

CORPORATE GOVERNANCE

As the EOH Holdings Limited Board of Directors ('the Board') we are committed to ethical leadership and good corporate governance principles aligned to the Companies Act and King IV principles of governance. EOH has a great leadership team and strong fundamentals committed to ensuring sound corporate governance throughout our business and subsidiaries, striving to be an ethical, relevant force for good and to play a positive role in society.

Corporate Governance represents the tone from the top, underpinned by the governance framework and structures as well as the principles and practices by which the Board discharges its fiduciary duties. The EOH Governance objectives stem from the Board Charter and Board Committee Terms of Reference and is aligned to the EOH purpose, philosophies and values.

Governance Objectives



The roles of the Chairman and Chief Executive Officer are segregated in terms of the roles and responsibilities. The Chairman is responsible for leading the Board and the Chief Executive Officer is responsible for the commercial and operational management of the Group.



Governance Structure

The EOH Governance objectives and structure is a functional structure based on the accountability line of authority and is applicable to all businesses to ensure the governance objectives are met.

The EOH governance structure is founded on the fiduciary obligations and responsibilities of directors as defined by the Companies Act and King IV best practice principles of oversight and control. The discharged duty on the operational business is supported by the RACI principles in terms of delegated leadership, authority and responsibility to implement and control the Quality Management Framework. The Group Policy Framework governs the statutory and regulatory obligations and responsibility of the Group. The EOH governance framework and standards are regularly reviewed to ensure that the Governance objectives are met (King IV Principle 11).

Initiatives and enhancement to the governance framework during the financial year included the continuous review and update of:

- The Board Charter, Board Committee Terms of Reference and Annual Plans
- The EOH policy framework
- Standard operating procedures and controls, including but not limited to
 - Bid Procedures;
 - New Joiner Procedures; and
 - Vendor Registration Procedures
- The implementation of a compliance system with the required workflow and reporting functionality to enable annual compliance declarations to be completed online.
 - Declaration on duty to abide by the EOH Code of Conduct;
 - Declaration on conflicts of interest;
 - Declaration of political exposure, and
 - Declaration on gifts (offered and received).

Future improvements include the enhancement of the Ethics and Compliance system and the EOH Ambassadors program aimed at empowering leadership and business by creating awareness of the statutory obligations and risks associated with Anti-Bribery and Corruption. An anonymous whistle blowing system (application) will also be implemented.



THE BOARD OF DIRECTORS

Executive Directors



Stephen van Coller

BCom (Hons), HDip Acc, CA(SA), CMA(UK)

Appointed 1 September 2018

Chief Executive Officer

Member: Risk and Governance Committee
Member: Social and Ethics Committee
Member: Technology and Information Committee
Invitee: Audit Committee
Invitee: Nominations Committee
Invitee: Remuneration Committee



Zunaid Mayet

Data Processing & Systems Software
Engineering, Executive Leadership Development
Programme

Appointed 12 May 2017
(CEO from 12 May 2017 to 31 August 2018)

Executive Director (CEO) NEXTEC Division

Member: Risk and Governance Committee
Member: Social and Ethics Committee
Member: Technology and Information Committee
Invitee: Audit Committee
Invitee: Nominations Committee
Invitee: Remuneration Committee



John King

BCom, BAcc, CA(SA)

Appointed 1 March 2008
(Resigned 3 October 2018)

Group Financial Director

Member: Risk and Governance Committee
Member: Technology and Information Committee
Invitee: Audit Committee
Invitee: Nominations Committee
Invitee: Remuneration Committee
Invitee: Social and Ethics Committee



Tebogo Maenetja

BA (Social Work) Hons, MA (Industrial Social
Work), Executive Development Certificate – GIBS

Appointed 12 March 2018

Group HR Director

Member: Social and Ethics Committee
Invitee: Remuneration Committee
Invitee: Nominations Committee

Non-executive Directors



Asher Bohbot

BSc (Industrial Engineering)

Appointed 12 March 2018

Chairman of the Board

Member: Nominations Committee

Non-executive Directors (continued)



Pumeza Bam

BSc (Biochemistry), PMD
Appointed 1 March 2017

Non-executive Director

Chairperson: Social and Ethics Committee
Member: Nominations Committee
Member: Remuneration Committee



Jesmane Boggenpoel

BCom, BAcc, CA(SA), MPA (Harvard)
Appointed 1 July 2018

Independent Non-executive Director

Chairperson: Risk and Governance Committee
Member: Audit Committee



Rob Sporen

Re-appointed 22 February 2017

Lead Independent Non-executive Director

Chairman: Remuneration Committee
Chairman: Nominations Committee
Member: Audit Committee
Member: Risk and Governance Committee
Member: Social and Ethics Committee



Ismail Mamoojee

B Com, BCompt (Hons), CASA, Tax Law Cert (Unisa),
CAIB(SA)
Appointed 1 July 2018

Independent Non-executive Director

Chairman: Audit Committee
Member: Remuneration Committee
Member: Risk and Governance Committee



Tshilidzi Marwala

BSc (Mechanical Engineering),
MSc (Engineering), PhD (Artificial Intelligence),
PLD, AMP
Re-appointed 19 February 2016

Independent Non-executive Director

Chairman: Technology and Information Committee
Member: Audit Committee
Member: Risk and Governance Committee



Moretlo Molefi

BSc, MBCHB, SMP and Foreign Telemedicine
Appointed 12 May 2017

Independent Non-executive Director

Member: Social and Ethics Committee

CORPORATE GOVERNANCE

Statutory and regulatory compliance

Compliance with all statutory and regulatory obligations affecting the business activities of the Group is a fundamental governance objective. These obligations are incorporated in the policy statements, where relevant, and are based on the fiduciary duties as expressed in, but not limited to, the Companies Act, Financial Services Board Act, and the JSE Listings Requirements.

Role and the responsibilities of the Board

The overriding role of the Board is to ensure the long-term sustainability and success of EOH for the benefit of all stakeholders. The duties, responsibilities and powers of the Board, the delegation of authority and matters reserved for the Board are set out in the Company's Memorandum of Incorporation ('MOI') and the Board Charter. The Board is responsible for determining the long and short-term strategy of EOH and how business is conducted. This includes the setting, monitoring and review of strategic targets and objectives; the approval of material capital expenditure; acquisitions; internal controls; risk management and IT governance.

The directors bring to the Board a wide range of experience and expertise and, in the case of the independent non-executives, an independent perspective and judgement on issues of policy, strategy and performance.

Board members are expected to act in the best interest of EOH and the Group. Company Secretary maintains a register of directors' interests.

Board Charter

The Board Charter details the responsibilities of the Board, which include:

- Input into the Group's strategic direction;
- Providing effective leadership based on an ethical foundation and a sound Governance, Risk and Compliance ('GRC') framework;
- Ensuring that the Group conducts itself in accordance with the principles of fairness, accountability, transparency, responsibility, competence and integrity;
- Ensuring that an appropriate GRC framework is in place and applied across the Group;
- Ensuring that the Code of Ethics is adopted and implemented across the Group;

- Ensuring that the Group is, and is seen to be, a responsible corporate citizen;
- Defining levels of materiality and risk tolerance;
- Governing risk and opportunities in a way that supports the Group achieving its goals;
- Ensuring the adequacy and effectiveness of the Group's internal control systems and procedures;
- Ensuring that appropriate technology systems are in place;
- Approving the annual budget and operating plan of the Group;
- Approving EOH's annual financial statements and public pronouncements on financial performance and ensuring the integrity of such reports;
- Considering and, if appropriate, declaring distributions in accordance with the provisions of the Companies Act;
- Ensuring that the Group remunerates fairly, responsibly and transparently;
- Communicating with internal and external stakeholders in a transparent and timely manner; and
- Ensuring the overall sustainability of the Group.

Ethical leadership

The Board subscribes to ethical leadership which forms the basis of the EOH Code of Conduct. Decisions and actions are based on the following core values:

- Integrity is non-negotiable;
- Respect the dignity of every individual;
- Act professionally and strive for excellence;
- Be legitimate and long-term contributors;
- Care for the environment;
- Promote the fight against corruption;
- Everyone is a valued contributor; and
- Build relationships with customers and vendors to understand and meet their needs.

The EOH Executive Committee ('EXCO') is responsible for ensuring that these values are adhered to throughout the Group and the Board's Social and Ethics Committee ensures the application of these principles.

During the year, EOH reviewed its entire GRC Framework, policies and procedures and is rolling out its Governance Ambassador awareness training programme to ensure that the required tone from the top is reinforced.

Composition of the Board

The Group has a unitary Board, the composition of which promotes the balance of authority and precludes any one director from dominating decision-making. The Board of EOH is sufficiently equipped to conduct the business of a board in terms of its collective knowledge, skills, experience, resources and diversity. Directors are classified as executive directors if they are full-time employees of EOH.

As at the date of this report, the Board consisted of 10 individuals. Three are executive directors, five are independent non-executive directors and two are non-executive directors. Seven of the Board members are non-white, of which three are black women.

The non-executive chairman of the Board is Asher Bohbot and the CEO is Stephen van Coller. The roles of the chairman and the CEO have been formally defined and are separate. The chairman is primarily responsible for leadership of the Board and for ensuring that the Board plays an effective role, facilitating communication with shareholders and fostering constructive relations between the executive and non-executive directors. Amongst others, the CEO provides leadership to the executive team in managing the group's businesses. The chairman and the CEO are appointed by the Board and the chairman is elected by the Board on an annual basis. Succession planning is in place for the CEO and agreement has been reached with the chairman that he would not serve on more than three listed entities while also serving as chairman of the EOH Board.

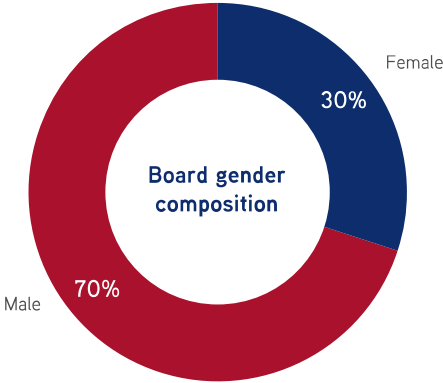
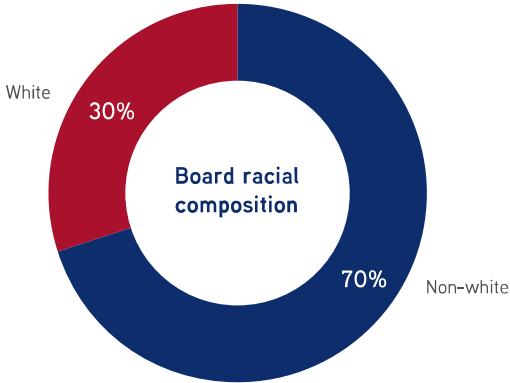
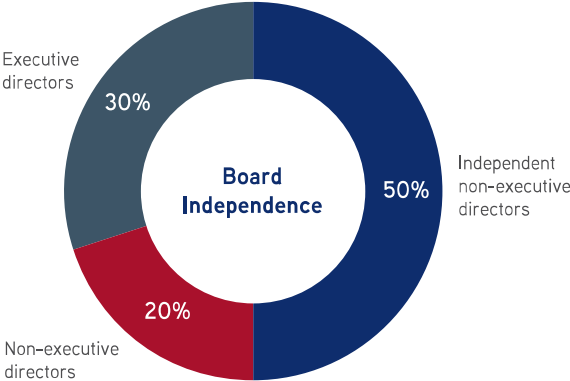
Independence of Non-executive Directors

The Board is satisfied that non-executive directors, through their actual conduct at Board and committee meetings, have no relationships or circumstances which could affect their independence. Directors serving in their capacity for longer than nine years are re-assessed annually to ensure that they remain independent.

