
W Oberholzer (46)	South African	03/2017	Audit and Risk Social and Ethics (chair)	100%	100%	67%	Invitee
Executive directors							
TP Gregory (60)	South African	09/2010	Social and Ethics	100%	Invitee	100%	Invitee
DP van der Merwe (45)	South African	09/2010 & 02/2018 ²	Social and Ethics	100%	Invitee	N/A ³	Invitee
B Shanahan (33)	South African	12/2015 ¹	Social and Ethics	100%	Invitee	100%	Invitee
Non-executive directors							
G Manyere (41)	Zimbabwean	03/2017	Remuneration and Nominations	100%	Invitee	Invitee	80%
P Matute (35)	Zimbabwean	03/2017	Social and Ethics	75%	Invitee	0%	Invitee
E Engelbrecht (41) ⁴	South African	02/2012	Social and Ethics	0%	0%	0%	0%

¹ Resigned from subcommittees and as Financial Director effective 31 January 2018.

² Re-appointed as Financial Director effective 1 February 2018.

³ No committee meeting after 1 February 2018.

⁴ Resigned from Board and subcommittees on 31 May 2017.

Protecting stakeholder value

The Ecsponent Board



See the composition of the Board of directors on page 36 and 37.

Our Board of directors provides leadership and strategic guidance to protect stakeholder value creation within a framework of prudent and effective controls. This makes it possible to assess and manage risk to ensure long-term sustainable development and growth. The Board is led by our chairperson, Richard Connellan, and assisted by the vice chairperson, George Manyere.

The Board is ultimately responsible for the Group's performance and affairs, which includes protecting and enhancing the Group's wealth and resources, timely and transparent reporting, and always acting in the best interest of the Group and its stakeholders.

It is also responsible for ensuring that controls and procedures are in place to ensure the accuracy and integrity of accounting records.

The Board is responsible for ensuring that controls and procedures are in place to warrant that the accounting records provide reasonable assurance that assets are safeguarded from loss or unauthorised use. Furthermore, that the financial records may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements.

The Board committees assist the Board in the discharge of its duties and responsibilities. Each Board committee has formal written terms of reference that are reviewed annually and effectively delegated in respect of certain of the Board's responsibilities.



These terms of reference are available at www.ecsponentlimited.com/governance

The Board monitors these responsibilities to ensure effective coverage of, and control over, the operations of the Group.

The Board's alignment with the King IV governance framework

The Group is committed to the principles of openness, integrity and accountability as contained in the King Code. As a result, "governance" implies

far more than compliance with relevant legislation and best-practice principles. Instead, it revolves around a culture of accountability, transparency, efficiency, ethical conduct, respect, and a values-driven approach.

Corporate governance is incorporated across all areas of the Group's operations and enables enhanced accountability, effective risk management, clear performance management, greater transparency and effective leadership.

The Board works to fulfil the primary governing roles and responsibilities recommended in the King Code, which creates the foundation from which to determine responsibilities and objectives.

1

Setting and steering strategic direction

2

Approving policy and planning

3

Oversight and monitoring

4

Ensuring accountability

These include:

In fulfilling its mandate, the Board deliberates with executive management over strategic direction, financial goals, resource allocation and risk appetite. The strategy is filtered through to management, which guides the Group's activities within the governance framework to create value for all stakeholders.

Through this framework, the Board delegates the Group's day-to-day management to the executive directors, without relinquishing the Board's responsibility.

Delegation of authority

The Board, in consultation with the Group finance function reviews the delegation of authority framework annually to ensure that financial limits remain appropriate, taking into consideration the size of the Group and its specific operational context.



Visit www.ecsponentlimited.com/governance to view our Corporate Governance statement and King IV compliance register.

The Board monitors the effective implementation of the authority delegated to the Group chief executive and has confirmed that, in the year under review, the Group chief executive acted within the authority delegated to him by the Board. The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective implementation of authority and the King IV principles. The chief executive engages the Board on all critical decisions of the Group and all Board decisions are consistently based on ethical foundations.

Code of ethics

The Board subscribes to the highest level of professionalism and integrity in conducting its business and dealing with all its stakeholders. In adhering to its code of ethics, the Board is guided by the following broad principles:

- Businesses should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity;
- Reliability and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of needs; and
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

Structure of the Board

The Board continues to operate with the majority of members being non-executive directors. Of these, most are independent, including the chairman. The Company conforms to King IV, JSE Listings Requirements and the Companies Act (2008) requirements. All Ecsponent's Board committees are constituted appropriately with the majority of committee members being independent non-executive directors.

Independence of the Board and Board balance

There is a clear division of responsibilities between directors and the roles of the chairman and chief executive office are separated to ensure a balance of power and authority. There exists a clear balance of power and authority at Board level ensuring that no one director has unfettered powers of decision-making.

No new Board members were appointed during the reporting period and at the period-end, the Board comprised eight directors – two executives,

four independent non-executives and two non-executives. All non-executive directors earn market-related fees.

The healthy balance of non-executive directors on the Board, of which the majority are independent, ensures independent decision making. The non-executive directors were selected based on their experience and skill set. The Group of independent non-executive directors provide independent opinion with no extraneous factors that materially affect their judgment. If there is an actual or potential conflict of interest, the director (executive or non-executive) concerned, after declaring his/her interest in terms of the Companies Act, is excluded from the related decision-making process.

Appointment of executive financial director

The Company has appointed Dirk van der Merwe as its full-time executive financial director. The audit committee is satisfied that Mr. van der Merwe has the necessary and appropriate expertise and experience required of an executive financial director. The audit committee assesses the expertise and experience of the financial director and communicates their findings to shareholders annually.

