



# corporate governance

MINTEK IS COMMITTED TO THE PRINCIPLES OF OPENNESS, INTEGRITY AND ACCOUNTABILITY in its dealings with all stakeholders. It endorses the Code of Corporate Practice and Conduct as set out in the King Report and the Public Finance Management Act, and believes that the primary objective of the corporate governance system is to ensure that both the Board and Management carry out their responsibilities ethically and effectively.

## Board of Directors

Mintek's Board of Directors consists of one executive member and nine non-executive members who are independently appointed by the Minister of Minerals and Energy in terms of the Mineral Technology Act No. 30, 1989 (the Mintek Act). Board members, excluding the CEO, hold office for a maximum of three years, but are eligible for re-appointment. The current Board has been in office since March 2007. The Board members are appointed based on their business acumen and skills, and bring individual experiences to the Board. The Board Secretary is responsible for ensuring that Board procedures are followed in line with the various frameworks.

### Attendance of Board Members at Board Meetings

| Name                             | Jun 2008 | Aug 2008 | Nov 2008 | Feb 2009 |
|----------------------------------|----------|----------|----------|----------|
| Mr. Harold Motaung (Chairperson) | Y        | Y        | Y        | Y        |
| Mr. Abiel Mngomezulu             | Y        | Y        | Y        | Y        |
| Dr. Jan Bredell                  | Y        | Y        | Y        | Y        |
| Mr. Ralph Havenstein             | Y        | Y        | N        | Y        |
| Ms. Lindiwe Mhlabeni             | N        | N        | Y        | N        |
| Mr. Mohau Mphomela               | Y        | Y        | Y        | Y        |
| Ms. Gugu Mthethwa                | N        | N        | Y        | N        |
| Mr. Mohlomi Ntilane              | Y        | Y        | N        | Y        |
| Dr. Bethuel Sehlapelo*           | Y        | N/A      | N        | Y        |
| Mr. Mosa Mabuza**                | N/A      | N/A      | Y        | Y        |

\* Re-appointed after Aug 2008 as an independent after representing the DST previously

\*\* Appointed: 1 Sep 2008 to replace Mr Simon Sikhosana as a DME representative

## Audit Committee

The Audit Committee has six members consisting of three Board members, two Independent members and Mintek's CEO with the Auditor-General as a standing invitee. The Committee operates in terms of a formal charter, and assists the Board in fulfilling its responsibilities in respect of financial and risk matters. It also ensures that the appropriate accounting policies, internal controls and compliance with laws and regulations are in place. Both the internal and external auditors have unrestricted access to the Audit Committee.

During the past year, the Committee considered various reports from the internal auditor, as well as the audit report on the financial statement from the external auditor. The Auditor-General expressed an unqualified audit opinion on Mintek's annual financial statements for the year ended 31 March 2009 mainly due to the remarkable improved running of Mintek.

The Audit Committee considers Mintek's annual financial statements to be a fair representation of its financial position at year-end in terms of the South African Statements of Generally Accepted Accounting Practice (GAAP).

### Attendance of Audit Committee Members at Audit Committee Meetings

| Name                                   | May 2008 | Jul 2008 | Nov 2008 | Jan 2009 |
|--|----------|----------|----------|----------|
| Mr. Mohau Mphomela (Chairperson)       | Y        | Y        | Y        | Y        |
| Mr. Abiel Mngomezulu                   | Y        | Y        | Y        | Y        |
| Dr. Jan Bredell                        | Y        | Y        | Y        | Y        |
| Ms. Lindiwe Mhlabeni                   | N        | N        | Y        | Y        |
| Ms. Nopasika Lila (Independent member) | N        | N        | N        | Y        |
| Mr. Bongani Mbewu (Independent member) | Y        | Y        | N        | Y        |

## Internal control

Mintek maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of its financial statements and to safeguard, verify and maintain the accountability of assets. The effectiveness of these controls is monitored by the internal auditors, who report to the Audit Committee. The Audit Committee has requested management to review and evaluate Mintek's existing internal controls to identify areas that can be improved upon.

## Internal Audit

Mintek's independent Internal Audit (IA) function assists the organisation to accomplish its objectives by adopting a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance. The IA function has direct access to the Audit Committee and regular meetings are held with the Chairperson of the Committee.

## Risk Management

The Risk Management Committee reviews the risk management process, internal controls, and significant risks facing the organisation. The Committee provides the Audit Committee with a risk assessment report at appropriately scheduled intervals. Meetings are held on a quarterly basis or as required, and Mintek's Risk Plan and Risk Management Framework are updated as required. Mintek utilises the services of insurance brokers on an annual basis to analyse and assess the risks associated with its assets, which are insured, together with public liability and professional indemnity, for the risk assessed.