Race and gender diversity policy of the Board

The Board recognises and embraces the benefits of having a diverse Board, appreciates that diversity at Board level is an essential component for sustaining a competitive advantage and is committed to ensuring a diverse and inclusive Board. The policy forms part of the Board Charter.

Race, age and gender diversity, underpinned by the relevant skills as well as business, geographic and academic experience and background, enhance the composition of a truly diverse Board. All facets of diversity will be considered in determining the optimal composition of the Board and, where possible, should be balanced appropriately. All Board appointments are made on merit, having due regard for the benefits of diversity, including gender and race, which the Board as a whole requires to be effective. During the year appointments were made in accordance with the policy, see Nominations Committee report.



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Subsidiary boards

EOH has several wholly owned subsidiaries. Each of EOH's subsidiary companies has a board of directors. The boards of the subsidiaries and the management committees of the various operating divisions have the necessary mix of skills and experience.

Election and re-election of directors

Newly appointed directors are ratified at the next Annual General Meeting ('AGM') following their appointment.

In terms of the Company's MOI, one third of the non-executive directors are required to 'retire' at each AGM, and if they are eligible and available for re-election, their names are put forward for re-election by the shareholders at the next AGM. The non-executive directors who have been in office for the longest period since their appointment are required to 'retire' in terms of the rotation policy.

The Nominations Committee is responsible for the process of electing/re-electing directors following a thorough assessment of candidates.

Succession planning

Should a director retire, resign or be disqualified and removed, the Nominations Committee is tasked with identifying potential candidates. The Committee assesses the appropriateness of candidates in terms of their experience and skills. The process of selection, induction and ongoing training of directors is formalised. A basic succession plan for key executives is in place in the event of any resignations.

John King resigned as Group Financial Director on 3 October 2018 and is leaving on 30 November 2018. The process of finding his replacement is underway.

Group Company Secretary

The Group Company Secretary supports the directors and Chairman. The Board is satisfied that the Group Company Secretary is suitably qualified, competent and experienced to provide such guidance. The Group Company Secretary has direct access to and ongoing communication with the Chairman. The Group Company Secretary is not a director of the Company or its subsidiaries. All directors have access to the services of the Group Company Secretary and directors may obtain independent professional advice.

Adri Els CA(SA), is the Group Company Secretary. The Group Company Secretary is also the secretary of the Board committees.

Board committees

The Board has delegated certain functions to committees. In so doing, the Board has not abdicated any of its responsibilities. The committees are chaired by non-executive directors. All the Board committees operate under Board-approved Terms of Reference.

Shareholders are required to elect the members of the Audit Committee at the Company's AGM.

The Board has six committees consisting of the following directors:

- **Audit Committee**
Only independent non-executive directors with other participants as invitees;
- **Risk and Governance Committee**
Majority of members are independent non-executive directors;
- **Technology and Information Committee**
Both non-executive and executive directors;
- **Remuneration Committee**
Majority of members are independent non-executive directors;
- **Nominations Committee**
Majority of members are independent non-executive directors; and
- **Social and Ethics Committee**
Majority of members are non-executive directors.

EOH reviews its governance structures, policies and procedures to ensure that they are resilient and robust and aligned to best practice.

The EOH EXCO is responsible for managing the Group's operations and the Group's overall strategy, which is discussed, debated and approved by the Board.

The Board response to the King IV Report

King IV was released on 1 November 2016.

King IV advocates an outcomes based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and
- Legitimacy.

Ethical culture

EOH's Board exercises effective leadership. The directors are competent and act ethically in discharging their responsibility to provide strategic direction and effective governance in terms of the Board Charter and EOH's MOI.

The Board is committed to driving the strategy, based on an ethical foundation, to support a sustainable business, acting in the best interests of the Group, society, the environment and its stakeholders.

The Board's responsibility is to set the tone for an ethical organisation and has discharged its responsibilities by ensuring that a robust and resilient GRC framework is in place. There are systems, procedures and monitoring structures in place to ensure the effectiveness of such a framework.

Board members are under a legal duty to prevent any conflict of interest with company business and to make full disclosure of any areas of potential conflict.

The EOH Code of Ethics, adopted by the Board, commits EOH and its employees to the highest ethical standards of conduct particularly in relation to non-discriminatory practices, unethical practices, bad behaviour, and confidentiality of personal information.

Good performance

The directors individually and collectively are responsible for realising the Group's strategic objectives and to manage risks and opportunities to ensure an ongoing sustainable business.

The Board oversees and monitors, with the support of its committees, the implementation and execution by management of the policies and procedures in order to ensure that it achieves the Group's objectives.

The sustainability of the Group's businesses is a key consideration in the development and implementation of the Group's business model. It is supported by formal policies governing environmental, corporate social investment, ethical and remuneration matters, all of which form key components of the value-creation process.

EOH's EXCO is responsible for working with the CEO to implement the strategies and policies of the Group. The Board assumes responsibility for ensuring that the Group's reporting on the Group's financial performance is reported fairly with the assistance of the Audit and Risk Committees and the external auditors.

Effective control

To ensure that directors are effective, appointments to the Board and its committees are proposed by the Nominations Committee.

The Nominations Committee evaluates the effectiveness and performance of the Board, its committees and the individual directors.

The appointment of the executive management team falls within the mandate of the CEO, in consultation with the Board. Clarification of roles and responsibilities are finalised through a formal internal process.

Board members collectively possess a wide range of financial, commercial and technical knowledge, together with the required level of experience.

The Board assumes responsibility for governance and enterprise risk management and determines how risk is to be approached and addressed across the Group. The implementation thereof is the responsibility of management.

The Group risk function assists the Board with the risk management process. The Audit and Risk and Governance Committees assist the Board by providing an independent and objective view on the Group's financial, accounting and control mechanisms and the Group's compliance with all relevant statutory and regulatory requirements.

The Board is ultimately responsible for ensuring that the technology and information needs of the businesses are in place and effectively governed. The Technology and Information Committee assists in this regard.

A formal internal audit function will be outsourced during the 2019 financial year and the RFP process has been commenced.

The Board commits to the Constitution of the Republic of South Africa (including the Bill of Rights) and accepts the principles of fairness, accountability, integrity and transparency.



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Legitimacy

EOH strives to ensure a systematic and integrated approach to stakeholder engagement across the Group, facilitated through engagement programmes.

Stakeholders are kept informed of the Group's financial performance through the publication of reviewed and audited results and other announcements. The Board, through its committees, ensures that the interests of all stakeholders are addressed.

Directors dealings

Directors' contract declarations

Directors are required to declare their interests annually in order to determine whether there are any conflicts with their duties and the interests of EOH. The directors have certified that they have no material interest in any transaction of any significance with the Company or any of its subsidiaries.

Directors' interests in EOH shares

It is not a requirement of the Company's MOI or the Board Charter that directors own shares in the Company. The shares held by the directors as at 31 July 2018 are contained in the Annual Financial Statements on page 62 to 129.

Trading in Company shares

The Group Company Secretary informs the Board and management of its closed periods, when trading in EOH shares by directors and senior executives is prohibited. The closed periods commence on 1 February and 1 August each year and remain in force until the publication of the interim and final results respectively. Any period during which the Company may trade under cautionary announcement is classified as a closed period.

All directors' trading of EOH shares require the prior approval of the Group CEO or Group Financial Director. No director can approve his own trading of EOH shares. The Group Company Secretary retains a record of all such share dealings.

Statement of compliance with King IV

External advice is sought to assess the application and implementation of King IV and the current levels of compliance across the Group. Such advice is sought on a regular basis and recommendations are implemented. EOH has met its reporting requirements relating to King IV, the Listings Requirements of the JSE and the 2008 Companies Act (as amended).

EOH as a listed public company is committed to maintaining a high standard of corporate governance. During the period under review, the group applied the corporate governance principles as recommended in the King IV Report on Corporate Governance for South Africa 2016 ('King IV'). A substance-over-form approach was adopted with regards to alignment with King IV, firstly to depart from the so-called mechanistic tick-box approach, and secondly because this approach accommodates the achievement of the recommended King IV outcome/governance standards by applying practices other than those specifically detailed in the King IV report.

EOH has made some improvements which include aligning the remuneration policy with the Six Capitals; formalising of risk appetite and tolerance levels; and formalising of the Combined Assurance Model. The Internal Audit Function will be outsourced and the RFP process has commenced.

Effectiveness of Internal controls

Based on a review of internal controls and assessment of the risk management process, nothing has come to the attention of the Board that causes it to believe that the Group's system of internal control and risk management process are not effective.

Attendance at Board and Board Committee meetings

The Board meets quarterly and on an ad-hoc basis when considered necessary. Board meetings are convened by formal notice incorporating agendas and accompanied by background material relating to matters to be discussed at each meeting to enable the directors to prepare in advance.

	Board	Audit	Risk and Governance	Social and Ethics	Nominations	Remuneration	Technology and Information
Executive Directors							
Zunaid Mayet (CEO)	4/4	4/4 [^]	2/2	2/2	2/2 [^]	2/2 [^]	2/2
John King (FD) [*]	4/4	4/4 [^]	2/2	2/2	2/2 [^]	2/2 [^]	2/2
Rob Godlonton [*]	3/4						2/2
Brian Gubbins [*]	3/4						
Ebrahim Laher [*]	3/4						
Jehan Mackey [*]	4/4						
Tebogo Maenetja [#]	2/2			1/1	1/1	1/1	
Johan van Jaarsveld [*]	2/4						
Non-executive Directors							
Asher Bohbot	2/2				1/1		
Pumeza Bam	4/4			2/2	2/2	2/2	
Lucky Khumalo [*]	3/4	4/4			1/2		1/2
Moretlo Molefi	4/4			2/2			
Grathel Motau [*]	2/2	3/3	1/1				
Tshildzi Marwala	3/4	3/4	2/2				2/2
Rob Sporen	4/4	4/4	2/2	2/2	2/2	2/2	
Sandile Zungu [*]	2/2						
Invitees							
Lisa Fielder (Acting CIO)							1/1
Hendrick Mosopo (CIO) ^{**}							1/1
Joy Sykes (Management)			2/2				
Isobel Townsend (Management)				2/2			
Daniel Tekie (Auditor)		3/3					
Miles Fisher (Auditor)		3/3					

[^] By invitation.

