

Corporate Governance

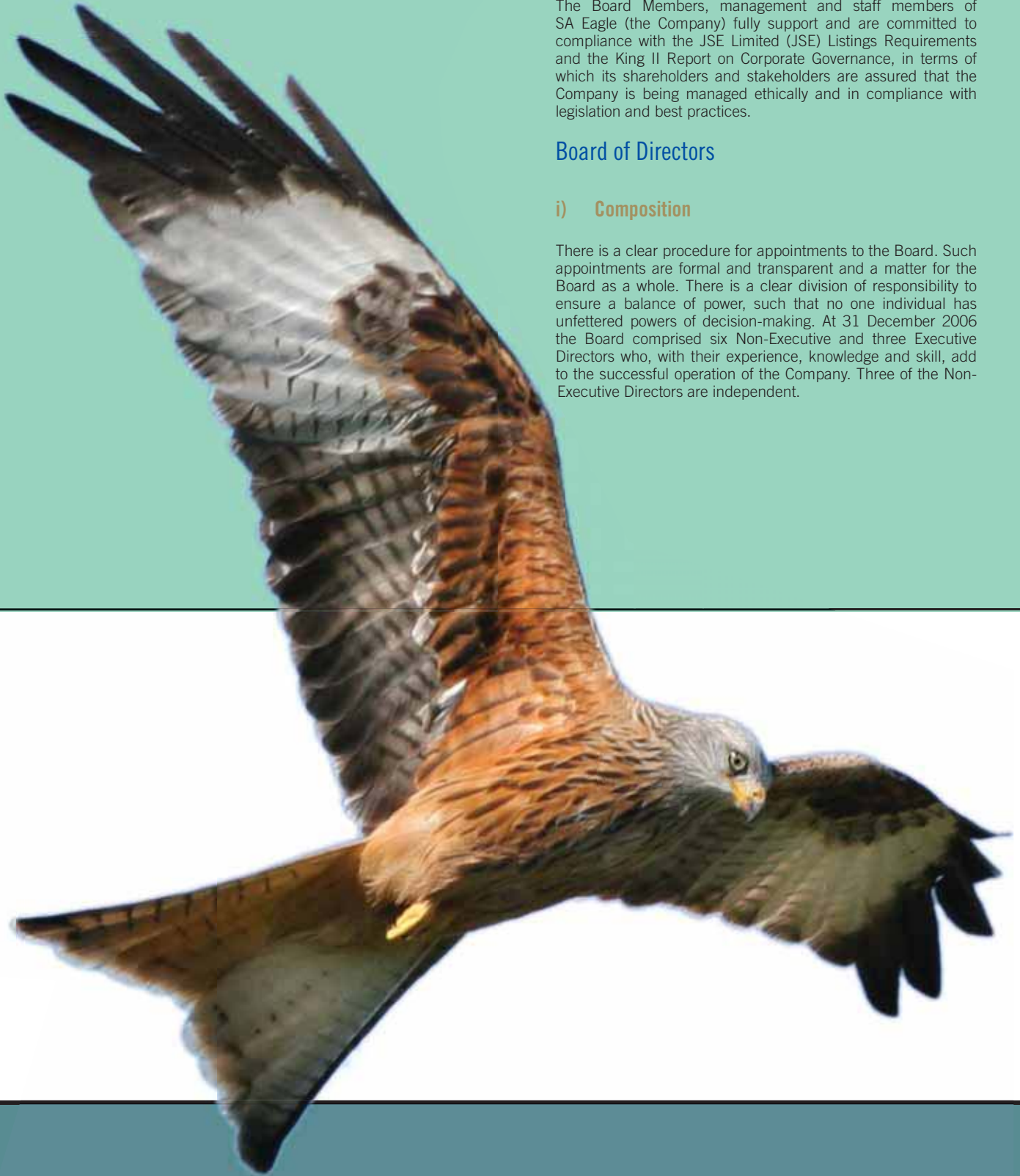
Corporate Governance Statement

The Board Members, management and staff members of SA Eagle (the Company) fully support and are committed to compliance with the JSE Limited (JSE) Listings Requirements and the King II Report on Corporate Governance, in terms of which its shareholders and stakeholders are assured that the Company is being managed ethically and in compliance with legislation and best practices.

Board of Directors

i) Composition

There is a clear procedure for appointments to the Board. Such appointments are formal and transparent and a matter for the Board as a whole. There is a clear division of responsibility to ensure a balance of power, such that no one individual has unfettered powers of decision-making. At 31 December 2006 the Board comprised six Non-Executive and three Executive Directors who, with their experience, knowledge and skill, add to the successful operation of the Company. Three of the Non-Executive Directors are independent.



ii) Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate.

Managing the Executive Committee is the responsibility of the Managing Director, NV Beyers.

iii) Shareholder Representation

Zurich Financial Services (73.6% Controlling Shareholder)

Board: MC South and A Paas;

Audit Committee: KR Allen, *as an attendee*;

Investment Committee: R Bollag, *although he is not a Board Member*;

Remuneration Committee: D Arkell, *although he is not a Board Member*.