Company secretary

The Board annually considers, and is satisfied that the Company Secretary, Lezanne du Preez-Cilliers, has the necessary and appropriate competence, qualifications and experience.

The Company secretary is not a director of the Company. An arm's length relationship is maintained between the Board and the Company secretary.

Interests of directors and share dealings



The directors' interests in the Company as at 30 June 2018 are detailed on pages 26 and 76 in the Directors' Report of the Financial Statements.



Visit www.ecsponentlimited.com//2018-financial-results to view this report.

Trading Company shares

The Company enforces a restricted period for dealing in its shares, in terms of which any dealings in shares by all directors and staff members with access to price-sensitive information are disallowed by the Board during closed periods and price sensitive periods. The policy for dealing in shares by all directors is as prescribed by the JSE's Listings Requirements.

Board committees

These committees all meet independently but report directly to the Board and decisions taken by such committees all require approval of the Board prior to implementation. The committees all operate in terms of approval charters, which define their roles. Details of the subcommittees, including responsibilities and members, are described below.



Board of directors
Chairman: Richard Connellan

Audit and Risk Committee

Chair: BR Topham

- Evaluating the Group's systems of internal financial and operational control and ensuring it has established appropriate financial reporting procedures and that those procedures are operating properly;
- Reviewing accounting policies and financial information to be issued to the public;
- Reviewing the Group's financial results and recommending these to the Board for approval;
- Facilitating effective communication between the Board, management and the external auditors;
- Recommending the appointment of, and determining the fees payable to, the external auditors;
- Ensuring suitability of the appointment of external auditors and the designated individual partner, specifically taking into account any information pursuant to paragraph 22.15(h) of the JSE Listings Requirements;
- Approving the level of non-audit services provided by the external auditors;
- Ensuring annually that the financial director has the appropriate expertise and experience; and
- Reviewing the critical business, operational, financial and compliance exposures and sustainability issues facing the Group, taking into account the severity and probability of such risks, and determining required solutions;
- Reviewing and approving any material amendment to the Group's risk appetite statement on an annual basis;
- Reviewing significant risk exposures and the steps, including policies and procedures, that management has taken to identify, measure, monitor, control, limit and report such exposures, including, without limitation, credit, market, fiduciary, liquidity, reputational, operational, fraud, strategic, technology (data-security, information, business-continuity risk, etc.), and risks associated with incentive compensation plans;
- Evaluating risk exposure and tolerance;
- Reviewing and evaluating the Group's practices with respect to risk assessment and risk management;
- Reviewing reports and significant findings with respect to the risk management and compliance activities of the Group, together with management's responses and follow-up to these reports, and reviewing significant reports from regulatory agencies relating to risk management and compliance issues, and management's responses.



The Audit and Risk Committee's report can be read in the Group's 2018 Consolidated Financial Statements, which are accessible via www.ecsponentlimited.com/2018-financial-results

“Providing leadership and strategic guidance to protect stakeholder value creation within a framework of prudent and effective controls.”

Nominations and Remuneration Committee Chair: KA Rayner

- Determining the broad policy for executive and senior management remuneration and the remuneration of the executive directors and Company secretary;
- Reviewing executive directors’ fees; and
- Assisting the Board in the appointment of directors that are suitably skilled, and after taking into account its policies on race and gender diversity.

Ensuring the establishment of a formal process for the appointment of directors, including:

- Identifying suitable members of the Board;
- Performing reference and background checks of candidates prior to nomination;
- Confirming directors’ appointment through an agreement between the Company and the director;
- Overseeing the development of a formal induction programme for new directors;
- Ensuring that inexperienced directors are developed through a mentorship programme;
- Overseeing the development and implementation of continuing professional development programmes for directors;
- Considering the performance of directors and taking steps to remove directors who do not make an appropriate contribution;
- Finding and recommending to the Board a replacement for the chief executive officer when that becomes necessary; and
- Ensuring that formal succession plans for the Board, chief executive officer and senior management appointments are developed and implemented.

Social and Ethics Committee Chair: W Oberholzer

Monitoring all aspects associated with the sustainable development performance of the Group, specifically relating to:

- Stakeholder engagement;
- Health and public safety, which includes occupational health and safety as well as the clinical quality of the Group’s services;
- Broad-based black economic empowerment;
- Labour relations and working conditions;
- Training and skills development of the Group’s employees;
- Management of the Group’s environmental impacts;
- Ethics and compliance; and
- Corporate social investment.

Nominations and Remuneration Committee Report

The Nominations and Remuneration Committee ("the committee") adopted the principles of the new Companies Act as well as King IV and discharged its responsibility fully in terms of its terms of reference during the financial period.

The Remuneration committee and Nominations committee were merged into a single combined committee in August 2017.

The committee comprised of independent and non-independent non-executive directors:

Member name	Function
KA Rayner	Chairman
RJ Connellan	Member
G Manyere	Member



Biographies of the committee members are available on the Company's website at www.ecsponentlimited.com/leadership-team/

The remaining directors are invited to attend the committee meetings.

The committee met three times during the period ended 30 June 2018, and attendances by the members were 93%.



Individual attendances can be seen on page 37 of this report.