^{*} Resigned during the year.

^{**} Passed away.

[#] Newly appointed.

^{*} Resigned subsequent to year end.

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AUDIT COMMITTEE REPORT

The Group Audit Committee is pleased to present its report for the financial year ended 31 July 2018, as required in terms of the Companies Act No.71 of 2008 of South Africa.

The mandate of the Audit Committee (‘the Committee’) is to oversee the integrity of EOH’s control environment and to provide reasonable assurance relating to the integrity and reliability of the financial statements prepared in compliance with IFRS, and to safeguard, verify and ensure that the Group’s assets are properly accounted for.

Role and responsibilities

The Audit Committee’s operation is guided by its board approved Terms of Reference, covering its statutory responsibilities as well as additional responsibilities delegated by the Board, which is in line with the Companies Act of South Africa. The Committee does not assume the functions of management. This remains the responsibility of the executive directors and senior management.

The Committee’s statutory duties and responsibilities are to:

- Recommend the appointment of the external auditor;
- Assess the Terms of Reference, scope, remuneration and effectiveness of the external audit team;
- Oversee the qualification and independence of the external auditors;
- Oversee the quality and ensure the integrity of the Group’s Annual Integrated Report and other public announcements (interim and final results);
- Assess the effectiveness of the Group’s financial internal controls;
- Ensure compliance with legal and regulatory requirements that impact financial reporting;
- Consider the expertise, resources and experience of the Finance Function; and
- Assess the risk management process as it relates to financial risks; internal financial controls; and the possibility of fraud and IT risks.

Composition of the Committee

The Group Audit Committee is an independent statutory committee appointed by the shareholders and comprises at least three members of the Board elected by shareholders. The members of the Committee must be suitably skilled and experienced independent non-executive directors. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of financial and sustainability reporting; internal financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology as it relates to integrated reporting; and governance processes.

The chairman of the Board is not eligible to be the chairman or a member of the Committee. The Committee is chaired by an independent non-executive director. The board elects the chairman of the Committee.

The Committee members are:

- Ismail Mamoojee (Appointed 1 July 2018)
 - Chairperson, Independent Non-executive Director
- Jesmane Boggenpoel (Appointed 1 July 2018)
 - Independent Non-executive Director
- Tshildzi Marwala
 - Independent Non-executive Director
- Rob Sporen
 - Independent Non-executive Director

Members resigned during the year

- Grathel Motau (Resigned 12 March 2018)
 - Independent Non-executive Director
- Lucky Khumalo (Resigned 1 July 2018)
 - Independent Non-executive Director

All the current members of the Committee have been nominated by the Board for re-election, subject to shareholder approval at the AGM to be held on 20 February 2019.

The Group Chief Executive Officer and Group Financial Director attend all committee meetings by invitation. Representatives from the external auditors attend meetings by invitation and are present at committee meetings where results are approved or audit services are discussed and approved. The external auditors meet independently with the GAC when required.

Activities during the year

The Committee met four times during the year in order to discharge its responsibilities and focused on the following:

Integration of businesses that joined the Group (acquisitions)

The external auditors focus on acquisitions during the financial year when performing their annual audit. The acquisition integration process is well established. The Company Secretary, together with the Finance Function, Legal Function, HR Function and GRC Senior Manager take the employees of the acquisitions through EOH’s processes and compliance requirements of the EOH Group. All employees attend a one day ‘orientation day’ to familiarise themselves with EOH’s policies, procedures and guidelines. The financial systems of the acquired entity are aligned to EOH’s financial systems to ensure visibility, transparency and ease of reporting. This migration ensures standardised financial reporting and controls throughout the Group.

Profit warrant audits, where applicable, are conducted by the external auditors as and when required in terms of the contractual obligations of the purchase and sale agreements. These services are billed separately.

Combined Assurance Model

In line with King IV, a combined assurance model is used to ensure the effectiveness of processes and internal controls. The model is aligned to the roles and responsibilities of the Risk, Governance and Compliance model. There is regular interaction between businesses and independent assurance providers. Divisional Financial Directors oversee the financial management function of the various operations. Finance staff report to the centre (shared services) and are rewarded based on their performance, not based on the performance of the Group. A Risk, Governance and Compliance ('GRC') framework is in place.

A separate, independent, robust and effective internal audit function is being established to strengthen the combined assurance model.

The unbundling of the GCT group of companies

The Committee provided input and received regular feedback from management, legal advisors and IFRS consultants regarding the unbundling of the GCT group of companies (effective 31 October 2017) which is more fully reported on in note 31 of the Annual Financial Statements for the year ended 31 July 2018.

Legal matters

The Committee received and reviewed the consolidated litigation report from the group's primary litigation attorneys.

Annual Financial Statements

The Committee reviewed and recommended approval to the Board of the Annual Financial Statements and summarised financial results, interim and preliminary announcements and all other announcements on the Group's financial performance for the year ended 31 July 2018.

Group Financial Director

The Committee confirms that it is satisfied with the expertise and experience of the Group Financial Director, John King, BCom, BAcc, CA(SA) during his tenure as financial director.

Finance Function

The Committee has reviewed the appropriateness of the expertise, resources and experience of the Group's Finance Function and confirms to shareholders that the Finance Function is effective. The Committee has ensured that appropriate financial reporting procedures exist and are working.

Review of internal financial controls

The effectiveness of internal financial controls remains the responsibility of the Committee. The group has an approved framework for financial controls implemented by the company and its subsidiaries. The required tests and assessments are performed by the external auditors and by the divisional finance directors. Nothing has come to light to indicate that there has been any material breakdown in the functioning of the controls and no material unrecorded loss has been identified for the year and up to the date of this report.

The Committee is of the opinion, having considered the assurance provided by management, divisional finance directors and external service providers, that the Group's system of internal financial controls, in all material aspects, are effective and provide reasonable assurance that the financial records may be relied upon for the preparation of Annual Financial Statements. The Committee has not received any material concerns regarding the accounting practices of the company, its financial statements, internal controls or related matter.

External auditors

The Committee is responsible for the appointment of the external auditor and overseeing the external audit process. The Audit Committee is satisfied with the performance of the external auditors and that the audit firm acted with unimpaired independence, free from any scope restrictions.

The Committee considered the findings reported by the External Auditors as part of its assessment of the adequacy of the company's internal financial controls and was satisfied that the matters were satisfactorily reported in the AFS for the year ended 31 July 2018.

The Audit Committee has considered the JSE's most recent report on their proactive monitoring of financial statements, and those of previous periods, and has taken appropriate action to ensure that any such findings were taken into account when preparing the annual financial statements for the year ended 31 July 2018.

The Committee requested the external auditor to provide the information detailed in JSE Listing Requirements 22.15(h) as it is required to do annually before being continued for re-appointment. The Committee has reviewed the performance of the external auditor and has nominated, for approval by the shareholders at the forthcoming annual general meeting, Mazars (Gauteng) Inc. as the external auditor for the 2019 financial year.

The Committee has satisfied itself that the audit firm and the designated auditor are accredited and do not appear on the JSE List of Disqualified Auditors.

The Committee has, inter alia:

- Determined the terms of engagement and fees to be paid to Mazars (Gauteng) Inc.;
- Reviewed the quality and effectiveness of the external audit process and ensured that the designated audit partner was independent;
- Monitored the independence of Mazars (Gauteng) Inc.;
- Approved contracts for non-audit services rendered by Mazars (Gauteng) Inc, particularly in relation to 'profit warrant' audits;
- Ensured that there is a process for the Audit Committee to be informed of any reportable irregularities identified by Mazars (Gauteng) Inc. (as per the Auditing Profession Act);
- Nominates that Mazars (Gauteng) Inc. be re-appointed as external auditors by shareholders at the AGM to be held in 20 February 2019; and
- Ensured that the appointment complies with the Companies Act and other relevant legislation.

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Annual Integrated Report

The Committee oversaw the preparation of the Annual Integrated Report for the year ended 31 July 2018 and has:

- Considered factors and risks that could impact the integrity of the Annual Integrated Report;
- Considered the basis on which the Company and Group has been assessed as a going concern and ensured that solvency and liquidity tests have been performed and covenant ratios met;
- Reviewed the Annual Financial Statements and the accounting policies and notes thereto;
- Considered whether there were any material sustainability issues;
- Reviewed the content of the report to ensure that it provided a balanced view; and
- Recommended the Annual Integrated Report to the Board for approval.

Sustainability policy

The Committee, in conjunction with the Social and Ethics Committee, has ensured that the relevant management structures and processes are in place to meet the objectives of EOH's sustainability policy. Refer to the Sustainability Report on pages 22 to 31.

Audit Committee recommendation

The Committee hereby confirms the following to shareholders.

Going concern

The Committee has reviewed and considered the applicability of the going concern assertion by management. The Committee concluded that the Group is a going concern for the foreseeable future.

Statutory reporting

The Committee has evaluated the Consolidated Annual Financial Statements for the year ended 31 July 2018 and considers that the Group complies, in all material respects, with the Companies Act, IFRS, SAICA Financial Reporting Guide as issued by the Accounting Practices Committee, the JSE Listings Requirements and applicable legislation.

Annual Integrated Report

The Committee, having fulfilled the oversight role regarding the reporting process and all material factors that may impact the integrity of the Annual Integrated Report, recommended that the Annual Integrated Report and the consolidated Annual Financial Statements for the year ended 31 July 2018 be approved by the Board. The Board has subsequently approved the Consolidated Annual Financial Statements which will be open for discussion at the AGM on 20 February 2019.

Conclusion

The Committee is satisfied that it has met the requirements of its Terms of Reference.

