
SAFARIS


*Signing of shareholder agreement between Doro Nawas Conservancy and Wilderness*

# Corporate governance

The board is committed to good corporate governance and complies with the guidelines of The BSE Code of Corporate Governance with the intent to also apply, insofar as it is reasonably possible, the 2009 King report on Corporate Governance for South Africa (King III).

## Compliance with the King Code

In March 2010, King III came into effect. Although the Company is incorporated in Botswana, the board has adopted the principles of King III as it believes that these provide superior levels of performance in terms of a sustainable return to all stakeholders. The Company now takes into consideration not only the interests of the Company and its shareholders but a wider environment such as customers, suppliers and employees, to name a few. A discussion of our stakeholder engagements is included in the External Community chapter.

Compliance with the principles of King III are set out in this report. Where the directors have found recommended practices are not in the best interests of the Company, this report explains reasons for an alternative approach to the issue concerned. Furthermore, the Company has adopted the principles of sustainability reporting in accordance with the Global Reporting Initiative (GRI) guidelines.

## Directors' responsibility for the Annual Financial Statements

The directors accept ultimate responsibility for the preparation of the financial statements and related financial information that fairly represent the state of affairs and the results of the Group.

The annual financial statements as set out in this report have been prepared in conformity with International Financial Reporting Standards (IFRS) and are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

## Accountability and control

The board recognises its responsibility to retain full and effective control over the Group to ensure sustainable growth and to act in the best interests of the Company and its stakeholders.

The Risk Committee is dedicated to monitoring the risk management process and reports to the board on the likelihood and impact of risks materialising, as well as mitigation initiatives and their effectiveness.

Furthermore, to enable the directors to meet their responsibilities, management sets standards and implements systems of internal control aimed at reducing the risk of error, fraud or loss in a cost-effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. The controls are independently monitored throughout the Company, and all employees are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner which are in all reasonable circumstances beyond reproach.

The directors are of the opinion that the internal accounting controls are adequate, so that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities. This opinion is based on the information and explanations given by management and the auditors, and on comments by the auditors and the results of their audit, as well as comments by the internal auditors and the results of their audits.

## Board of Directors

After the listing in April 2010 on the main board of the Botswana Stock Exchange, and as a secondary listing on the Africa board of JSE Limited, the board now consists of 16 directors, being five executive directors and 11 non-executives, six of whom are independent. As defined by King III, independent directors are non-executive directors who:

- are not representatives of any shareholder who has the ability to control or materially influence management and/or the board;
- have not been employed by the Company or the Group in any executive capacity for the preceding three financial years;
- are not members of the immediate family of an individual who is, or has been in the past three financial years, employed by the Company or the Group in an executive capacity;
- are not professional advisors to the Company or the Group, other than in the capacity as a director;
- are not material suppliers to, or customers of, the Company or the Group;
- have no material contractual relationship with the Company or the Group; and
- are free from any business or other relationship which could be seen to materially interfere with the individual's capacity to act in an independent manner.

The non-executive directors draw on their experience, skills and business acumen to ensure impartial and objective viewpoints in decision-making processes and standards of conduct. The board considers the mix of technical, environmental, social, entrepreneurial, financial, and business skills of the directors to be balanced, thus enhancing the effectiveness of the board.

Andrew Payne is the chief executive officer. The separation of this role from that of the chairman ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making.

Malcolm McCulloch is the non-executive chairman of the Company. Malcolm was the CEO between mid-2004 and 2007. He remains actively involved in the business and holds a sizeable stake in the Company's equity. Consequently, Malcolm cannot be classified as an independent chairman. King III advocates having an independent non-executive chairman, failing which, a lead independent director will be appointed. Accordingly, the board appointed Mr Roux Marnitz as lead independent director to assist the chairman to discharge his duties with effect from 24 May 2011.

The lead independent director's (LID) main function is to provide leadership and advice to the board, without detracting from the authority of the chairman, when the chairman has a conflict of interest. The LID should also chair those board meetings which deal with the succession of the chairman and the chairman's performance appraisal.