The role of the committee is to:

- Assist the Board by performing an objective and independent review of the functioning of the organisation's remuneration mechanisms. It exercises its functions through close liaison and communication with management.
- Operate as an overseer and a provider of recommendations to the Board for its consideration and final approval regarding nominations to the Board. The committee assists the Board to ensure that:
 - the Board has the appropriate composition for it to execute its duties effectively;
 - directors are appointed through a formal process;
 - induction and ongoing training and development of directors take place; and
 - formal succession plans for the Board, chief executive officer and senior management appointments are in place.

Background statement: Remuneration committee

The Group will remunerate staff fairly and consistently according to their role and individual value. The consistent application of the remuneration system throughout the Group is a priority. Remuneration trends are taken into consideration so as to position the Group strategically to ensure competitive remuneration within the parameters of affordability, as far as is achievable and sustainable.

At the annual general meeting of shareholders held 4 August 2017, 100% votes were received in favour of the remuneration policy and the implementation report. It is intended that the Company's remuneration policy and implementation report will be tabled for a separate non-binding advisory vote by shareholders at each annual general meeting. In the event that the remuneration policy or the implementation report are voted against by 25% or more of the votes exercised, the announcement on the voting results will provide an invitation to dissenting shareholders to engage with the Company and will specify the manner and timing of such engagement.

No substantial changes were made to the remuneration policy, nor was any remuneration consultants used during the reporting period.

Background statement: Nominations committee

The committee is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities and that it has fulfilled its responsibilities in accordance with the terms of reference for the reporting period.

The committee has identified the need to promote gender and race representation. The committee will continue to monitor its gender and race diversity.

Overview of remuneration policy

The Group's remuneration policy is reviewed by the committee and approved by the Board.

The aim of the remuneration philosophy is to:

- communicate the remuneration commitments and expectations to the staff;
- strengthen the organisational culture and underlying values of the Group;
- guide and facilitate the remuneration implementation plan;
- describe the manner in which the Group manages remuneration at the organisational level so that it is fair and consistent; and
- serve as standard for the evaluation of the successful implementation of the remuneration policy and remuneration strategy.

The remuneration strategy is based on the following central principles:

1. Transparent communication
2. Non-discriminatory practices
3. Internal equity
4. External parity
5. Performance-driven remuneration
6. Affordability
7. Continued learning
8. "Cost of Employment" package approach

The Group's philosophy is to emphasise the link between remuneration and performance. In order to implement the philosophy an appropriate performance management system will be developed and implemented to differentiate between excellent, average and below average performers. A major objective of the remuneration system is to reward overall contribution rather than status or position. Performance awards are subject to affordability and based on excellent, world-class performance. Performance awards are earned every year from scratch.

The policy ensures that all staff are remunerated fairly, responsibly and in line with industry standards so as to attract and retain the talent required to achieve the Group's strategy and to create sustainable value.



The remuneration policy can be viewed on the Company's website at www.ecsponentlimited.com/group-remuneration-policy/

Implementation report



The remuneration of the Board and executive management are disclosed in the annual financial statements and can be viewed on at www.ecsponentlimited.com/2018-financial-results/

Non-executive fees are motivated by the executive directors and ratified by shareholders by special resolution during each annual general meeting.

On behalf of the Nominations and Remuneration Committee

KA Rayner
Committee Chairman

"The Group's philosophy is to emphasise the link between remuneration and performance."