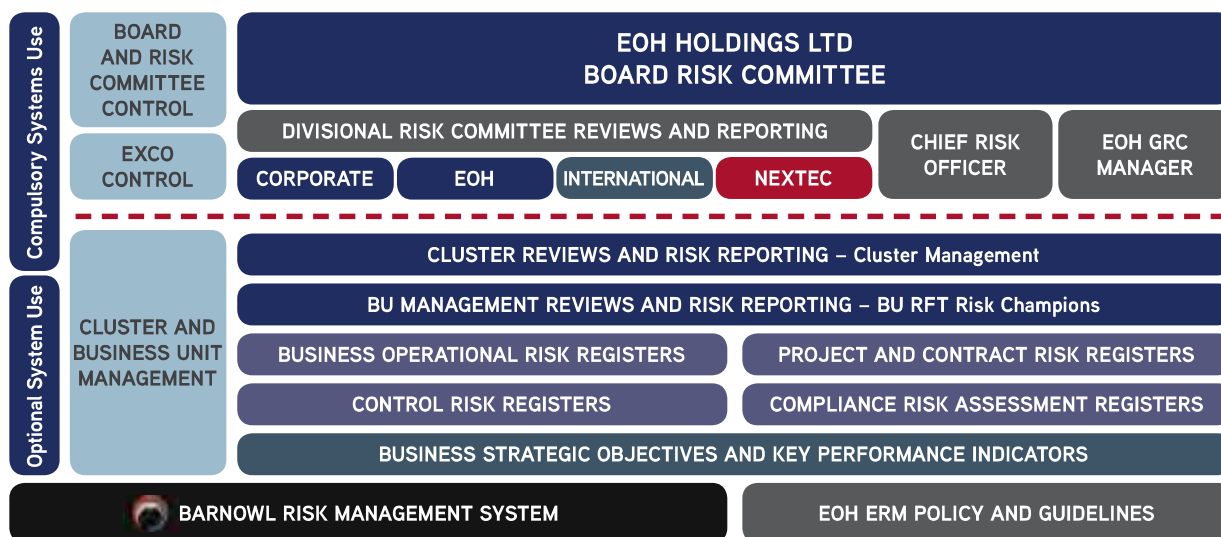


Ismail Mamoojee
Chairperson, Audit Committee
Independent Non-executive Director

19 November 2018

GOVERNANCE AND RISK COMMITTEE REPORT

The Board is responsible for governance and risk management in the Group. The Governance and Risk Committee is responsible for ensuring the effectiveness of the Enterprise Risk Management (ERM) system and framework.



The Committee is charged with ensuring the effectiveness of the risk and compliance systems. The EXCO is accountable to the Board and Governance and Risk Committee for adherence to and implementation of the ERM Framework, whilst EOH Ambassadors (sales and leadership) have a responsibility to communicate and inform the EOH EXCO of associated opportunities and risks.

Opportunities and risks are considered across all statutory, operational and functional areas.

Composition of the Committee

The composition of the Committee is as follows:

- Jesmane Boggenpoel (Appointed 1 July 2018)
 - Chairperson, Independent Non-executive Director
- Rob Sporen
 - Independent Non-executive Director
- Tshilidzi Marwala
 - Independent Non-executive Director
- Ismail Mamoojee (Appointed 1 July 2018)
 - Independent Non-executive Director
- Zunaid Mayet (Replaced by Stephen van Collier 1 September 2018)
 - EOH Group Chief Executive Officer
- John King
 - EOH Group Financial Director and Risk Officer

Members resigned during the year

- Grathel Motau (Resigned 12 March 2018)
 - Independent Non-executive Director

Responsibilities

The Committee is responsible for ensuring effective oversight:

- Oversee the development and annual review of the Risk Policy and Risk Management Plan.
- Monitor the implementation of the Group Risk Policy and Group Risk Plan by management.
- Oversee integration and embed risk management in the business activities and culture of the organisation.
- Liaise closely with the Audit Committee to exchange information relevant to risk.
- Express the Committee's formal opinion to the Board on the effectiveness of the Risk Management Process and acceptable risk tolerance levels.
- Oversee the establishment of business continuity arrangements that allow the business to continue to operate under adverse circumstances, and to withstand and recover from such adverse conditions.

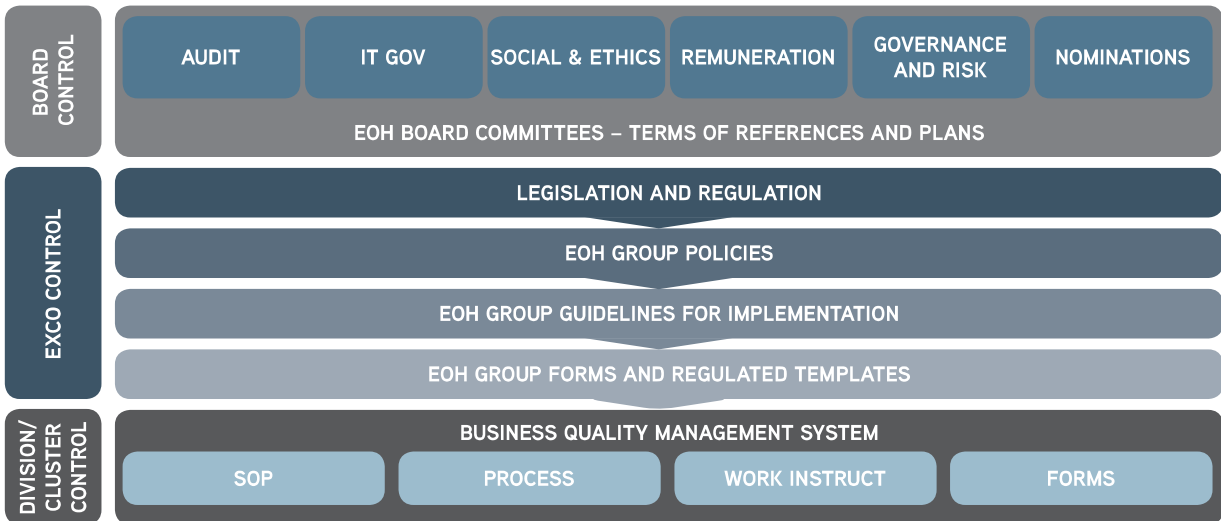
CORPORATE GOVERNANCE

Governance and Risk overview

During the financial year the Committee has extensively reviewed and significantly strengthened the risk management tools and processes. This remains an area of focus.

The number of Divisional and Cluster Risk Champions have been increased and regular risk meetings are held to support EXCO and management who are responsible for risk assessment and opportunity management – King IV principle 4 and 11. Progress will be monitored and reported on quarterly.

Governance and Risk process



During the year efforts were made to start making the business units accountable for risk management as the designated Risk Champions. As a result Business Unit heads have to include risk management in their periodic reporting to Cluster heads. Corporate provides guidance and support and this is standardising risk management

across the multiple legal entities and divisions within the Group. At the executive level, EXCO is responsible for implementation of the ERM programme within their area of responsibility.

The following risk response categories, actions and mandates have been implemented:



Activities during the year

Material matters escalated to the ERM Board Committee and the Board included the possible reputational damage following the GCT unwind and various adverse media reports.

The plan to implement a formal Internal Audit Function was initiated. However full implementation was delayed because of changes in directors and the associated changes to the Board. This project will continue in the 2019 year.

The previous Chairperson of the Committee, Grathel Motau oversaw Project WiseOwl which was an internal programme designed to review of EOH's Governance Framework, policies, procedures and toolkit with a particular focus on Anti-Bribery and Corruption policies; review of material public sector contracts; review of the Public Sector bidding process; and the re-accreditation of third party partners and suppliers.

The Committee has overseen and received regular feedback from ENS who were appointed to review the outcomes of Project WiseOwl; to carry out a fact-finding review of the GCT group of companies; overall review of EOH's Governance Framework; and perform ad-hoc investigations and open-source due diligence reviews. ENS is assisting EOH become ISO 37001 compliant (International Standard on Anti-bribery and Corruption). ENS currently reviews all public sector bids (that meet predetermined criteria) prior to them being submitted.

The Committee met twice during the reporting period and ensured that:

- The Policy Framework was reviewed and updated.
- The Code of Conduct and the Zero Tolerance on Corruption and bribery policy was strengthened.
- All legal templates were reviewed and updated.
- The automated workflow procedures for annual declarations was implemented.
- Additional controls were implemented for Bid management.
- The new Joiner due diligence process for new acquisitions was enhanced.
- The Vendor registration and verification process was strengthened and automated.
- Quarterly risk meetings were held by each Division.
- Approval for the implementation of an anonymous "whistleblowing" system in 2019 year was obtained.
- To supplement the services of ENS, EOH has engaged the services of the University of Stellenbosch (Corporate Governance Department) to review and streamline EOH's governance framework.
- The 'Ambassador' training programme was introduced to enhance awareness and the consistent application of good business practice across the Group. To date over 250 leaders have participated in the programme.

Conclusion

The statutory and regulatory compliance framework is changing at a rapid rate. The importance of setting the tone from the top was emphasised to prevent and mitigate reputational risk.

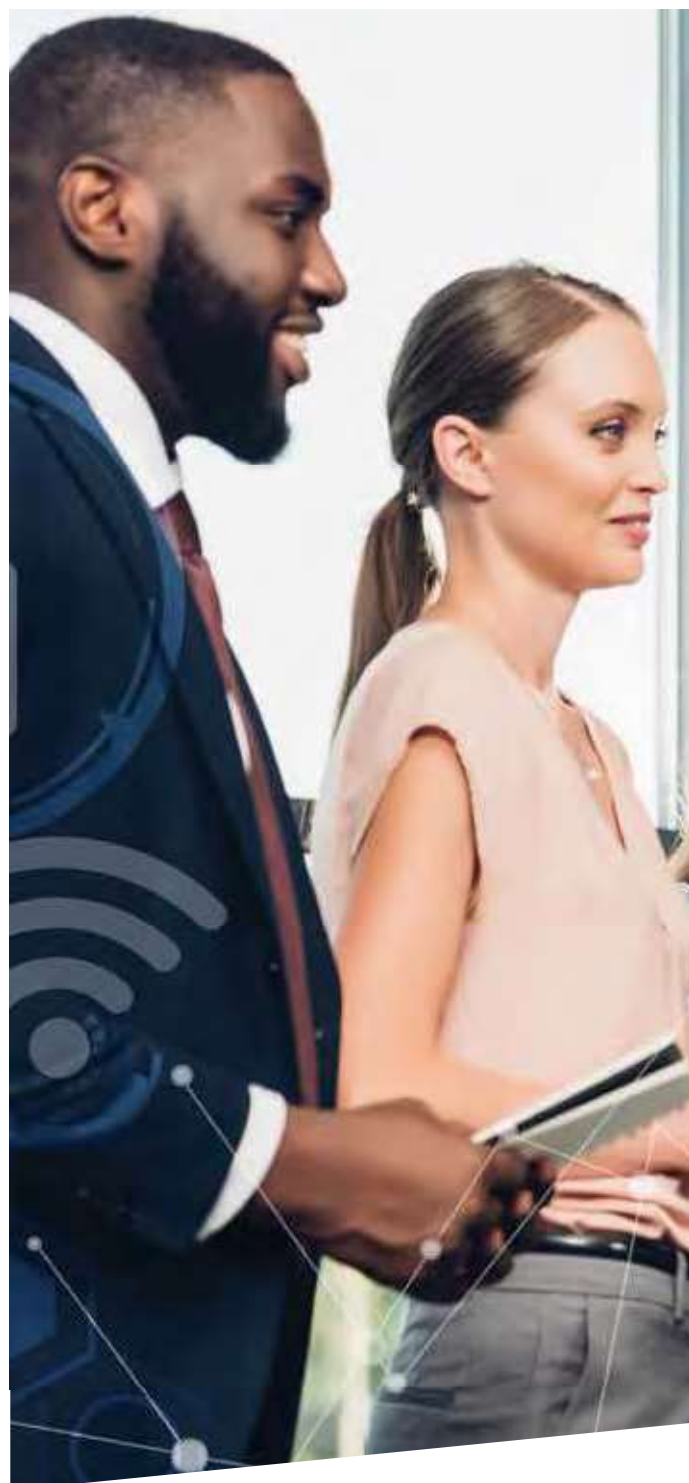
ENS concluded a positive sign off with recommendations to the Committee and the Board, that are being implemented.