The board retains full and effective control over the Group and monitors the executive management and decisions in the subsidiary companies. The board has adopted the principles of the 4Cs and monitors performance and management in the areas of Commerce, Conservation, Community and Culture, as described more fully on page 24.

The board determines the appropriate policies and processes to ensure the integrity of the Group's risk management and internal controls, reporting, communications policy, and director selection, orientation and evaluation. These responsibilities are set out in the approved Board Charter.

To fulfil their responsibilities adequately, directors have unrestricted access to timely financial and other information, records and documents relating to the Group.

Under the Company's constitution, a third of the directors retire by rotation each year and are eligible for re-election by shareholders at the Annual General Meeting. The board recommends the reappointment of Andrew Payne, Russel Friedman, Keith Vincent, Malcolm McCulloch, Rolf Hartmann and Roux Marnitz and recommends that shareholders vote in favour of their reappointment at the Annual General Meeting.

### Board evaluation and directors' training

Directors are supplied with the information necessary to discharge their responsibilities as members of the board and as members of board committees. No board evaluation has taken place during the period under review. A suitable evaluation mechanism is being developed and will be implemented in due course. This will include evaluation of the board's performance on environmental, economic and social matters.

All directors have access to the advice of the Company secretary and, through the office of the Company secretary, to independent professional advice at the Company's expense. The Company Secretary is responsible for providing the chairman and the directors, both individually and collectively, with advice on corporate governance, compliance with legislation and the BSE and JSE Listings Requirements.

New directors are provided with an induction programme which deals with directors' fiduciary duties and introduces the directors to the concept of the 4Cs platform. Board meetings are held at site at least once a year to familiarise the directors with the operational and environmental aspects of the business. Training programmes on directors' duties and corporate governance are available to the directors.

## Attendance at meetings

| | Date of meeting | | | |
|---|---|---|---|---|
| **Members** | 27 May 2010 | 29 July 2010 | 28 October 2010 | 02 February 2011 |
| Derek de la Harpe | ✓ | ✓ | ✓ | ✓ |
| John Gnodde | ✓ | ✓* | ✓* | ✗ |
| Rolf Hartmann | ✓ | ✓ | ✓ | ✓ |
| Russel Friedman | ✗ | ✓ | ✓ | ✓ |
| John Hunt | ✓ | ✓ | ✓ | ✓ |
| Roux Marnitz | ✓ | ✓ | ✓ | ✓ |
| Malcolm McCulloch | ✓ | ✓ | ✓ | ✓ |
| Andrew Payne | ✓* | ✓ | ✓* | ✓ |
| Robert Polet | ✓* | ✗ | ✓ | ✓ |
| Parks Tafa | ✗ | ✗ | ✓ | ✓ |
| Marcus Ter Haar | ✓* | ✓* | ✓ | ✓ |
| Gavin Tollman | ✓* | ✓* | ✗ | ✓ |
| Michael Tollman | ✓* | ✓* | ✓ | ✓ |
| Dave van Smeerdijk | ✓ | ✓ | ✓* | ✓ |
| Keith Vincent | ✓ | ✗ | ✓* | ✓ |
| Jochen Zeitz | ✗ | ✓* | ✓* | ✓ |

✓ Attended in person

* Attended via teleconference/video conference

✗ Apologies submitted and a leave of absence granted

The board has established the following committees to assist it with its duties:

- AuditC ommittee
- RiskC ommittee
- Remuneration and Nomination Committee
- SustainabilityC ommittee

## The Audit Committee

The Audit Committee comprises three non-executive directors:

- Rolf Hartmann (Chairman)
- Michael Tollman
- Marcus TerH aar

The chairman of the Committee is not the chairman of the Company.

The Committee operates within defined terms of reference as set out in its Charter and the authority granted to it by the board and meets at least twice a year with more meetings being held when necessary. The external auditors, internal auditors, chairman, chief executive officer and chief financial officer are invited to attend. The external and internal auditors have unrestricted access to the Audit Committee and meets with the Committee members, without management present, at least once a year.

The activities of the Audit Committee are set out in the Report of the Audit Committee on page 94. The chairman of the Audit Committee reports on the Committee's activities at each board meeting.