Risk and opportunities

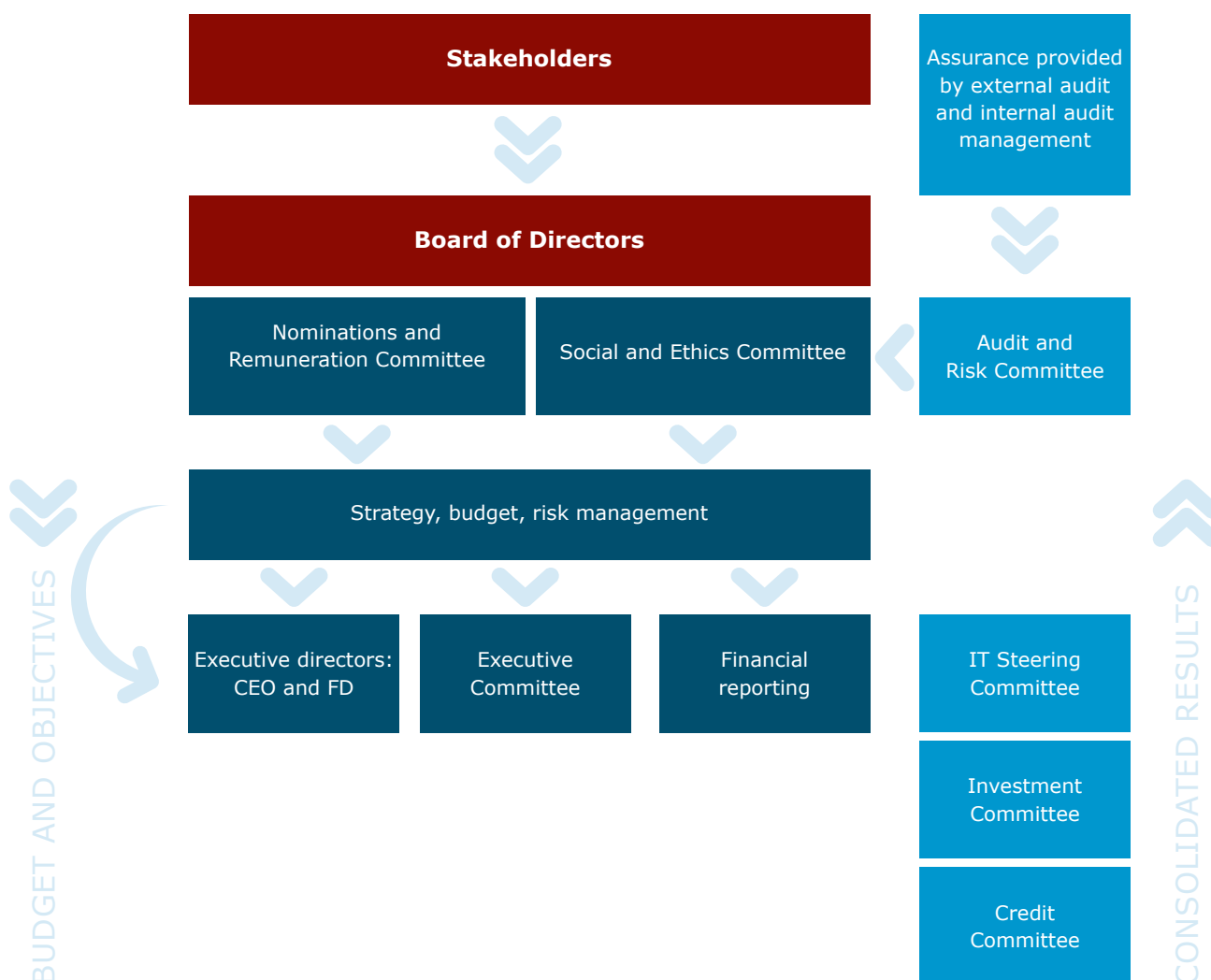
Risk

The diverse nature of the Group places an increased responsibility on the Board of directors to manage the associated risk. The constitution of the Board is such that control rests with the independent non-executive directors, providing the balanced influence contemplated by King IV.

The Group's risk management is achieved by means of a multi-tier approach. Firstly, a high-level review of the inherent risk in the business is managed through the Audit and Risk Committee, which is tasked with identifying risk and managing the same on behalf of the Board. At an operational level, alignment is achieved with the Group's objectives through a robust objective and budget-setting process. Group objectives are cascaded downwards to provide direction whilst subsidiary budgets are consolidated to provide group financial management.

Detailed operational dashboards are in place which enable management to identify deviations and provide remedial intervention where required. Regular review of market conditions and performance to budget provides oversight of the operational risk profile.

Corporate governance structure and risk management

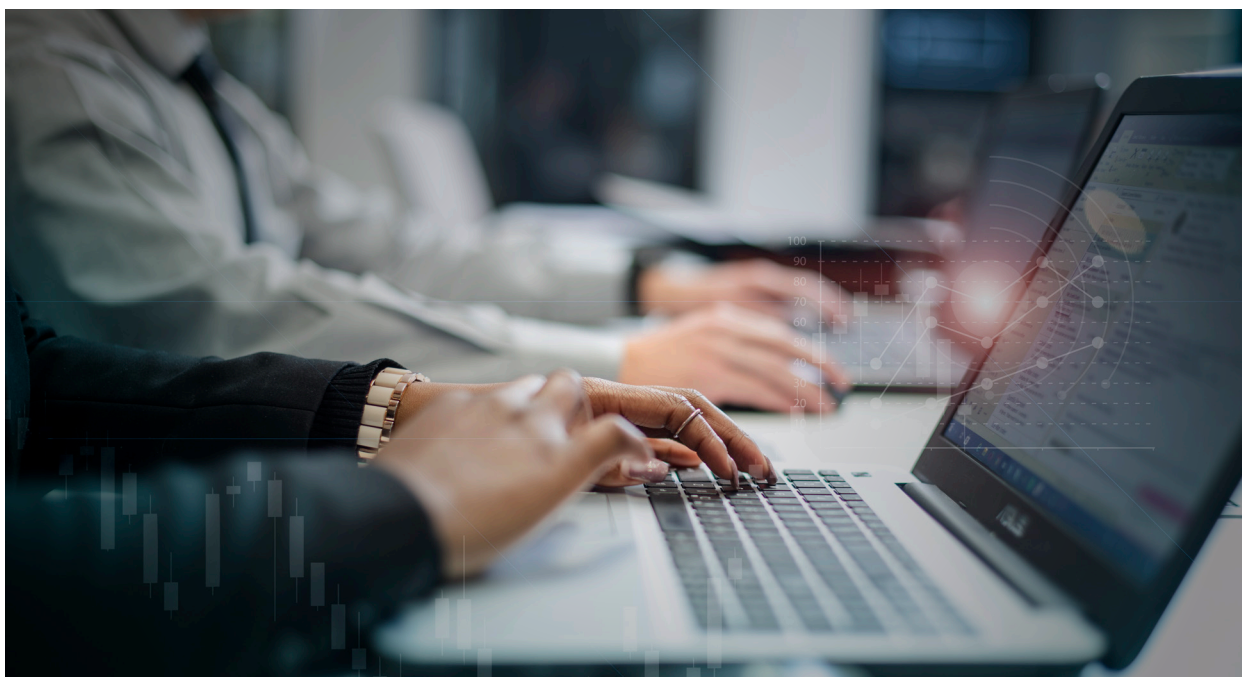


The risks affecting Group strategy and value creation

The Board, assisted by the audit and risk committee, continuously monitors the top risks to ensure timeous value creation or preservation action in line with its approved risk appetite and risk management strategy.