Jesmane Boggenpoel

*Chairperson, Governance and Risk Committee
Independent Non-executive Director*

19 November 2018



CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT

The remuneration report highlights the key components of the remuneration policy and how this policy translates into reward outcomes.

The Remuneration Committee ('the Committee') is tasked by the Board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of the Group's strategy and grow shareholders value. The policy aims to attract and retain skilled resources which is aligned with shareholders' interests.

King IV, and specifically Principle 14, addresses fair, responsible and transparent remuneration practices that promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.

Role and responsibilities of the Remuneration Committee

The role of the Committee is to:

- Ensure that the Company remunerates staff, management, directors fairly and responsibly;
- Ensure that the remuneration policy promotes the achievement of strategic objectives and encourages individual performance;
- Approve material HR policies for the EOH Group;
- Approve proposals for average annual salary adjustments across the Group;
- Consider the status of Employee Benefits and Standard Conditions of employment;
- Oversee the setting and administering of remuneration at all levels in the Group;
- Ensure that the mix of fixed and variable pay meets the Group's needs and strategic objectives;
- Ensure that remuneration is appropriately benchmarked;
- Ensure that remuneration structures are reasonable;
- Consider the results of the evaluation of the performance of the CEO and other executive directors;

- Review incentive schemes/retention schemes to ensure that the incentive schemes/retention schemes are administered in terms of the rules of some schemes;
- Approve proposals on new short-term and long-term incentive schemes and where appropriate make recommendations to the Board for approval by shareholders;
- Consider the appropriateness of the early vesting of share options at the end of employment;
- Support the CEO in the measurement criteria used to measure the performance of Executive Directors in discharging their functions and responsibilities;
- Review the objectives relevant to the setting of the remuneration of the CEO;
- Review the outcomes of implementing the remuneration policy to ensure that the required objectives are being achieved;
- Advise on the remuneration of non-executive directors;
- Ensure that the disclosure of directors' remuneration in the Annual Financial Statements of the Group are accurate, complete and transparent; and
- Oversee the preparation of the Remuneration Committee's report, which includes a background statement, the overall Remuneration Policy and the Implementation Report, which forms part of the Annual Integrated Report.

Composition of the Committee

- Rob Sporen
 - Chairman, Independent Non-executive Director
- Ismail Mamoojee (Appointed 1 July 2018)
 - Independent Non-executive Director
- Pumeza Bam
 - Non-executive Director

Members resigned during the year

- Lucky Khumalo
 - Independent Non-executive Director

The Group Chief Executive Officer (CEO), Group Financial Director and Group Human Resources Director attend committee meetings by invitation.

The Remuneration Committee meets formally at least twice a year. The Chairman of the Board and the Group CEO meet as and when required to discuss the performance of the executive directors.

Background statement

EOH's primary remuneration philosophy is to employ and reward high-calibre and high-performing employees who subscribe to the values and culture of EOH. EOH recognises that people are integral to the achievement of corporate objectives and that they should be remunerated accordingly for their contribution and the value that they deliver. Executive remuneration must be fair and responsible in the context of overall remuneration in the Group.

EOH's remuneration strategy is to use a combination of guaranteed annual salaries (with benefits commensurate with the market place) bonus/commission arrangements and profit incentive arrangements to reward short-term operational performance; and share options (long-term retention mechanism) to retain high-performing individuals.

The Remuneration Policy underpins EOH's Group strategy, and it supports the EOH Philosophies of Best People, Partner for Life, Right 1st Time, Sustainable Transformation and Lead and Grow.

EOH's Remuneration Committee approves the remuneration policies and practices to ensure that they are fair, responsible and transparent. This ensures that the best people are attracted, motivated, rewarded and retained which promotes a high-performance culture across the Group.

The remuneration approach throughout the Group considers EOH's strategic objectives and EOH's role as a responsible corporate citizen in our economically active market place across industries. The following contributing factors were considered when designing the remuneration model:

- Business requirements and skills development;
- Competitive market behaviour and affordability;
- Links between strategy, risk and reward; and
- Performance contributions and the quality of delivery.

Remuneration is set at levels that are competitive and appropriate within the specific markets and industries in which the Group operate.

Governance

The Remuneration Committee is responsible for developing and administering the Remuneration Policy. It plays a significant oversight role relating to the remuneration paid and rewards accruing to EOH management and staff.

The Remuneration Policy is reviewed regularly by the Group CEO, and if deemed appropriate, considered by the Remuneration Committee for recommendation to the Board. Any amendments are formally approved by the Board of Directors.

The responsibility for the fair and equitable implementation of the Remuneration Policy is the responsibility of management with the assistance of Human Resources executives.

The Remuneration Policy and Implementation Report will be published annually as part of the Integrated Annual Report as recommended by King IV.

The Remuneration Policy and Implementation Report will be tabled at each AGM.



CORPORATE GOVERNANCE

EOH Remuneration Policy

EOH's Remuneration Policy aims to ensure sustainable value through sustainable growth; the setting of appropriate policies and structures; by setting strategic targets and objectives; by being the employer of choice; and ensuring good governance.



Key Principles

The key principles of EOH's Remuneration Policy are:

- To provide appropriate remuneration packages to attract, retain and motivate staff, whilst giving consideration to remuneration levels, both within EOH and benchmarks outside EOH;
- To ensure that packages are competitive as talent is mobile, both locally and globally, and to take advice from external remuneration specialists from time to time to meet these objectives;
- Guaranteed remuneration is targeted broadly at the median position of the relevant market data. Annual salary adjustments are governed by factors such as the consumer price index ('CPI'), retention strategies, the producer price index ('PPI'), industry performance, contractual arrangements and affordability;
- The guaranteed remuneration package is intended to provide all employees with pay which is satisfactory given their responsibilities;
- The annual package includes the cost to EOH of all forms of remuneration, including basic salary, travel and other allowances, and the advice and facilitation of retirement savings, risk insurance, life cover and medical aid;
- Permanent employees are required to belong to a medical aid scheme;
- Permanent employees are members of a defined contribution provident fund scheme – the assets of the provident funds are managed independently and do not form part of EOH's assets;
- Variable pay is often an important component of remuneration and both short-term and long-term performance-based schemes are in place in support of EOH's business strategy;
- The objective is, amongst others, to value and reward individual contributions;
- In applying the above-mentioned principles, remuneration within EOH should remain within the income range associated with the applicable job profile, and in accordance with market trends, qualifications, experience, knowledge and performance of the employee.

In addition to these principles, the following additional principles apply to management and key individuals:

- The Remuneration Committee has approved that the Group CEO is empowered to determine the remuneration packages of senior executives based on the guidelines agreed at the Remuneration Committee meetings;
- Incentive scheme performance measures are assessed by the Remuneration Committee – these measures include corporate performance, individual performances, and financial and non-financial criteria;
- Performance measures are taken into account before issuing share options in terms of the long-term share incentive retention schemes;
- Annual bonuses are based on performance for the financial year.
- A principle underlying variable pay is that senior executives and managers have more influence over the outcome of the overall performance of EOH, its divisions, clusters and/or business units and hence variable pay is linked to the achievement of specified performance criteria and budgets;
- Variable pay is designed to incentivise and reward both team and individual effort, and the share retention schemes serve as a tool to retain management and key staff needed to achieve the goals of a business unit and/or division;
- Executive reward is by its nature individualistic and performance-based. Accordingly, there is a guaranteed component of an executive's remuneration with a variable component specific to each individual's performance.

Retention Schemes

The Group has three share schemes, the EOH Share Trust, the Mthombo Trust and the EOH Share Ownership Plan. Under the terms of the EOH Share Trust, up to 18 000 000 shares are reserved for share options. The share options are equity settled.

The EOH Share Trust

The scheme is governed by a Trust Deed approved by shareholders and is a registered Schedule 14 Share Trust approved by the JSE Limited. The primary objective of the share trust is to retain highly skilled and talented individuals. Should a person leave, any unvested share options are forfeited. Share options are only issued to high-performing individuals based on their contribution to the Group. The option strike price is the share price at the date when share options are offered less a 40% discount.

Share options vest in four tranches, with the first tranche being 24 months after the initial grant date. The vested share options will lapse ten years after grant date.

- 25% of share options after two years
- 25% of share options after three years
- 25% of share options after four years
- 25% of share options after five years

The Mthombo Trust

The scheme is governed by a Trust Deed approved by shareholders and was specifically introduced to promote black economic transformation. It is a B-BBEE scheme with the only participants being qualifying EOH employees. The option strike price is the share price at the date when share options are offered less a 40% discount.

Share options vest in three tranches, with the first tranche being 36 months after the initial grant date. The vested share options will lapse eight years after grant date.

- 33,33% of share options after three years
- 33,33% of share options after four years
- 33,33% of share options after five years

The Share Ownership Plan (SOP)

The Company has reviewed its current share option schemes in the context of local and global practice, shareholder feedback and the pressing need to attract, retain and engage critical talent. The outcome of this process is that a new share plan, the "Share Ownership Plan" (SOP) will replace the existing share option scheme, the EOH Share Trust, as the Company's primary long-term incentive plan. The key objective of this change is to ensure the attraction and retention of key individuals in the Company, to enable a sustainable succession planning strategy and to foster better alignment between executives, staff and shareholders.

The SOP will provide employees with the opportunity of receiving shares in the Company through the award of conditional rights to shares, which vest over a five year period subject to continued employment and the achievement of company performance

conditions, where applicable. All awards to executive directors and prescribed officers made in terms of the SOP will be subject to sufficiently stretching company performance conditions as determined to be appropriate by the Committee and disclosed annually in the Remuneration Report. Shares to settle SOP awards will be purchased in the market, and no new shares will be issued in settlement. Compared to the current Option plan, the SOP awards will be less volatile, less dilutive, more aligned with the creation of shareholder value (share price growth and dividends) and the performance conditions will be linked to critical company outcomes for which our executives are accountable, including earnings growth, return on capital, cash flow, and key measures of sustainability.

The SOP will be used as follows:

- Once-off awards of conditional shares to employees with unvested options under the EOH Share Trust to address immediate retention risks. The purpose is to replace the employees' unvested options on a fair value exchange basis. Top-up awards will also be granted to selected employees on a once-off basis; and
- To make annual awards in line with market benchmarks.

Non-executive Director remuneration

The remuneration of non-executive directors is based on proposals from the Remuneration Committee, which are submitted to the Board for approval. Non-executive directors sign engagement letters with the Company which set out their duties and remuneration terms.

The term of office of non-executive directors is governed by the Memorandum of Incorporation, which provides that directors who have served for three years will retire by rotation.

