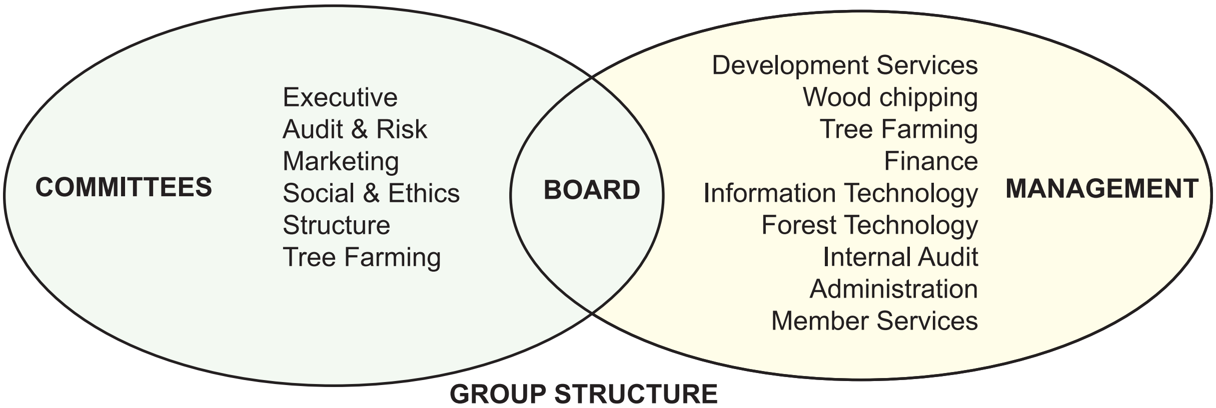
CORPORATE GOVERNANCE

Structure

The NCT group has evolved over time with the acquisition of companies and the creation of others for specific purposes. The Structure committee has given direction in the way the group structure can be simplified. In this regard, a number of companies have been deregistered.

The result is a more efficient structure where the Co-operative is the main marketing entity and the remaining subsidiaries are in service of the Co-operative to add value to the supply chain.



GROUP STRUCTURE

Social & Ethics Committee

The committee is a statutory committee prescribed by the Companies Act no 71 of 2008. NCT Forestry Co-operative Limited is regulated by the Co-operatives Act no 14 of 2005 as amended. The Co-operatives' Act does not prescribe a Social and Ethics Committee. Notwithstanding, the NCT group also comprises companies which are regulated by the Companies Act and, as such, the Committee oversees the activities of the entire NCT group.

ROLE OF THE COMMITTEE

The Committee has an independent role with accountability to the NCT Board. The Committee does not assume the functions of management, which remains the responsibility of the members of senior management.

The role of the Committee is to assist the NCT Board with the oversight of matters within its mandate. It oversees business activities that influences transformation, development, corporate citizenship, sustainability, health and safety, and good labour and employment practices.

MEMBERSHIP

The Committee consists of directors and senior managers who meet quarterly. Each member of management plays a significant role in overseeing matters within the scope of the Committee's mandate and is assisted by support staff throughout the year.

Audit & Risk Committee

The mandate of the committee is to govern risk and screen opportunities in a way that supports NCT in setting and achieving its strategic objectives. The committee also assesses the viability of a number of capital expenditure proposals for recommendation to the Board.

ROLE OF THE COMMITTEE

The Committee's role is one of oversight. Management is responsible for preparing the financial statements, risk assessment and risk management. The independent auditor is responsible for auditing the annual financial statements.

MEMBERSHIP

The Committee consists of directors, senior managers and independent auditor (when required) and meets quarterly.

Newly appointed directors participate in an induction programme where they are provided with the essential knowledge of the organisation's strategy, risks, operations and knowledge in industry perspectives. This equips directors with a comprehensive understanding of NCT, its business environment and the markets in which it operates.