Transpiring risks	Strategic response in mitigation	Inherent risk rating
External risks Risks associated with external factors such as economic, political or legislative change.	1. Macro-economic risk Slowing local and global economies as a result of economic and socio-political factors that could result in poor investment performance due to reduced aggregate demand, profit margins, earnings growth, etc.	<ul style="list-style-type: none"> Employing risk management practices that seek to understand and prepare for the effects of adverse macro-economic outcomes on our business. Moderate
	2. Sovereign credit risk Credit downgrades that impair the entire stock market and local economy.	<ul style="list-style-type: none"> Geographical diversification. Systematic monitoring of macroeconomic environment. Relatively small management structure enables agile responses to market changes Significant
	3. Regulatory risk Unintentional non-compliance may cause significant financial loss.	<ul style="list-style-type: none"> Proactive identification and acting on legislative changes. Low
	4. Tax risk Unanticipated tax liabilities from strategic decisions or from unexpected changes in tax legislation may cause significant financial loss.	<ul style="list-style-type: none"> Ongoing advice from independent tax specialists. Moderate
Strategic risk Risks resulting from the definition, implementation and continuation of the Group's strategic planning and developments.	1. Concentration risk Significant loss arising from concentrated exposure to a particular counterparty or group of counterparties (e.g. creditors, investments, asset class).	<ul style="list-style-type: none"> Continuing dynamic monitoring and determining of credit and investment concentration risk appetite. Moderate
	2. Compliance and legal risk Unintended non-adherence to regulation and legislation.	<ul style="list-style-type: none"> Maintaining and enhancing systems to ensure awareness and compliance. Low
	3. Reputational risk An action, event or transaction may compromise the brand.	<ul style="list-style-type: none"> Protecting and enhancing the brand and reputation with the highest ethical standards. Moderate
	4. Conduct and culture risk The risk of harm being caused to the Group, its clients and markets due to inappropriate execution of business activities.	<ul style="list-style-type: none"> Continuously working to embed and monitor conduct-related metrics in business units and corporate functions across the Group. Low
	5. Shareholding concentration Concentrated shareholding could cause illiquidity.	<ul style="list-style-type: none"> Developing strategies to increase free float shares in issue. Moderate

Risk and opportunities (continued)



3

	Transpiring risks	Strategic response in mitigation	Inherent risk rating
Strategic risk (continued)	6. Independence and conflict of interest The possibility that decisions by the Board or Company management could be perceived as prejudiced and conflicted.	<ul style="list-style-type: none"> Delegation of authority documented. Declarations of interests by Board members and prescribed officers. 	Low
	7. Talent risk Failing to attract and retain employees with the right skills, education and experience to help the Group achieve its objectives.	<ul style="list-style-type: none"> Review recruitment processes to attract and employ candidates with scarce skills at the right reward levels, while maintaining strong talent management and employee relations in line with our brand and culture. 	Moderate
Financial risk Risks resulting from the definition, implementation and continuation of the Group's strategic planning and developments.	1. Liquidity risk Inability to meet financial obligations as they fall due, or the failure to convert a security or asset to cash without a loss of capital and/or income.	<ul style="list-style-type: none"> Monthly forecasting and reporting to determine liquidity requirements. 	Low
	2. Investment strategy risk Future net cash flows from acquisitions, investments and/or joint ventures failing to realise the projections upon which the initial purchase consideration or arrangement was based may lead to value destruction for shareholders.	<ul style="list-style-type: none"> Investment Committee gains a proper understanding of the businesses of the investee companies. Appropriate Ecsponent representatives on the Board of investee companies. Systematic portfolio reviews. Diversification of the portfolio. 	Moderate

“The Group’s risk management is achieved by means of a multi-tier approach. Detailed operational dashboards are in place which enables management to identify deviations and provide remedial intervention where required. Regular review of market conditions and performance to budget provides oversight of the operational risk profile.”

	Transpiring risks	Strategic response in mitigation	Inherent risk rating
Financial risk (continued)	3. Credit risk The risk of significant loss of capital as result of a borrowers’ failure to repay loans or meet their contractual obligations.	<ul style="list-style-type: none"> Ecsponent’s Credit Committee takes a conservative view when managing credit risk. Credit exposure is reviewed monthly and adjusted to reduce credit risk and further improve the quality of assets held. Credit process and credit governance are managed competently, with a growth enabling risk appetite. All credit transactions are secured by at least 100% security so that the Group is never in an unsecured position. 	Significant
	4. Capital management risk The risk of the Group’s capital base falling to a level that would prevent growth.	<ul style="list-style-type: none"> Prudently managing our capital and balance sheet. Limits, rules, formal delegations of authority and segregation of duties in place. 	Moderate
	5. Foreign currency risk The risk of adverse movements in currencies which can result in the fair value or future cash flows of a financial instrument will fluctuate due to currency movements.	<ul style="list-style-type: none"> Diversification of operations outside of the Common Monetary Area. Spread of investments across multiple currencies. Ongoing review and management of risk. 	Significant