The remuneration of non-executive directors who serve on the Board and its committees is reviewed by the Remuneration Committee on an annual basis and recommended to the Board for approval. Remuneration is compared with that of selected peer companies and is a market-related.

Non-executive remuneration is paid monthly, based on an annual retainer fee.

Fees are approved annually on this basis at the annual general meeting.

Remuneration Implementation Report

Purpose

The purpose of the Implementation Report is to show how the Remuneration Policy has been applied.

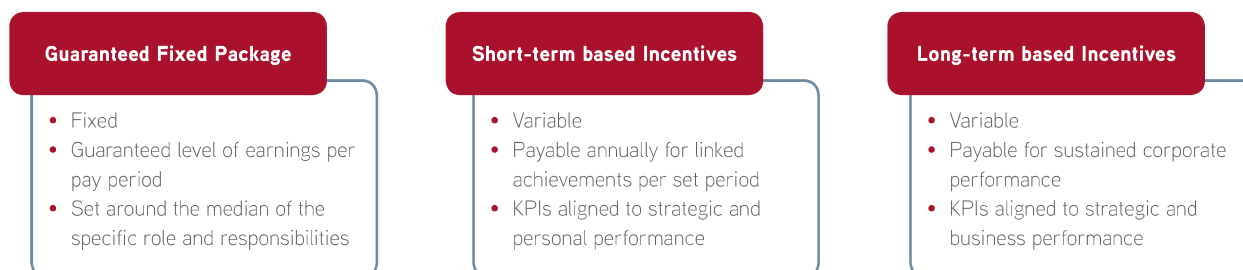
The EOH remuneration model structures remuneration in a fair and responsible manner between executives and staff. It is furthermore cognisant of the responsibility, accountability, competencies, institutional IP, performance and scarcity of skills.

The Remuneration Policy has been implemented across the Group at all levels. Excellent performance was rewarded, which ensured the retention of key talent and high performers. Conversely, poor performance was managed.

CORPORATE GOVERNANCE

Types of Remuneration models implemented

The remuneration types are based on the remuneration model below:



The details of each of the elements of the remuneration types are summarised below:

Type	Description	Components	Purpose	Eligibility	Authority
Guaranteed Fixed Package	<ul style="list-style-type: none"> Fixed Structured Total Cost to Company (Benchmarked against independent data) 	<ul style="list-style-type: none"> Basic Salary Qualified allowances Retirement related contribution Medical Aid related contributions Insurance related contributions Leave enhancement (MEIBC employees only) 	<ul style="list-style-type: none"> Reflects the scope and depth of the role Based on the level of responsibility required and skills and/or experience 	<ul style="list-style-type: none"> All management and staff 	<ul style="list-style-type: none"> CEO where appropriate EXCO Divisional Director
	<ul style="list-style-type: none"> Variable Performance-based criteria 	<ul style="list-style-type: none"> Commission Key Performance Indicators 	<ul style="list-style-type: none"> Per agreement Agreed Key Performance Indicators 	<ul style="list-style-type: none"> Management and Key Individuals 	<ul style="list-style-type: none"> CEO (if Executive Director) EXCO where appropriate Divisional Director
Short-term based Incentives	<ul style="list-style-type: none"> Linked to agreed KPIs delivered annually measured against objectives and targets 	<ul style="list-style-type: none"> Bonus schemes 	<ul style="list-style-type: none"> Rewards personal performance 	<ul style="list-style-type: none"> Management and key individuals 	<ul style="list-style-type: none"> CEO (if Executive Director) EXCO (where appropriate) Divisional Director
		<ul style="list-style-type: none"> Discretionary bonus payments 	<ul style="list-style-type: none"> Rewards individuals for specific performance which impacts Group performance 	<ul style="list-style-type: none"> Management and key individuals 	<ul style="list-style-type: none"> EXCO
Long-term based Incentives	<ul style="list-style-type: none"> Share option retention schemes 	The Mthombo Trust	<ul style="list-style-type: none"> Employment Equity retention mechanism to promote B-BBEE for top performing individuals 	<ul style="list-style-type: none"> Qualifying previously disadvantaged employees and key employees 	<ul style="list-style-type: none"> Approved by CEO Ratified by Trustees
		The EOH Share Trust	<ul style="list-style-type: none"> Retention mechanism for top performing individuals 	<ul style="list-style-type: none"> Executives Senior Management Key employees 	<ul style="list-style-type: none"> Approved by CEO Ratified by Trustees
		Share Ownership Plan	<ul style="list-style-type: none"> Attraction and retention mechanism for top performing individuals 	<ul style="list-style-type: none"> Executives Senior Management Key employees 	<ul style="list-style-type: none"> Approved by CEO Endorsed by Remuneration Committee

Remuneration reviews and increases

The salaries of employees are reviewed each year. Employees' salaries are recommended by the business unit leaders and are approved by the Group CEO. Various macro factors are taken into account including CPI, market and trading conditions, skills shortages in specific areas and salary surveys/benchmarks. Increases are considered based on market information, organisational performance and affordability. Changes in the scope and roles of individuals are specifically considered.

The Group CEO, Group Financial Director and Group HR Director are employed in terms of executive employment contracts with a notice period of six months. Other executive directors and senior management are employed in terms of standard employment contracts with a notice period of three months. All directors sign restraints of trade agreements for a minimum period of 12 months following their resignations as directors.

Bonuses are paid to certain employees based on them meeting pre-determined performance criteria.

In addition to basic remuneration, long-term incentive benefits are allocated to management and key individuals who have met their key performance criteria and EOH wishes to retain over the long-term. A basic formula is applied to calculate share option allocations but discretion is applied to ensure that it is reasonable. See note 36 Directors' interest in shares of the Company; note 37 Directors' remuneration for the period whilst a director; and note 38 Share based payments.

Performance criteria for senior management and executives are set. Criteria are set for short-term incentives based on Divisional and Group performance. Profit before tax ('PBT') calculated net of 'working capital related interest' targets are set and achievement is calculated pro rata between 50% and 100%, thereafter, linear, and capped at 150%. Additional Debtors Days (including work in progress and revenue accruals) incentives are set and measured. The achievement excludes acquisitions and acquisition related costs.

Target setting and weighting of bonuses	Percentage of bonus (weighting) %	Maximum payment* %
Targets are set and bonuses weighted based on certain criteria.		
Achievement of divisional/Group PBT after 'Working Capital related interest'	70	150
Realisation of debtors' days and cash conversion	30	150

* This indicates the maximum that a person can be paid as a percentage of target bonus amount.

Outcome of implementation of Remuneration Policy

- Fair and responsible remuneration of employees;
- Sustainable growth and profitability of the EOH Group;
- Low staff turnover; and
- The retention of management and key individuals.

CORPORATE GOVERNANCE

Activities during the year

The following areas have been addressed during the year:

- Reviewed and approved the range of average salary increases for the financial year ending 31 July 2019;
- Reviewed non-executive directors' remuneration for the financial year ending 31 July 2019 for approval at the next AGM;
- Reviewed and approved the Remuneration policy;
- Approved a new Share Ownership Plan;
- Reviewed the Remuneration Implementation Report.

Forward-looking statement

The EOH Group went through a significant business transformation process during 2018, resulting in a new business operating model and strategy going forward. In addition, there were significant changes to the leadership of the organisation, both at Board level and the Executive Management level. The new Group CEO took office on 1 September 2018.

Against the back-drop of the organisational changes, and also taking into consideration the feedback received from shareholders in the previous Annual General Meeting which took place on 12 April 2018, where the Remuneration policy was not supported, we have initiated a process to further review our Remuneration policy in more detail. EOH has, subsequent to the Annual General Meeting, also extended an invitation through SENS on 13 April 2018 to all shareholders to engage on the Remuneration policy.

The overall objective of the review is to effectively align our remuneration model with the strategic objectives of the business, as well as to ensure a much stronger link between pay and performance. We will be in a position to provide a detailed update on the review process by end of January 2019.

At its core, our remuneration philosophy going forward will aim to promote the Group's entrepreneurial culture in a decentralised environment, with the aim of achieving sustainable growth within all our businesses. Our philosophy will put emphasis on the fundamental value of all our employees, and their role in attaining sustainable growth through fair and balanced remuneration practices. Within this framework, the Board will determine specific remuneration policy and practices that are designed to offer an equitable remuneration mix that attracts, motivates and retains the appropriate calibre of Talent needed to operate our business.

The key principles that will inform our philosophy are as follows:

- A critical success factor for the Group is its ability to attract, retain and motivate the talent required to achieve operational and strategic objectives. Both short- and long-term incentives will be used to this end.
- Delivery-specific short-term incentives are viewed as strong drivers of performance. A portion of senior management's reward will be variable and determined by the achievement of realistic profit targets together with an individual's personal contribution to the growth and development of their immediate business, the applicable division and the wider Group.
- Long-term incentives align the objectives of management and shareholders for a sustained period.
- Remuneration policies, procedures and practices will be consistent with, and supportive of effective risk management and adherence to good corporate governance.
- Employees will be rewarded on a total rewards basis, which includes fixed, variable, short- and long-term as well as intangible rewards, in line with market practice.
- The option to pay a low or 'no performance' bonus should the performance of the group, division or individual warrant it.

Conclusion

The Remuneration Committee met twice during the 2018 financial year and conducted its affairs in compliance with its Terms of Reference. The Committee is satisfied that the overall principles set out by King IV have been applied and that the Companies Act has been adhered to.



Rob Sporen

*Chairman Remuneration Committee
Lead Independent Non-executive Director*

13 November 2018

NOMINATIONS COMMITTEE REPORT

The Nominations Committee (‘the Committee’) identifies and evaluates suitable candidates for appointment to the Board and its sub-committees.

The key function of the Committee is to ensure that the Board and its committees are appropriately structured and resourced to enable them to efficiently fulfil their duties in terms of their Charters or Terms of Reference. The Committee ensures that appointments to the Board and committees are governed by a formal and transparent process.

The Committee acknowledged the need for the Board to be re-constituted to represent a balance between executive and independent directors, further the Committee also sought the required skills and experience.

With regard to potential appointments, consideration is given to their independence, experience, diversity, skills and demographics. All new appointees are subject to confirmation of appointment by shareholders at the next AGM.