The Audit Committee ensures that there is appropriate independence relating to non-audit services provided by the external auditors. Pre-approved permissible non-audit services performed by the external auditors include taxation and due diligence services.

The external auditors are prohibited from providing non-audit services including valuation and accounting work where their independence might be compromised by later auditing their own work.

The chairman of the Audit Committee will be available at the Annual General Meeting to answer queries about the work of the Committee.

### Attendance at meetings

| Members | Date of meeting | | |
|---|---|---|---|
| | 24 May 2010 | 26 October 2010 | 31 January 2011 |
| Rolf Hartmann | ✓ | ✓ | ✓ |
| Michael Tollman | ✓* | ✓* | ✓* |
| Marcus Ter Haar | – | ✓* | ✓* |

✓ Attended in person
* Attended via teleconference
– Was not a member of the Committee at the date of the meeting

## Risk Committee

The Risk Committee comprises executive and non-executive directors:

- Malcolm McCulloch (Chairman)
- Rolf Hartmann
- Roux Marnitz
- Michael Tollman
- Andrew Payne
- Keith Vincent

The Committee operates within defined terms of reference as set out in its Charter and the authority granted to it by the board. The Committee meets at least twice a year. The Committee assists the board in reviewing the risk management process and significant risks facing the Group. The Committee sets the Group's risk strategy in liaison with the executive directors and senior management, making use of generally recognised risk management and internal control models and frameworks in order to maintain a sound system of risk management and internal control as described later in this report.

### Attendance at meetings

| Members | Date of meeting | |
|---|---|---|
| | 28 July 2010 | 31 January 2011 |
| Malcolm McCulloch | – | ✓ |
| Rolf Hartmann | ✓ | ✓ |
| Roux Marnitz | – | ✓ |
| Michael Tollman | ✓* | ✓ |
| Andrew Payne | ✓ | ✓ |
| Keith Vincent | – | ✓ |

✓ Attended in person
* Attended via teleconference
– Was not a member of the Committee at the date of the meeting

## Remuneration and Nomination Committee

The Remuneration and Nomination Committee currently consists of the following non-executive directors:

- Rolf Hartmann (Chairman)
- Roux Marnitz
- Michael Tollman

The Committee operates within defined terms of reference as set out in its Charter and the authority granted to it by the board and meets at least twice a year. The chairman, chief executive officer and chief financial officer may be invited to attend these meetings, but they may not take any part in decisions regarding their own remuneration.

The Committee is responsible for making recommendations to the board on the Group's framework of executive remuneration and to determine specific remuneration packages for each of the executive directors and certain senior managers of the Group.

The Committee is also responsible for the Group's remuneration policies. At present, the Company's non-executive directors – with the exception of the Chairman – are not remunerated.

The chairman of the Committee will be available at the Annual General Meeting to answer questions about the Committee's work.

### Attendance at meetings

| Members | Date of meeting | | |
|---|---|---|---|
| | 20 May 2010 | 28 July 2010 | 1 February 2011 |
| Malcolm McCulloch | ✓ | ✓ | – |
| Rolf Hartmann | ✓ | ✓ | ✓ |
| Roux Marnitz | – | ✓ | ✓ |
| Michael Tollman | ✓* | ✓ | ✓* |

✓ Attended in person
* Attended via teleconference
– Was not a member of the Committee at the date of the meeting

## Sustainability Committee

The Sustainability Committee currently consists of the following executive and non-executive directors:

- Jochen Zeitz (Chairman)
- Derek de la Harpe
- Andrew Payne
- John Hunt

The Sustainability Committee was formed during the year to assist the board in developing sustainability strategies and monitoring the implementation thereof. The Sustainability Committee has also been mandated to oversee the content of the integrated report. The board believes that sustainable business practices in the dimensions of conservation, community, culture and commerce form the platform for the business. Its inaugural meeting took place on 3 February 2011 whereby the terms of reference of the Committee and the organisational structure of the sustainability platform together with its reporting policies were decided. The Committee's terms of reference was formally approved by the board on 1 March 2011.