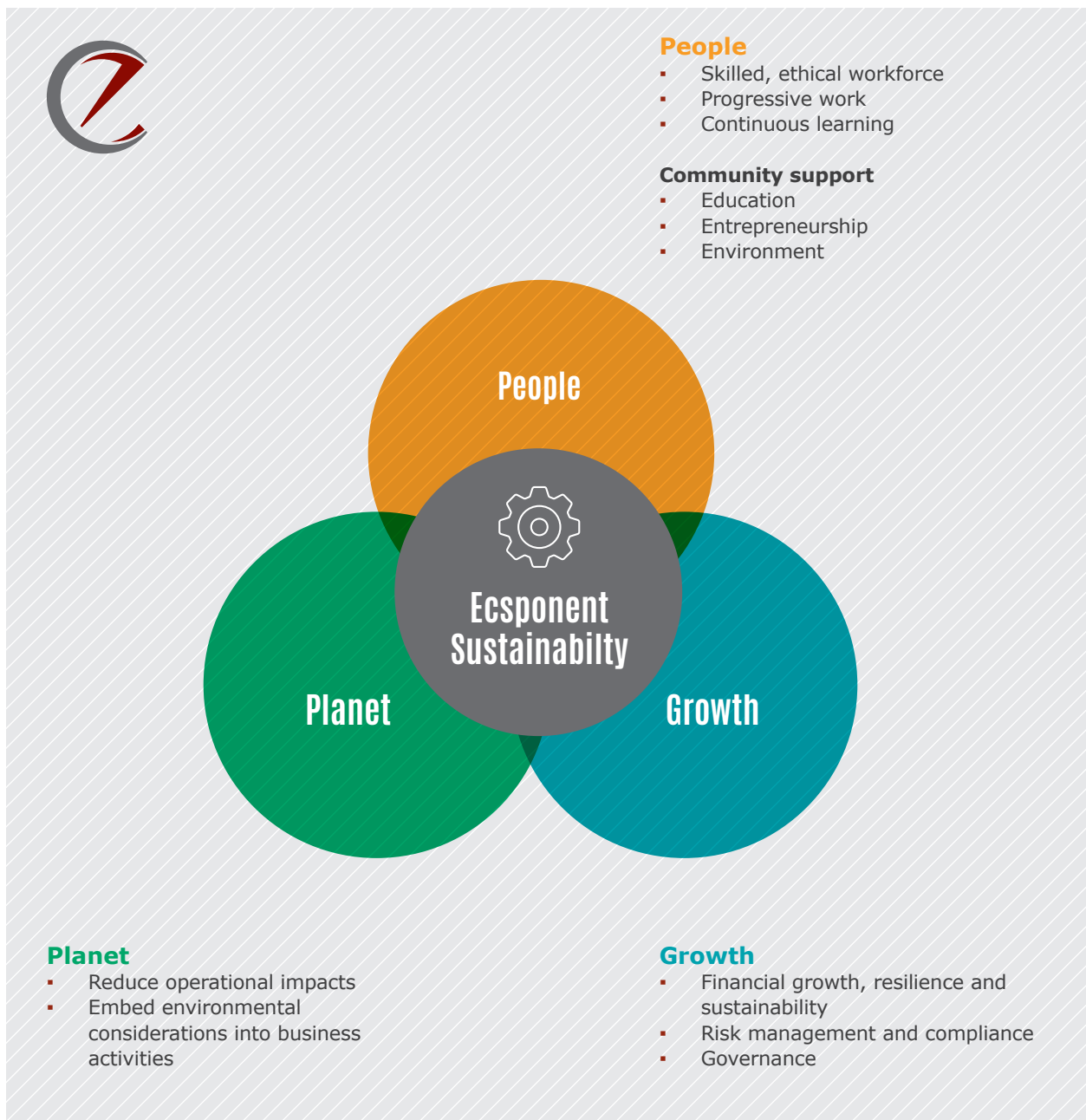
A more comprehensive analysis is disclosed in note 4 to the annual financial statements on page 47.

Sustainability reporting

Our purpose to create sustained long-term wealth for our stakeholders guides us to strive to positively influence each of our core business units and every society in which we operate. This Group's foundation is built on the application of sound business practices and strong, ethical and sustainable practices across all levels of business.

What sustainability means to us:

- Building a sustainable business model to position the Group for long term growth.
- Attracting and developing a capable, diverse and strong workforce.
- Contributing to society and to the economic well-being of our communities, largely by developing entrepreneurs to establish economically viable business ventures in previously disadvantaged communities.
- Considering environmental variables and making a positive impact on the environment through our operations and business activities.
- Growing and preserving shareholders' and stakeholders' wealth, based on relationships of trust.



Growth

Our diversified and balanced business model

We aim to maintain an appropriate balance between revenue earned from operational activities and generating long-term revenue from investment activities through our Equity Holdings portfolio. This ensures that we are not overly reliant on any one part of our businesses to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and supports our long-term strategy.

Overview of the 2018 financial period

Sound performance despite challenging operating environments:

- During the financial period, macro uncertainty and volatility affected the operating environments in each of the Group's business territories.
- Net new capital inflows – from retail and institutional sources – and profitable credit activities supported sound performance.
- The Group successfully leveraged its ability to provide clients with a broader investment offering, increasing its client base and deepening its core value proposition.
- Continued investment in defensive industries, in accordance with our investment philosophy, continues to support growth initiatives in the overall business.
- Geographical and operational diversity continues to support a stable recurring revenue base and earnings notwithstanding varying market conditions.

Shorter-term liquidity generating activities

Revenue contribution

85%

Activities

- SME credit
- Enterprise development
- Wealth advisory services
- Specialist procurement and logistics

Types of revenue

- Fees
- Commission
- Interest
- Non-interest income
 - Advisory and knowledge-based fees
 - Fair value gains/losses
 - Investment income

People

Ecsponent people

Ecsponent employees remain critical to continued business success and to overall sustainability efforts. The expertise and dedication of staff are fundamental in meeting our clients' needs and delivering distinctive results. We employ passionate and talented people who are empowered and able to perform extraordinarily.