Roles and responsibilities of the Nominations Committee

The Committee is responsible for:

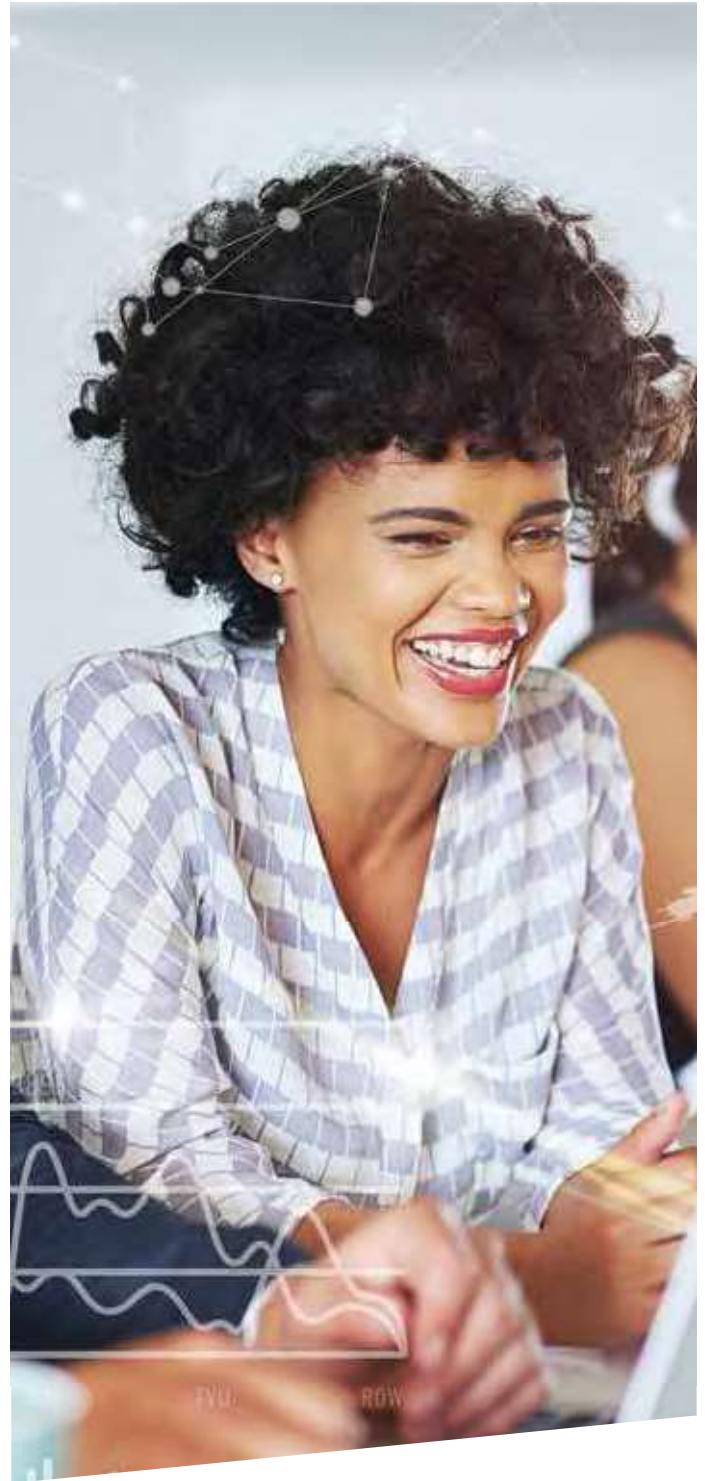
- Ensuring that the size and composition of the Board is appropriate to enable it to execute its duties effectively and to annually review such;
- Making recommendations to the Board for the appointment of executive directors and the appointment and re-appointment of non-executive directors;
- Annually reviewing the independence of non-executive directors, taking into account all applicable corporate governance requirements;
- Ensuring that directors undergo proper ‘on-boarding’/induction.
- Ensuring that directors receive ongoing training as and when required;
- Ensuring that formal succession plans are in place for members of the Board, the CEO and senior executives; and
- Assisting the Chairman and the Board in evaluating the performance of the Board, its committees and individual directors.

Composition of the Committee

- Rob Sporen
 - Chairman, Independent Non-executive Director
- Asher Bohbot
 - Non-executive Director
- Pumeza Bam
 - Non-executive Director

Members resigned during the year

- Lucky Khumalo
 - Independent Non-executive Director



CORPORATE GOVERNANCE

Activities during the year

The Nominations Committee met twice during the year. The Group CEO, Group Financial Director and Group Human Resources Director attend committee meetings by invitation.

During the year the following persons were appointed to the Board:

Name	Position	Date
Asher Bohbot	Non-executive Chairman	12 March 2018
Tebogo Maenetja	Executive Director (Group HR Director)	12 March 2018
Jesmane Boggenpoel	Independent Non-executive Director	1 July 2018
Ismail Mamoojee	Independent Non-executive Director	1 July 2018
Stephen van Coller	Executive Director (Group CEO)	1 September 2018

The following persons resigned from the Board:

Name	Position	Date resigned
Audrey Muthupi	Independent Non-executive Director	31 August 2017
Grathel Motau	Independent Non-executive Director	12 March 2018
Sandile Zungu	Independent Non-executive Director	12 March 2018
Rob Godlonton	Executive Director	1 July 2018
Brian Gubbins	Executive Director	1 July 2018
Lucky Khumalo	Independent Non-executive Director	1 July 2018
Ebrahim Laher	Executive Director	1 July 2018
Jehan Mackay	Executive Director	1 July 2018
John King	Executive Director (Group Financial Director)	3 October 2018

The Committee has assessed and continues to reassess the composition of the Board and its sub-committees. The Committee fulfilled its duties in compliance with its mandate as per the Terms of Reference.

Conclusion

The Committee is satisfied that the overall principles laid down by King IV have been applied and that the Companies Act and the regulatory and statutory requirements have been adhered to.



Rob Sporen

Chairman Nominations Committee

Lead Independent Non-executive Director

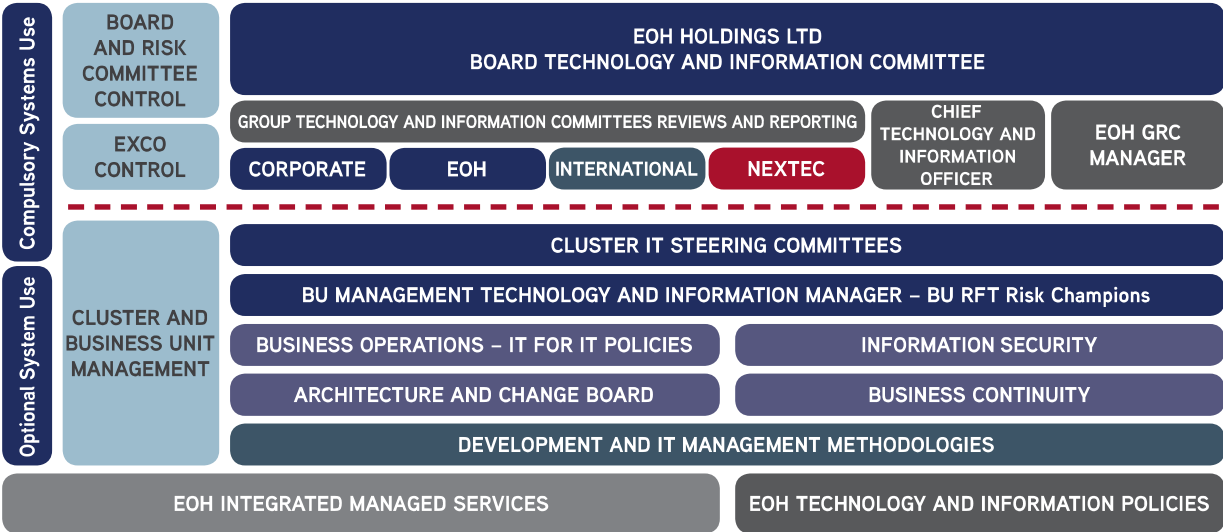
13 November 2018

TECHNOLOGY AND INFORMATION COMMITTEE REPORT

The Board is responsible for the governance and measurement of the Group Technology and Information (T&I) risk impact and mitigating actions taken to meet the strategic and operational objectives of the Group.

The T&I Committee is charged with the responsibility of ensuring that technology and information is managed, appropriately resourced and sufficiently defined to enable the operations to achieve the strategic objectives set.

Technology and Information Management Framework



The Committee is charged with ensuring the effectiveness of the risk and compliance systems relating to Information, Communication and Technology governance (King IV – Principle 12). The EOH EXCO is accountable to the Board and Technology and Information Committee for the adherence to and implementation of the T&I Governance Framework, and the effectiveness thereof, whilst EOH Ambassadors and leadership have a responsibility to communicate and inform the EOH EXCO of associated opportunities and risks.

The Board Committee members changed during the year and EOH was saddened by the passing of the CIO.

Opportunities and risks are considered across the operational and functional areas aligned to the Technology and Information policy framework.

During the past year, the statutory obligations and impact of the Protection of Personal Information and Global Data Protection Regulations was given priority. An Information Security Framework programme and a Compliance Risk Assessment process was initiated across EOH and is ongoing.

Opportunities associated with the advancement of technology and digitisation associated with the 4th Industrial Revolution was considered.

Composition of the Committee

- Tshilidzi Marwala
 - Chairperson, Independent Non-executive Director
- Zunaïd Mayet (Replaced by Stephen van Coller 1 September 2018)
 - EOH CEO
- Rob Godlonton
 - EOH CEO – ICT
- John King
 - EOH Group Financial Director

Invitee

- Lisa Fielder
 - Acting Chief Information Officer

CORPORATE GOVERNANCE

Responsibilities

The Committee is responsible for ensuring effective oversight:

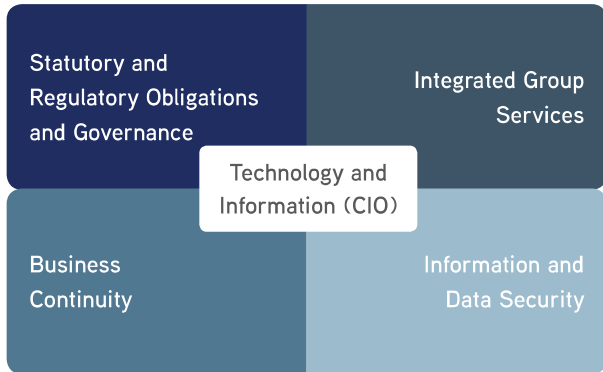
- Ensure the effectiveness of the IT strategy and to ensure that it supports the business strategy.
- Ensure the effectiveness of the integration of people, technologies, information and processes across the businesses.
- Evaluate and ensure that there is appropriate management capacity, resources and IT systems (applications, hardware, software and networks).
- Ensure technology and information risks are incorporated into risk management processes.
- Pro-actively monitor intelligence to identify and respond to incidents, including cyber-attacks and adverse media events;
- Manage the performance of, and the risks pertaining to, third-party and outsourced service providers.
- Review the capital and operating budgets for T&I activities;
- Assess the value delivered to the Group through investments made in technology and information.
- Ensure the effectiveness of governance relating to systems, programming, network and operations activities.
- Ensure effective backup procedures for all material information and the periodic testing of these arrangements through disaster planning and recovery activities to ensure business resilience.
- Ensure the responsible disposal of obsolete technology to preserve and protect confidentiality of information; and in a way that has a minimal impact on the environment.
- Ensure the responsible use of technology and information; and
- Comply with statutory and regulatory obligations.