### Attendance at meetings

| Members | Date of meeting |
|---|---|
| | 3 February 2011 |
| Jochen Zeitz | ✓ |
| Derek de la Harpe | ✓ |
| Andrew Payne | ✓ |
| John Hunt | ✗ |

✓ Attended in person
✗ Apologies submitted and a leave of absence granted

## Company secretary

The office of the Company secretary is responsible for facilitating the distribution of information in a timeous manner. This information includes items such as agenda items for board meetings, corporate announcements, investor communication and any other developments which may affect the Company.

All directors have access to the advice and services of the Company secretary and are entitled and authorised to seek independent and professional advice about affairs of the Group at the Group's expense.

## Risk management

The board has established a framework to review all strategic risks impacting the Company. The major risks facing the Company have been identified and mitigating strategies have been implemented, the effectiveness of which are monitored by the Risk Committee. These risks have been assessed taking into account the severity of the impact on the Group's business if such identified risks were to come to fruition. The Company's risk management framework includes financial, market, political, social, ethical and environmental risks.

## Internal audit

Internal audit is an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance. The Company has outsourced the internal audit function of the Group to Ernst & Young. Internal audit operates within the authority granted to it by the Audit Committee and the board. The Audit Committee is satisfied that internal audit has met its responsibilities for the year with respect to its terms of reference.

Audit plans are presented in advance to the Audit Committee and are based on an assessment of risk areas involving an independent review of the Group's own risk assessments. The internal audit team attends and presents its findings to the Audit Committee.

## Management reporting

The Group has established management reporting disciplines which include the preparation of annual budgets by operating entities. Monthly results and the financial status of operating entities are reported against approved budgets. Profit projections and cash flow forecasts are reviewed regularly, while working capital, borrowing facilities and bank covenant compliance are monitored on an ongoing basis.

## Organisational integrity and ethics

The Group operates on the basis of decentralised management across numerous countries. All employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner that, in all circumstances, is above reproach. The directors believe that the required ethical standards have been met during the year under review.

The Company is implementing an 'ethics hotline' to enable employees to report instances of corruption, fraud and other forms of unethical behaviour. This service shall be managed by Deloitte's Tip-Offs Anonymous where absolute anonymity is guaranteed. The Audit Committee shall review all reported incidences of corruption, fraud and other forms of unethical behaviour. The hotline shall be available initially at our major centres in Botswana, Namibia and South Africa.

## Conflicts of interest

On a quarterly basis, the Company actively solicits from its directors details regarding their external shareholdings and directorships, which potentially could create conflicts of interest while they serve as directors on the Wilderness board. The declarations received by the directors are closely scrutinised by both the chairman and the Company secretary and are tabled at the beginning of each quarterly board meeting. Where a conflict arises, directors are required to recuse themselves from the discussions. As far as possible the Company requires directors to avoid any potential conflicts of interest.

## Share dealings

The Company has a share-dealing policy to regulate dealings by its directors and applicable employees in the Company's shares.

No Group director or employee may deal, directly or indirectly, in the Company's shares on the basis of previously unpublished, price-sensitive information and during certain "closed periods". The closed periods include the periods between the Company's interim and financial year end reporting times and the dates on which the relevant results are published, and any time when the Company is trading under a cautionary announcement.

## Going concern

The directors' assessment on the Group as a going concern is set out on page 110.

# Report of the Audit Committee

The Committee is pleased to present its report for the financial year ended 28 February 2011. The report is presented in accordance with the recommendations contained in King III.

The Committee operates within defined terms of reference as set out in its Charter and the authority granted to it by the board. During the period under review the following activities, amongst others, were carried out:

- Reviewed the principles and policies adopted in the preparation of the financial statements of the Group and ensured that the annual financial statements of the Group comply with all statutory requirements;
- Reviewed the quality and effectiveness of the external audit process;
- Reviewed and commented on the annual financial statements and the accounting policies;
- Reviewed interim reports, result announcements and other releases of price-sensitive information;
- Reviewed the external auditor's report to the Committee and management's responses;
- Reviewed significant judgements and/or unadjusted differences resulting from the audit, as well as any reporting decisions made;
- Monitored compliance with accounting standards and legal requirements;
- Ensured that all regulatory compliance matters had been considered in the preparation of the financial statements;
- Nominated the re-appointment of Deloitte, M Marinelli and M Rayfield as the registered independent auditors;
- Set the terms of Deloitte's engagement;
- Determined the fees to be paid to Deloitte and ensured that the fees are fair and equitable;
- Maintained a non-audit services policy which determines the nature and extent of any non-audit services that Deloitte may provide to the Group;
- Pre-approved a number of proposed contracts with Deloitte for the provision of non-audit services to the Company;
- Ensured that the Group's existing combined assurance model addressed the significant risks facing the Group;