Royal Bafokeng Finance (Pty) Limited (10% BEE Partner)

Board: DS Phiri;

Investment Committee: N Carroll *is an observer on the Board and Audit Committee as well as a member of the Investment Committee (Resigned on 8 May 2006)*;

Transformation Committee: DS Phiri.

iv) Functions

As the Board is ultimately accountable and responsible for the performance and affairs of the Company, it is the Board's responsibility to adopt strategic plans, monitor operational performance and management, ensure an effective risk management strategy is in place and ensure compliance with applicable legislation by the Company.

The role and responsibility of the Board is recorded in the Board Charter.

v) Meetings

The Board of Directors meets quarterly. Prior to the meetings, all Board Members timeously receive a comprehensive Board pack with all the relevant documents for Board Members to study in order to make informed decisions at the meetings.

Attendance Register 2006

	22 February	10 May	29 August	31 October
NV Beyers	Present	Present	Present	Present
DM Burton	Present	Present	Present	Present
JPG de Rauville	Present	Present	Absent	Present
PT Martin	Present	Present	Present	Present
SG Morris	Present	Present	Present	Present
A Paas	Present	Absent	Absent	Present
DS Phiri	Present	Present	Present	Present
MC South	Present	Absent	Present	Present
CN Zungu	Present	Present	Present	Present

Executive Management Committee

The Executive Management Committee assists the Managing Director, to whom the daily running has been delegated by the Board, to efficiently and effectively manage the SA Eagle Group of Companies (the Group) and to enforce the strategic plans as approved by the Board.

The Committee consists of the three Executive Directors as well as three General Managers who represent the main business and operational units in the Company.

The main objective of the Committee is to assist the Managing Director to guide and control the overall direction of the business of the Group and to act as a medium of communication and co-ordination between the various business units. As the Committee members attend the Board Meetings, direct reporting and feedback is given to the Board of Directors.

Executive Committee meetings are held weekly.

Board Committees

Audit Committee

i) Composition

SG Morris (*Chairman, Independent Non-Executive Director*)

JPG de Rauville (*Independent Non-Executive Director*)

PT Martin (*Independent Non-Executive Director*)

Two of the Executive Directors as well as management representation attend the Audit Committee meetings.

ii) Functions

The objective of the Audit Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The responsibilities include *inter alia* the review of the full year's financial statements prior to the submission to the Board. The Audit Committee ensures that the Annual Financial Statements of SA Eagle and the subsidiary companies are a true and fair presentation of the financial position at year-end. The reporting on the results of the operations, changes in equity and cash flows for the year-end are all prepared in accordance with the International Financial Reporting Standards (IFRS).

The functions of the Committee include *inter alia* the following:

- Monitor corporate risk assessment processes;
- Review internal control systems;
- Oversee the performance of the internal audit function;
- Review internal and external audit reports to ensure that, where major deficiencies or breakdown in controls and procedures have been identified, appropriate and prompt remedial action is instituted;
- Review the nomination, appointment, independence, performance and remuneration of the external auditor;
- Review theft and fraud, and monitor procedures designed to ensure that the Company's fraud control plans are being implemented; and

- Review compliance with taxation responsibilities, legal, regulatory and industry code responsibilities.

iii) Meetings

The Audit Committee meets quarterly with the internal and external auditors and management to review the effectiveness of internal controls. All the members are financially literate and no relationships exist that could interfere with the members independence from management.

Attendance Register 2006

	20 February	8 May	7 August	30 October
JPG de Rauville	Present	Present	Present	Present
PT Martin	Present	Present	Present	Present
SG Morris	Present	Present	Present	Present

Remuneration Committee

i) Composition

SG Morris (Chairman, Independent Non-Executive Director)
PT Martin (Independent Non-Executive Director)
D Arkell (Zurich Financial Services Representative)

ii) Functions

The Remuneration Committee is there to establish a transparent procedure to determine the policy and approach the Company should follow with regard to remuneration and the determination of the remuneration packages for the Directors and Senior Executives, taking cognisance of market related packages, skill, experience and to avoid potential conflicts of interest.

The financial statements include the details of Executive and Non-Executive Directors' earnings and other benefits in accordance with the requirements of the Companies Act 1973 and the JSE Listings Requirements. For details of Directors' emoluments, refer to page 80 of this report.

iii) Meetings

The Committee meets when necessary, and such meetings normally coincide with the Board Meetings.

Investment Committee

i) Composition

PT Martin (Chairman, Independent Non-Executive Director)
NV Beyers (Executive Director)
R Bollag (Zurich Financial Services Representative)

ii) Functions

The objective of the Investment Committee is to ensure that appropriate and timely decisions are taken with regard to the investment of Company funds. The Committee sets the guidelines and principles for the Company to follow and takes advice where appropriate from outside investment professionals.

iii) Meetings

The Committee meets quarterly, with a direct reporting function to the Board.