Governance and Risk overview

The Committee approved the Policy Framework, EOH Group architecture overview and the Information Security framework to effectively discharge the Committee’s responsibilities.

The 2019 year will see the development of these frameworks including the communications and change management projects to the community.

Technology and Information process



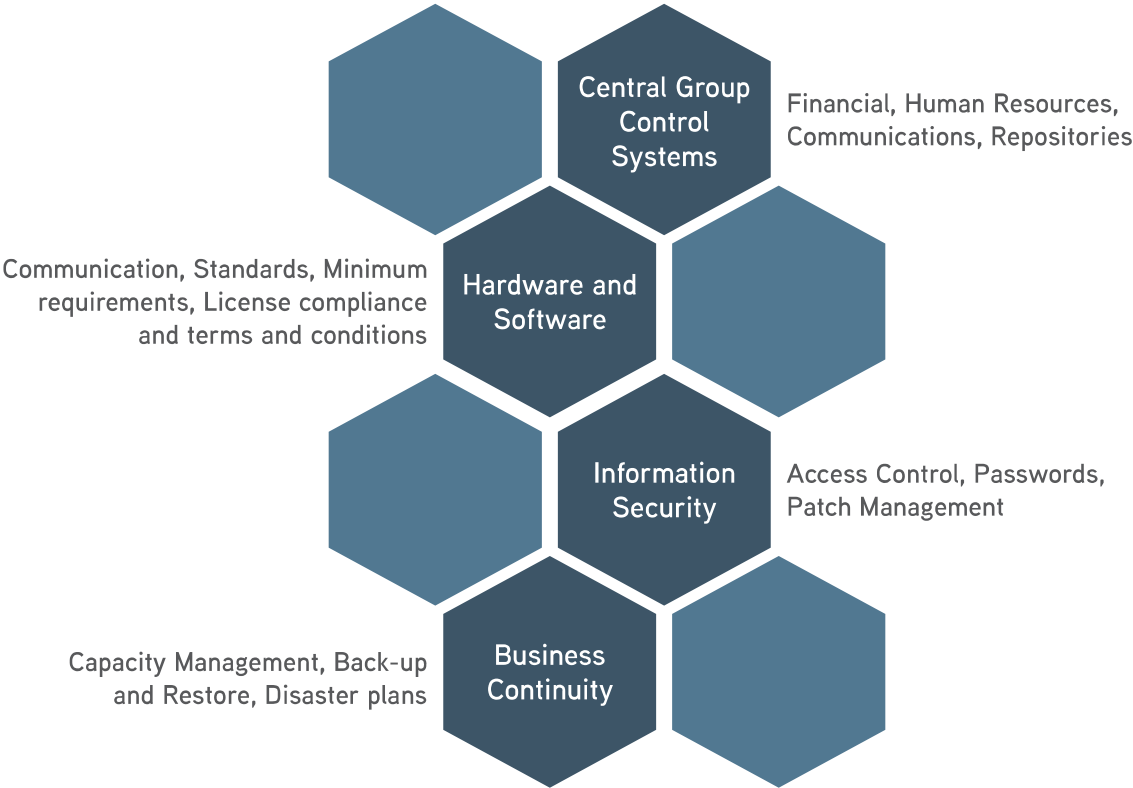
The EOH Technology and Information Committee obligation is an integrated approach where emphasis is placed on strategic and tactical objectives and associated risks.

The strategic objective setting and risk process is the responsibility of EOH EXCO and involves policy setting, system communication, determining roles and responsibilities and the clarification, measurement and review of the overall process.

The tactical objective setting and risk identification process is the responsibility of Divisional and Cluster management.



The following areas were highlighted as part of the recent compliance risk assessment.



Governance and Risk activities and performance

- The Committee met twice during the reporting period.
- Monitored the return on investment of significant IT expenditure.
- Supported the roll-out of projects including operational systems and upgrades for Human Resources and Finance; enhanced reporting systems; consolidation and standardisation of the active directory and EOH domains; network security projects; self-assessing software licensing project; self-assessing compliance risk assessment into personal information protection.
- Assessed the adequacy of the IT risk management framework.
- Reviewed the IT governance policies, procedures and controls to ensure the resilience thereof.
- Reviewed and considered EOH’s IT architecture, cost and any required upgrades to enhance the user experience.
- Information Security system certification alignment with ISO 27001 initiated.
- Information Security Steerco was formed. The EOH Security blue print completed.
- Software License audits and validation processes were initiated.

Conclusion

The Committee is satisfied with the structures, procedures and system enhancements implemented to date. The Committee concluded that it has met the requirements and obligations as set out in the Committee’s Terms of Reference.

Tshilidzi Marwala
*Chairperson, Technology and Information
 Independent Non-executive Director*

16 November 2018

CORPORATE GOVERNANCE

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee (‘the Committee’) assists the Board with matters relating to good business practice, ethical conduct and transformative social actions to promote EOH’s purpose of being a force for good.

The Committee monitors EOH’s activities in terms of legislation, regulation and Codes of Best practice relating to ethics, stakeholder engagement, strategic empowerment and compliance with transformation codes. The Committee applies international best practice to provide guidance to management in respect of its duties relating to social, ethics, transformation and sustainability issues.

Roles and responsibilities of the Social and Ethics Committee

The Committee is responsible for:

- The ethical conduct of the Company, its executives and senior officials in terms of the provisions of EOH’s Code of Conduct;
- Approving EOH’s Code of Conduct;
- Approving policies relating to anti-bribery and corruption and EOH’s Zero-tolerance towards such, B-BBEE initiatives, EE initiatives and programmes, implementation and compliance with the PAIA Manual and the Protection of Personal Information Act (‘POPI Act’);
- Sustainable transformation strategies, objectives and targets and advising the Board accordingly;
- Approving the overall principles for the development of EOH’s EE plan;
- Monitoring the achievement of targets set out in the terms of our B-BBEE initiatives with specific reference to the amended ICT sector code of B-BBEE Act 53 of 2003 as amended by the B-BBEE Act 46 of 2013;
- Good corporate citizenship including the promotion of equality, prevention of unfair discrimination and zero-tolerance towards bribery and corruption;
- Guidance regarding the development of communities and associated sponsorships and donations;
- Monitoring changes in legislation and Codes of Best Practice;
- Social and economic development activities of EOH including health, public safety and environmental issues; and
- Application and implementation of sound labour and employment practices.

Composition of the Committee

- Pumeza Bam
 - Chairperson, Non-executive Director
- Moretlo Molefi
 - Independent Non-executive Director
- Rob Sporen
 - Independent Non-executive Director
- Zunaid Mayet (Replaced by Stephen van Collier 1 September 2018)
 - Group Chief Executive Officer.
- John King
 - Group Financial Director

Invitee

- Isobel Townsend
 - Operations Finance Director

Activities during the year

The Committee met twice during the year and deliberated on all aspects in accordance with section 72 of the Companies Act, read in conjunction with Regulation 43 of the Companies Regulations, 2011.

Key areas of focus during the reporting period included the EE Plan, B-BBEE rating process based on the amended ICT sector code and the training and development of employees.

Transformation initiatives

The Board recognises that social and transformation issues are crucial for the sustainability of the Group and the continued investment in EOH’s employees and the communities within which EOH operates is key to EOH’s ongoing viability.

EOH continues its drive towards economic and social equity through the process of B-BBEE. Transformation is managed at an operational level and reported and monitored at Group level via EOH’s various reporting structures. The best measure of EOH’s overall success is reflected in EOH’s B-BBEE rating – a Level 1 contributor under the South African Department of Trade and Industry (‘DTI’) Code of Good Practice – the highest rating of its peers on the JSE.

The Board has continued to monitor the implementation of the transformation program in terms of Employment Equity, ownership, Enterprise Development, and skills development. The Board is continuously assessing options and ownership models to enhance Black Ownership. Subsequent to the financial year-end, the Lebashe’s Black Empowerment transaction was approved at the Shareholders meeting held on 18 September 2018. EOH is now the largest majority Black owned Technology company on the continent.

Skills development programme

Skills development is an integral part of human capital management that ensures efficiency and effectiveness and the deployment of the best skills. A workplace skills plan was prepared and submitted to the Services SETA.

Accelerated training for middle and senior management, with a focus on African employees, is in place to facilitate rapid promotion through the ranks.

EOH has various learnerships (employed and unemployed participants) and an internship programme as part of the EOH Youth Job Creation initiative. Unemployed participants obtain the opportunity to receive relevant training and to gain on-the-job experience whilst EOH employees receive additional specific training as part of a defined learnership programme.

Socio-economic development programme

EOH has a comprehensive socio-economic development programme and has partnered with organisations to help realise and support its vision. Some initiatives include the support for the Maths Centre, Afrika Tikun, SABCOHA and several other programmes.

Additional funding is being made available for pupils who have participated in the Maths and Science programme to be placed on EOH's Learnership programme, whilst completing a graduate programme. EOH is driving this initiative in partnership with the Botihale village and the Belgium Campus.

Enterprise and Supplier Development

The Supplier Development process is continually being enhanced to provide more opportunities for Enterprise Development. This process includes the selection, partnering, development, investment and the subsequent review of such programmes and initiatives.

Preferred suppliers are being sourced by every division and being placed on a centralised technology platform for the benefit of all. All suppliers are vetted/re-accredited before being captured on the centralised technology platform. The Enterprise and Supplier Development process at divisional level has recently been standardised to ensure consistency across EOH.

Employment Equity ('EE') Initiatives

EOH continues to focus on the development of talented employees for promotion. Graduate programmes support EOH's strategy of fast-tracking talented employees.

The 2017 Diversity programme has been rolled out and specific situational training programmes, diversity toolkit and other life skills programmes developed.

Stakeholder Interaction

Together with our Investor Relations advisors, we have increased our engagement with our shareholders through surveys, direct one-on-one engagements, meetings, investor open days and local and international investor roadshows.

Reporting and Compliance Activities

EOH complies with the relevant environmental, social and governance regulatory reporting requirements. Such reporting is guided by the Global Reporting Initiatives ('GRI') guidelines. The Committee reviewed the GRC framework, including the policies relating to Zero-tolerance on bribery and corruption; Occupational Health and Safety; PAIA Manual; POPI Act; Information Security; Communication Strategy; best business practice; and EOH's Code of Conduct.

EOH has a zero-tolerance approach towards unethical behaviour and is committed to ensuring that the Group and its employees uphold EOH's reputation as a responsible and caring corporate citizen.

Conclusion

The Committee confirms that EOH gives the necessary attention to its transformation, social and ethics responsibilities and has complied with the required regulatory requirements. Policies and programmes are in place to advance social and economic development, sound ethical behaviour, fair labour practices, responsible environmental practices and good customer relations.

The Committee has conducted its affairs in compliance with its Terms of Reference and has discharged its responsibilities contained therein.



Pumeza Bam
Chairman, Social and Ethics Committee

13 November 2018