- Formed an integral component of the risk management process and, amongst others, monitored:
  - financial reporting risks;
  - internal financial controls;
  - fraud risks as they relate to financial reporting;
  - information technology (IT) risks as they relate to financial reporting;
- Played an oversight role in respect of the Internal Audit function to ensure its effectiveness;
- Reviewed developments in corporate governance and best practice and considered their impact and implications on the Group and in particular ensured that the principles of King III are embedded within the Group; and
- Satisfied itself that the financial director is suitable and appropriately qualified to fulfil his role and that the finance function is suitably resourced and skilled to carry out its obligations.

## Annual Financial Statements

The Audit Committee has evaluated the Consolidated Annual Financial Statements for the year ended 28 February 2011 and ensured that they comply, in all material aspects, with the requirements of the Act and appropriate International Financial Reporting Standards. The Committee has therefore recommended the Annual Financial Statements for approval to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

## Integrated report

The Audit Committee does not recommend the approval of the Integrated Report to the board. The board has mandated this responsibility to the Sustainability Committee as it believes that issues relating to the Integrated Report are best suited to that Committee. Furthermore, the Sustainability Committee makes recommendations on specific actions or decisions the board should consider, to maintain the integrity of the Integrated Report, including the assurance process.

## Recommendation to shareholders

The board ensures that the Committee members jointly have sufficient qualifications, skills and experience to fulfil their obligations. In addition, all members are independent as defined by King III. They all bring invaluable integrity and experience to the Committee's deliberations and make positive contributions on an ongoing basis. As a consequence, the board has recommended that shareholders appoint the following independent non-executive directors as members of the Company's Audit Committee for the 2012 financial year:

- Rolf Hartmann (Chairman)
- Marcus Ter Haar
- Michael Tollman

## Conclusion on fulfilment of duties and obligations

Given the above, the Committee is of the opinion that it has appropriately addressed its key responsibilities in respect of:

- Internal control;
- Financial accounting control;
- Selected stakeholder reporting that relates to the Audit Committee; and
- Statutory and regulatory requirements.

# Report of the Remuneration and Nomination Committee

The Committee is pleased to present its report for the financial year ended 28 February 2011. This report sets out the Group's remuneration philosophy and recommendations in accordance with King III. The report and the recommendations of the Remuneration and Nomination Committee will be submitted to shareholders for consideration at the Annual General Meeting.

## Remuneration philosophy

It is the Group's philosophy to:

- Appropriately compensate employees for the services they provide to the Company;
- Attract and retain employees with skills required to effectively manage the operations and growth of the business; and
- Motivate employees to perform in the best interests of the Company and its stakeholders.

Remuneration levels are positioned relative to other comparable organisations, the current economic environment, and individuals' personal performance and the Company's business model. Remuneration comprises elements of fixed remuneration and performance-based (at-risk) remuneration.

The Remuneration Committee reviews the salaries of executive directors and senior management annually. Remuneration comprises:

### Fixed Remuneration

The fixed remuneration is a 'total cost to company' package that is aligned with the market to ensure external competitiveness, internal equity and considers experience, levels of responsibility and value contribution. The package incorporates a fixed amount and total cost amounts that are deducted for retirement funding and medical insurance.

### Performance-based (at-risk) Remuneration

All employees have an element of performance-based remuneration:

- **Annual Bonus**

  An annual bonus is payable at the discretion of the Company and provides rewards based on a combination of individual performance and Company performance, relative to targets set at the beginning of each year. Employees who qualify for an annual bonus do not qualify for an annual incentive as detailed below.