Additionally, our organisational culture lends itself to recognition and development through a flat management structure. We continuously engage with our people through platforms such as employee engagement sessions, climate surveys, open and honest management style, and strategy update sessions. Our approach to these interactions is guided by our code of ethics and our values.

We are further satisfied that our employment practices are non-discriminatory and meet both ILO labour standards as well as those prescribed by the Labour Relations Act and the Basic Conditions of Employment Act.

Gender diversity

Currently there are several female senior management executives active in the operations and management of Ecsponent and its subsidiaries, but no female members on the Ecsponent Board. However, through its Remuneration and Nominations committee, the Board is aware of the need to promote gender representation. The directors believe that the composition of a Board that provides effective leadership is to be driven by a wide variety of factors, and each individual Board member is selected based on skills, experience, industry knowledge, independence and integrity.

The Company will continue to monitor its gender diversity and disclose the results to shareholders annually.

Race diversity

The Group promotes a culture that provides all employees with opportunities to advance to their optimal levels of career development. We believe that the current composition of the Board reflects its commitment to improve race diversity. Any new Board members appointed will be after consideration of the race diversity policy.

Black Economic Empowerment

The Ecsponent Group understands the importance of transformation in the context of our continued growth and the financial inclusion of historically disadvantaged communities to drive greater economic expansion. We recognise that the current

“We continuously provide educational and informative material through a wide range of mediums.”

income inequality in the country is not sustainable and as such we need to use our collective efforts to address transformation in its broader context.

Given the importance of the country's transformation objectives, and our own initiatives in developing emerging businesses through our enterprise finance model, it is our objective to transform and reposition Ecsponent in alignment with the South African government's transformation objectives.

As such, in the wake of the Group's realignment, our short-term goal is to have the Group's B-BBEE contribution verified by an independent assurance provider. Once complete, the verification process will be completed annually to document our progress.

Secured Business Credit to Small and Medium Enterprises (SMEs)

SMEs employ the largest portion of people in sub-Saharan Africa and are the backbone of these economies. Access to capital is one of the most significant barriers to entry and growth for this sector. Through our Secured Business Credit products, we are able to contribute to relieving financial exclusion and boost growth of businesses in the SME sector. As result, it also contributes to addressing the maladies of poverty, development of disadvantaged business sectors, and more.

Supply Chain and Procurement Management Services

Emerging businesses and previously disadvantaged individuals with purchase orders and/or tenders from large corporate businesses often lack the funding, skills and expertise to fulfil these orders profitably. As a result, these emerging businesses and business operators fail to meet the criteria set by large corporate businesses and as a result fail to graduate to permanent supply chain lists and formal banking solutions, which improves financial inclusion rates.

Financial inclusion is not just about the banks or access to credit but is critical for reducing inequality, improving the welfare of societies and overall economic development. By supporting emerging businesses with access to funding, procurement and logistics support, financial skills development and mentoring, otherwise not available them, Ecsponent plays a role in growing the rates of financial inclusion in our territories of operation.

Venture capital investments

Our investment in Capitis (» see page 32) will enable us to support economic development by investing in emerging businesses that have significant growth potential. Capitus is a 12J registered venture capital firm, which provides the Group with a tax benefit.

Procurement

We recognise the potential for our Supply Chain Solution (» find out more: www.ecsponentlimited.com/credit/#supply-chain-solution) to be an agent for change in respect of different aspects of sustainability. This solution provides large corporate business with an effective way of managing preferential procurement, improving reliable delivery whilst ensuring true social upliftment and skills transfer for local enterprises.

In the community

Ecsponent understands that our role is integral to support the development of sustainable businesses which, in turn, support communities and grow our economy. While we support a wide variety of organisations through donations and sponsorships, our focus remains on organisations that promote socio-economic development and entrepreneurial growth.

We will continue focusing on enhancing our relationships with existing community projects partners, while developing a pipeline of support to develop entrepreneurial skills and, in so doing, provide much needed support to South Africa's socio-economic development plans.

Consumer education

We continuously provide educational and informative material on large-scale economic events, personal financial management and business management through a wide range of mediums, enhancing our reputation and brand as responsible business.

Communication with stakeholders

The Group is committed to a policy of effective communication and engagement with its stakeholders on issues of mutual interest and subscribes to a policy of open, frank and timeous communication in its activities on both financial and non-financial matters.

Planet

As a niche financial services Group with a small physical presence, the direct environmental and social impacts of Ecsponent's daily operations are limited.

We have taken steps to conserve electricity and water consumption by moving into green-friendly premises, migrating towards electronic filing to reduce waste, implementing world class video conferencing system to reduce carbon output due to travel.

Additionally, in recognising that we have a responsibility to understand and manage our wider environmental and social footprint, the Group:

- Will consider any meaningful activity that either reduces the negative impact or prolongs life of our planet
- Believes that as a financial services organisation, we can make a meaningful impact in addressing climate change
- Will focus on creating awareness and encouraging behavioural change internally
- Is increasingly incorporating environmental considerations into our daily operations
- Recognises the opportunities for our clients and businesses in cleaner and renewable energy sources, energy efficiency and responsible lending and investing.

Investment and development

The area in which we can make the most meaningful contribution to the environment is through responsible funding, investing and supporting businesses involved in renewable energy.

Ecsponent Green

Ecsponent Green is an initiative to become accredited by the United Nations Green Climate Fund (UNGF). The objective is to place UNGCF funding in renewable energy projects in the developing countries where Ecsponent operates. Ecsponent, with its experience in successfully managing debt facilities and equity transactions, coupled with our commitment to the future of the planet, makes this initiative an obvious opportunity.