### Attendance of Corporate Risk Management Committee at Committee Meetings

| Name   | Apr 2008 | Oct 2008 | Jan 2009 | Mar 2009 |
|--|----------|----------|----------|----------|
| Mr Abiel Mngomezulu - CEO  | N        | Y        | N        | Y        |
| Dr Roger Paul - Chairman and GM representing technology activities | Y        | Y        | Y        | Y        |
| Mr Vimlan Govender - Chief Financial Officer                       | N        | N/A      | N/A      | N/A      |
| Mr Sakhi Simelane - Chief Financial Officer                        | N/A      | N        | Y        | Y        |
| Ms Shokie Bopape - GM: Corporate Services                          | N/A      | Y        | Y        | Y        |
| Mr Nick Maritz - Site services and facilities                      | Y        | Y        | Y        | Y        |
| Ms Hester Pretorius - Finance                                      | Y        | N        | Y        | Y        |
| Mr Imraan Laher - Finance  | N/A      | Y        | N        | N        |
| Mr Muzi Ngcobo – Human Resources                                   | N        | Y        | N        | N        |
| Ms Thambi Mkhabela   | Y        | N/A      | N/A      | N/A      |
| Mr Lemeke Ramoshaba – Human Resources                              | N/A      | N/A      | Y        | Y        |
| Mr Afzal Patel - Security  | Y        | N/A      | N/A      | N/A      |
| Mr Muzi Ntombela – Security  | N/A      | N        | Y        | Y        |
| Mr Elias Lesunyane – Security                                      | N/A      |          | Y        | Y        |
| Mr Michael Mamotheti – Internal Audit                              | N/A      | Y        | Y        | N        |
| Ms Busi Hlubi – Internal Audit                                     | Y        | Y        | N        | N/A      |
| Ms Kedibone Mokgalaka – Internal Audit                             | Y        | N        | N        | Y        |
| Mr Tom Curr – feedback on ConRoast Project                         | Y        | N/A      | N/A      | N/A      |
| Mr Hennie Venter – Information Technology and QESH, Secretary      | Y        | Y        | Y        | Y        |

N/A Not appointed

### Human Resources Committee

The Human Resources Committee consists of three Board members and the CEO. The Committee reviews and determines the remuneration and terms of employment for Mintek, and as part of this process, gives consideration to the annual review of remuneration packages based on independent surveys. The Committee also looks into HR policies, internal controls, circumstances, conditions and activities that affect material changes to policies and procedures and conditions of service for all employees in compliance with demands and vested interests of Mintek's stakeholders. The Mintek Board ratifies the decisions of the HR Committee.

### Attendance of Human Resources Committee Members at Human Resources Committee Meeting

| Name                               | Aug 2008 | Nov 2008 | Feb 09 |
|------------------------------------|----------|----------|--------|
| Mr. Ralph Havenstein (Chairperson) | Y        | Y        | Y      |
| Mr. Abiel Mngomezulu               | Y        | Y        | Y      |
| Ms. Gugu Mthethwa                  | Y        | Y        | Y      |
| Mr. Mohlomi Ntilane                | Y        | Y        | Y      |

### Technical Committee

The Technical Committee consists of four Board members and the CEO. The main purpose of the Technical Committee is to assist the Board in discharging its duties relating to the legal mandate of Mintek in as far as its core business is concerned. It provides a forum for discussing technical issues for developing relevant recommendations for consideration by the Board in informing strategy development and implementation in Mintek. Furthermore, they are set up to advise on utilisation of expertise, project proposals and financing thereof, looking into various co-operatives and related strategies and the possible expansion of Mintek business within the said mandate. In addition to the above, the Committee must ensure that there is compliance with any other function or responsibility as may be prescribed by relevant legislation and in line with national priorities.

### Attendance of Technical Committee Members at Technical Committee Meetings

| Name                                | Nov 2008 | Jan 2009 |
|-------------------------------------|----------|----------|
| Dr. Bethuel Sehlapelo (Chairperson) | N        | Y        |
| Mr. Abiel Mngomezulu                | Y        | Y        |
| Mr. Ralph Havenstein                | Y        | Y        |
| Mr. Mohlomi Ntilane                 | Y        | Y        |
| Mr. Mosa Mabuza**                   | Y        | N        |

\*\*Appointed: 1 Sep 2008 as DME representative

### Fraud Committee

Mintek has instituted a fraud prevention plan that incorporates principles contained in the Public Sector Anti-Corruption Strategy, and which focuses particularly on creating awareness and promoting ethical business conduct. The Fraud Committee, which consists of standing members with roles in Finance and Security as well as a neutral Chairperson, is tasked with an ongoing review of the effectiveness of internal controls.

### Management

Mintek is managed by a Chief Executive Officer assisted by four General Managers. Together, they make up Mintek's Executive Management team, which meets on a weekly basis to review strategic and operational issues.

Executive Management is supported by 16 formally appointed divisional managers who are in charge of Mintek's operating divisions and centralised support functions.

### Operational Performance

Mintek reports to the Department of Minerals and Energy and is also accountable to the Department of Science and Technology (DST) for its technology-related Research and Development (R&D) activities. Various Key Performance Indicators (KPIs), encompassing financial, organisational, innovation and learning, human resources and transformation perspectives, provide Mintek with a basis for evaluating its activities in the identified key performance areas.

Each KPI is supported by a set of identified measures, that provide a more specific and consistent base from which to assess progress.