- **Annual Incentive**

  An incentive programme exists for executive directors and senior management. The incentive plan is an annual renewable contract with the Company in terms of which members of management are rewarded for performance above that expected, subject to these individuals meeting pre-defined qualitative requirements.

  Achievement of established performance objectives results in the payment of at-risk remuneration of between 20% and 60% of the employee's fixed package. No payment is made if performance does not achieve threshold levels. Staff who qualify for the annual incentive do not qualify for the annual bonus.

  The performance criteria attached to the annual incentive is based on the implementation and application of the 4Cs into the employee's working environment.

- **Wilderness Group 2011 Share Plan 2011 (the Plan)**

  Shareholders approved the Plan on 28 March 2011 and subsequent to year end. The Plan forms part of the Company's long-term incentive structure. The Plan is designed to reward executive and senior management over the long term, being a three to five year period. The scheme consists of two methods and employees may be issued both or one type of incentive.

  Performance shares are awarded to executives and senior management, subject to the achievement of specified performance criteria as determined by the board. Shares awarded through the Plan are either purchased on the market or issued at the time of allotment. The Company has the option to settle this obligation in cash.

  Share Appreciation Rights (SAR) are awarded to executives and senior management. The SARs are allocated to employees at a weighted average share price on the grant date. The SAR provides an employee with a right to the appreciation of a share. The SAR shall vest and are exercisable in three equal tranches on the third, fourth and fifth anniversary of the grant date. Vesting is subject to the achievement of specified performance criteria as determined by the board. The SAR shall not vest until the performance criteria has been achieved or alternatively shall lapse in year six. The Company also has the option to settle this obligation in cash.

  The performance criteria for both the SAR and performance shares are based on the percentage growth in headline earnings per share and in both cases are measured in year three. This is to align rewards to those of our shareholders.

  The total number of shares that can be issued to settle the Company's obligations is limited to 7% of the total number of shares in issue.

## Non-Executive Directors' Remuneration

Non-executive directors elected not to receive any form of remuneration during the year under review.

The non-executive directors do not have service contracts.

## Directors' Remuneration

| 2011 Group and subsidiaries | Salaries | Fees | Benefits and bonuses | Provident and medical aid | Total |
|---|---|---|---|---|---|
| **BWP** | | | | | |
| Keith Vincent | 1 475 700 | – | 122 975 | – | 1 598 675 |
| Malcolm McCulloch | – | 480 000 | – | – | 480 000 |
| **ZAR** | | | | | |
| Andrew Payne | 1 673 035 | – | 198 525 | 191 777 | 2 063 337 |
| Russel Friedman | 1 456 751 | – | 178 533 | 249 769 | 1 885 053 |
| David van Smeerdijk | 1 443 083 | – | 134 796 | 174 469 | 1 752 348 |
| Derek de la Harpe | 1 195 630 | – | 116 667 | 146 036 | 1 458 333 |

| 2010 Group subsidiaries and | Salaries | Fees | Benefits and bonuses | Provident and medical aid | Total |
|---|---|---|---|---|---|
| **BWP** | | | | | |
| Keith Vincent | 1 344 929 | – | – | 112 077 | 1 457 006 |
| Malcolm McCulloch | – | 480 000 | – | – | 480 000 |
| **ZAR** | | | | | |
| Andrew Payne | 1 580 187 | – | 155 401 | 179 072 | 1 914 660 |
| Russel Friedman | 1 376 780 | – | 142 210 | 233 149 | 1 752 139 |
| David van Smeerdijk | 1 367 977 | – | 134 796 | 158 014 | 1 660 787 |

### Top earners

King III recommends the disclosure of the salaries of the three most highly paid employees other than directors in the Company. We understand that the intention here is to disclose if such salaries are material and of shareholder interest. While Wilderness is committed to the spirit of the recommendation, the board has decided that it is not necessary, nor in the Company's interests, to disclose such salaries based on the fact that the salaries are influenced by geographical situation and exchange rates. However, it can provide the assurance that such salaries are below those of executive directors and are market-related.

## Recommendation to shareholders

The board has recommended that shareholders approve the remuneration of the directors for the year ended 28 February 2011.