Renewable energy investments

The renewable energy sector on the continent is in its infancy and its development is to reducing the planet's reliance on fossil fuels.

In addition to the Ecsponent Green initiative, Ecsponent will, subject to shareholder approval, make significant investments in renewable energy businesses at commercial and residential level. It is our objective to be part of the significant growth this sector is poised for, while benefiting the planet for future generations.

"We recognise the challenges climate change present to the global economy and are finding opportunities to support activities that reduces the impact."

Our key relationships

As an African financial services Group, with multiple stakeholders across different levels of society and different geographic locations, our stakeholder relationships are critical to our strategy and continued sustainable growth.

Our stakeholders are those individuals or organisations that have an interest in and whose actions impact on our ability to execute our strategy. Our intention is to build and promote stakeholder engagement activities and relationships that are meaningful, and support us in fulfilling our purpose, enhancing our reputation and meeting regulatory requirements.

To do this, we apply a highly stakeholder-centric business model, which are nurtured and preserved through consistent interaction with our employees and consultants across all levels of the Group. To remain focused on our strategy and achieve our objectives, we engage with these stakeholders as follows:

Clients	
Nature of relationship	<ul style="list-style-type: none"> Emerging businesses and individuals Small & Medium Enterprises (SME) Large corporate businesses Green project developers
Stakeholders' needs and expectations	<ul style="list-style-type: none"> Excellence in client service. Ongoing and sustainable credit supply that improves and grows the clients' business and results in greater economic development. Responsible business services and solutions, and a trusted credit partner.
How we engage	Agreed and documented terms, fee structures and operating procedures, supplemented by regular communication.
How we create value	Understanding our clients' needs and developing innovative solutions that meet these specific needs.
Associated six capitals*	Financial, Human, Intellectual, Social and relationship
Shareholders and funders	
Nature of relationship	<ul style="list-style-type: none"> Ordinary and preference shareholders, and prospective investors. Retail investors and local and international investors and funders.
Stakeholders' needs and expectations	The assurance that the Group will continue generating sustainable, above average returns through capital appreciation and regular dividend payments to preference shareholders. Additionally, ongoing company communication regarding the Company's performance and strategy.
How we engage	Formal published communications via SENS, annual reports, the Group's website, shareholder meetings, investor presentations, and in the media.
How we create value	<ul style="list-style-type: none"> Increasing net asset value, returns and share price. Maintaining a strong balance sheet to protect against downside risk. Continuing to reward preference shareholders with stable, predictable dividend returns in return for the capital they provide for our expansion.
Associated six capitals*	Financial, Social and relationship
Employees and contractors	
Nature of relationship	A team of individuals employed in specialised functions to provide service to clients across Ecsponent's service offerings.
Stakeholders' needs and expectations	Career and personal development in a quality work environment within a successful and stimulating organisation, that ensures employment security and appropriate award for performance.
How we engage	Ongoing formal and informal engagement, managed primarily by the Group's business unit leaders, with the support of executives and the Group's Human Resources services, to provide employees with the guidance, motivation, feedback and recognition they require.



*See page 28 for more information.

Employees and contractors (continued)	
How we create value	<ul style="list-style-type: none"> Attracting and retaining committed people with the right skills and capabilities. Employing citizens in the jurisdictions where we operate to harness the potential of a multigenerational, pan-African local workforce. Creating new job opportunities as we grow. Developing our employees to further their careers and improve our services and products and rewarding them for the value they add. Motivating and energising our workforce.
Associated six capitals*	Human, Financial, Social and relationship
Society and communities	
Nature of relationship	Society and communities represent the citizens of the countries in which we operate, comprising individuals, local business and suppliers.
Stakeholders' needs and expectations	Sound corporate governance and acting as a responsible corporate citizen, using its resources to promote social, environmental and other common agendas to build a thriving society.
How we create value	<ul style="list-style-type: none"> Building a sustainable business model to position the Group for long term growth. Accelerating inclusive economic growth largely by developing entrepreneurs to establish economically viable business ventures in previously disadvantaged communities. Investing in sub-Saharan Africa's infrastructure, notably that of renewable energy, financial services and health. Supporting innovation and investment that drives financial inclusion, education and a green economy. Harnessing the commercial opportunities of addressing societal challenges. Making a difference through our partnerships and CSI activities.
Associated six capitals*	Human, Intellectual, Social and relationship
Regulators and industry bodies	
Nature of relationship	<ul style="list-style-type: none"> Central banks, like SARB, in all areas of operation. Local financial services regulators of countries in which we have representation or operations, including the FSCA in SA. Various government departments, such as the Department of Trade and Industry (the dti), Department of Labour, National Treasury, Financial Intelligence Centre (FIC) and the JSE.
Stakeholders' needs and expectations	<ul style="list-style-type: none"> Maintaining the required levels of solvency and liquidity. Responding to the heightened risk environment, particularly cybercrime. Implementing strategies to prevent financial crime, fraud and money laundering Complying with all legal and regulatory requirements. Being a responsible taxpayer in all jurisdictions where we conduct business.
How we engage	<p>In all jurisdictions where we conduct business, we:</p> <ul style="list-style-type: none"> Strive to comply with legal and regulatory requirements, and maintain direct relationships with role players. Are responsible taxpayers and equitable employers.
How we create value	<ul style="list-style-type: none"> Embracing sustainable business practices and regulatory compliance that enable a safe and stable economic system and a thriving society.
Associated six capitals*	Intellectual, Social and relationship, Manufactured