There is also a framework for peer review should the need arise.

Mintek's Executive Committee meets on a weekly basis and the Management Committee convenes on a monthly basis where both the business plans and financial results are presented. Budget for the current year is reviewed in September by executive management in order to keep track of overall sound financial management.

### Going Concern

The Mintek Board has reviewed the entity's financial budgets for the period April 2008 to March 2009 and is satisfied that adequate resources exist to continue business for the foreseeable future.

### Quality, environment, safety, and health

During August 2008, Mintek's quality management system underwent a major three-yearly reassessment audit against the requirements of ISO 9001:2000. Mintek passed the audit with no major findings raised. Mintek also passed the external surveillance audit that was conducted on the ISO 14001:2004 environmental management system. Our safety and health management system was certified compliant with the requirements of the new OHSAS 18001:2007 standard.

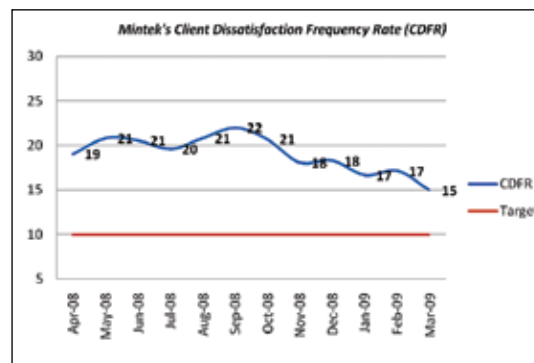
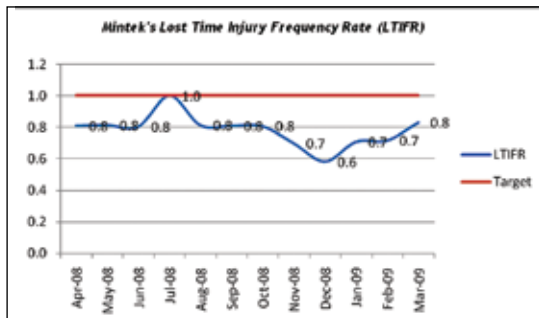
The Analytical Services laboratory underwent a successful surveillance audit for ISO 17025 (Testing and Calibration Laboratories) compliance in 2008. The surveillance audit for the Cyanide Services laboratory was postponed until the second quarter of 2009.

At the end of the period under review, the Lost Time Injury Frequency Rate (LTIFR) was 0.8, compared with the target of 1.0. Mintek has managed to keep its LTIFR below 1 since October 2007, with one exception in July 2008, where the LTIFR was 1.0. This is indicative of a mature and effective safety management system.

At a value of 15, the Client Dissatisfaction Frequency Rate (CDFR) remains above the allowable target of less than 10. However, the CDFR is decreasing steadily since the divisions are addressing each problem area identified in client surveys. The main cause of the CDFR being above target is late delivery of reports.

The Environmental Incident Frequency Rate (EIFR) for March 2009 was zero, thus meeting the target of 1 (or less). The EIFR target was decreased from 5 to 1 in May 2008.

The Public Dissatisfaction Frequency Rate (PDFR) for March 2009 was 2, thus not meeting the target of 1 (or less). Each public complaint is addressed as a matter of urgency by Mintek Management. All the public complaints were noise-related.



The following major incidents occurred during the period under review.

Following the accidental contamination of the hot water supply to Mintek's administration building with sodium nitrite, five staff members showed symptoms of having ingested the contaminated water, and one person required hospital treatment. It was determined that maintenance staff mistakenly added the chemical, which is used for rust prevention, to the hot water header tank instead of to the header tank feeding the air conditioning system.

While a cyclone assembly was being moved, the refractory sleeve slipped out of the casing and crushed the fingertips of a staff member, resulting in the loss of the last joints (nail area) of three fingers.

At the end of March 2009, molten metal and slag escaped from an operating furnace and came into contact with water, which instantly vaporised, causing a series of minor explosions outside the furnace. The site was evacuated as a routine procedure and to allow access for emergency vehicles. No-one was exposed to any fumes or danger during the evacuation, and staff returned to work after safety personnel gave the all-clear. Randburg Emergency Services were notified and arrived promptly, but no further intervention was required.

### Radiation protection programme

Mintek is registered as a uranium testwork facility with the National Nuclear Regulator (NNR) and the Department of Minerals and Energy (DME). A Radiation Protection Programme (RPP) has been incorporated as part of the overall Safety, Health, and Environment programme, and an internal audit schedule has been implemented to ensure that the RPP remains relevant and is updated as approved by the NNR.

Mintek achieved 100 per cent compliance in the on-site Worker Radiation Protection Programme inspection conducted in March. The inspection was conducted to verify that Mintek's safeguards for researchers working with radioactive materials comply with the NNR's requirements regarding training, monitoring and recording of individual doses, personal protective equipment, demarcation of classified areas, and the calibration and maintenance of radiation monitoring instruments. This is the first time that Mintek has scored 100 per cent, although in previous inspections Mintek regularly achieved an "acceptable" rating of above 80 per cent.