Transformation Committee

i) Composition

DS Phiri (Chairman, Non-Executive Director)
N Carroll (Royal Bafokeng Finance Representative)
G Kettaneh (Royal Bafokeng Finance Representative)
M Merkofer-Naidoo (SA Eagle Marketing Manager)
MT Neille (SA Eagle Executive Committee Member)
CN Zungu (SA Eagle Executive Director)

ii) Functions

The purpose of the Committee is to:

- Define the Company's social responsibility strategy in accordance with the Financial Sector Charter and Codes of Good Practice on Broad Based Black Economic Empowerment;
- Define the Company's transformation strategy to align the Company with the Financial Sector Charter and Codes of Good Practice on Broad Based Black Economic Empowerment;
- Help set or review the annual action plans and other steps for advancing these strategies, which includes defining proposals and project plans;
- Monitor and measure progress in executing on the strategy and each year's action plan;
- Accounting for the spend of moneys from the Company on projects as approved by the Board of the Company;
- Serve as a regular platform for discussing, co-ordinating and advancing the work in areas of each of the various functions represented on the Committee; and
- Serve as a sounding or consultative board for specific corporate responsibility issues.

iii) Meetings

The Committee meets quarterly, with a direct reporting function to the Board.



Nominations Committee

i) Composition

SG Morris (Chairman, Independent Non-Executive Director)

DS Phiri (Non-Executive Director)

NV Beyers (Executive Director)

ii) Functions

The Company has established a Nominations Committee, which makes recommendations to the Board on all new Board appointments. This Committee reviews the balance and effectiveness of the Board. In addition, it identifies the skills needed and individuals who might best be able to provide such skills. The Nominations Committee is a mechanism for ensuring that the Board remains effective and focused.

iii) Meetings

The Nominations Committee consists of not less than three Directors appointed by the Board, the majority of whom are Non-Executive Directors. Meetings are held when deemed appropriate, with the Committee meeting at least once a year.

Business Risk Management Committee

The Committee comprises members of Executive Management, Group Audit, Risk Management and Legal & Compliance. The Committee meets quarterly and reports to the Board.

The Business Risk Committee has the duty of identifying corporate accountability and associated risks in terms of management and reporting. The Committee enforces risk control policies and strategies and has an accompanying evaluation function.

The Committee monitors external developments relating to its functions, identifies if any emerging or prospective impacts exist and deals with them appropriately.

Accounting and Auditing

External Audit

The external auditors, PricewaterhouseCoopers, are responsible for reporting on whether the financial statements are fairly presented in conformity with International Financial Reporting Standards. The external auditors offer reasonable, but not absolute assurance on the accuracy of financial disclosures. The preparation of the financial statements is the responsibility of management.

Consultation occurs between external and internal auditors to effect an efficient audit process. The Audit Committee sets the principles for recommending the use of the external auditors for non-audit services.

The following non-auditing services were provided by other external audit firms:

- IFRS Training and Advice;
- Review of current accounting policies in light of IFRS;
- Income Tax and VAT Consulting;
- Internal Control Review; and
- Implementation of SAP.

Internal Audit

The function of the Group Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve SA Eagle's operations. It helps SA Eagle to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Group Audit is independent from management and is staffed by qualified and experienced individuals, with the head of the department reporting directly to the Managing Director and the Audit Committee. Group Audit submits reports to and attends the Audit Committee meetings.

The scope of work of the Group Audit Department is to determine whether the organisation's network of risk management, control and governance processes, as designed and represented by management, is adequate and functions effectively.

Group Audit liaises closely with the external auditors in the planning, execution and communication of the results of their work.

Directors' Responsibility

The Directors acknowledge their responsibility for the preparation of the Annual Financial Statements, adherence to applicable accounting policies and standards and the presentation of related information that fairly presents the state of affairs and the results of the Company, as well as for the effectiveness of risk management and the internal control environment.

Going Concern

Based on the Annual Financial Statements as set out on pages 32 to 85, the Directors have every reason to believe that the Company has adequate

resources in place to continue operations for the foreseeable future.

Code of Business Conduct

The Company has a formal Code of Business Conduct, which incorporates a Code of Ethics. The Code applies throughout the Group and ensures that best business practices are applied on a constant basis. The code is distributed to all employees of the Company and its subsidiaries and prescribes the ethical standards required of employees in their interaction with one another and all stakeholders.

The Company also subscribes to the Industry Code of Conduct and Ethics, which was published by the South African Insurance Association during 2002.

Communication

Communication to the public and to shareholders embodies the principles of balanced reporting, clarity and openness. Positive and negative aspects of both financial and non-financial information are provided.

The Board encourages shareholders to attend its forthcoming Annual General Meeting, the notice of which is contained in this Annual Report. This provides opportunities for shareholders to ask questions of the Board.

Disclosure

The Annual Report deals adequately with disclosures pertaining to financial statements, auditors' responsibility, accounting records, internal control, risk management, accounting policies, adherence to accounting standards, going concern issues and adherence to codes of governance as well as the JSE Listings Requirements.

