

# INTEGRATED ANNUAL REPORT 2022



**Metrofile**  
Group

# Contents

## About this report ..... 1

## Our business

Our vision, mission and core values .....	2
Who we are .....	3
Our global presence .....	4
Salient features .....	5
Summarised segmental information .....	6
Chairman's statement .....	7
CEO's report .....	9
CFO's report .....	11
Six-year review .....	13

## Value creation

Creating value responsibly .....	14
Operating environment .....	15
Strategy .....	16
Risks and opportunities .....	17
Material matters and mitigations .....	18
Business model .....	23
Capital outcomes .....	24
Financial capital .....	24
Manufactured capital .....	25
Natural capital .....	26
Intellectual capital .....	27
Social and relationship capital .....	28
Human capital .....	30

## ESG report

ESG review .....	31
ESG strategy .....	32
Caring for the environment .....	33
Caring for our employees .....	34
Caring for our stakeholders .....	35
Integrating ESG responsibly .....	36



## Governance review

Corporate governance .....	37
Ethical and responsible leadership .....	38
Board of directors .....	39
Company Secretary .....	43
Governance framework and delegation of authority .....	44
Sub-committee structure and report back .....	45
Governance functional areas .....	50
Remuneration report .....	56

## Summarised annual financial statements

Statements of comprehensive income .....	65
Statements of other comprehensive income .....	66
Statements of financial position .....	67
Statements of changes in equity .....	68
Statements of cash flows .....	69

## Shareholder information

Analysis of shareholding .....	70
Share price and volumes traded .....	72
Shareholder diary .....	72
Corporate information .....	73

### Navigation tools

- Home
- Next page
- Previous page
- Email
- Go to page
- Website link
- Print

### Our reporting guidelines

This integrated annual report accords with the parameters of the Companies Act, No. 71 of 2008 (Companies Act), the JSE Listings Requirements and the principles of King IV™ reporting. Reference is made to the UN Global Compact and the UN Sustainable Development Goals as well as the GRI Standards (our GRI content index can be found online [www.metrofilegroup.com/investor-relations/](http://www.metrofilegroup.com/investor-relations/)). The Group's annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). This integrated annual report has been compiled in accordance with the principles of the International Integrated Reporting Council's (IIRC) International Reporting (IR) Framework.

Metrofile's Board of Directors and management have endorsed the IR Framework's concepts, guiding principles and content elements. This report contains a number of extracts and quotes from the King IV™ report. The Group recognises and respects the Institute of Directors in South Africa's copyright and trademarks in relation to King IV™ and this is accordingly acknowledged.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# About this report

Thank you for reading Metrofile Holdings Limited's ("Metrofile") integrated annual report. Our report aims to provide our stakeholders with a concise, material, transparent and understandable assessment of our governance, strategy, prospects, business model and performance.

During the past financial year, we undertook a review of our approach to the environmental, social and governance (ESG) aspects of our strategy, management and reporting. We reassessed our policies and agreed a new ESG framework, to be implemented in accordance with our three year roadmap. We plan to embed ESG practices in all our operations and business activities in order to better manage our impact on our stakeholders and the environment. It is our intention to go beyond profit generation in co-creating sustainable value for all our stakeholders (S) in a responsible way (G) while making a positive impact on the environment (E). In this report we refer to our approach and progress on our ESG journey.

Although this report is produced specifically for shareholders and stakeholders, it complements further information provided on our website: [www.metrofilegroup.com](http://www.metrofilegroup.com) and other media.

## Preparation and presentation

Metrofile's 2022 integrated annual report was prepared for the period 1 July 2021 to 30 June 2022 and covers the global operations and activities of Metrofile Holdings Limited and its subsidiaries. The executive directors and senior management were instrumental in preparing this report and the Board has fulfilled its responsibilities in terms of the King Report on Governance South Africa 2016 (King IV™) principles.

## The business model and value creation

To assist with clarity of understanding for the reader, we have utilised the IR Framework 'six capitals' and 'business model' concepts to show how Metrofile creates value.

## Materiality determination

The principle of materiality informed our preparation of this report. A matter is considered material if it can substantively affect the Group's ability to create and sustain value over the short, medium or long term. The Board and management are of the view that the material matters published in this report offer a balanced mix of information, allowing readers to assess the Group's performance and prospects. These material matters were identified through our risk management process, strategy deliberations and stakeholder engagement. Matters raised through stakeholder engagement are assessed in terms of the stakeholder's influence, legitimacy and urgency.

## Purpose

This integrated annual report is intended to concisely and accurately inform our stakeholder universe of our strategy, governance, performance and prospects in terms of value creation over the short, medium and long term.

## Forward-looking statements

Many of the statements in this integrated annual report constitute forward-looking statements. These are not guarantees or predictions of future performance. As discussed in the report, Metrofile faces risks and other factors outside its control. These may lead to outcomes unforeseen by the Group. These are not reflected in the report. Readers are cautioned not to place undue reliance on forward-looking statements. Any forward-looking statements in this report have not been reviewed and reported on by the external auditor of the Company.

## Directors' statement of responsibility

Our process of integrated reporting continues to evolve and at this stage the Group has not sought external assurance of the content or part thereof apart from the annual financial statements, on which the external auditor, Deloitte & Touche, has provided assurance, as confirmed in the independent auditor's report included in the annual financial statements available on the Company's website [www.metrofilegroup.com](http://www.metrofilegroup.com). The Board, assisted by its Audit, Governance and Risk Committee and other sub-committees, is ultimately responsible for overseeing the integrity of the integrated annual report.

The directors are responsible for the accuracy of financial information included from the annual financial statements in this report. The directors confirm that the Company complies with the laws of establishment and its MOI.

The Board has applied its collective mind to the preparation and presentation of the integrated annual report and concluded that it is presented in accordance with the IIRC (IR) Framework. On the recommendation of the Audit, Governance and Risk Committee, the Board of Directors approved the 2022 integrated annual report on 24 October 2022.

**Phumzile Langeni**  
Chairman

**Pfungwa Serima**  
Group CEO

**Feedback**

We welcome your feedback on this report.

Please email your comments to [info@metrofileholdings.co.za](mailto:info@metrofileholdings.co.za)



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Our vision, mission and core values

Metrofile's vision, mission and values are centred around delivering a quality, trusted service to all our clients and creating sustainable value for all stakeholders.

At Metrofile we have a value driven mindset which focuses on creating value in the social/people, environment, economic and governance dimensions.



## Our vision

To be our clients' trusted records and information management partner.



## Our mission

Helping our clients address challenges and leverage opportunities; always looking for better ways, directional, never static, embracing change.



## Our values

Our five core values guide us in being a trusted partner to our stakeholders.

### We show Commitment

We are passionate about and committed to providing quality service to our clients above all else.



### We act with Integrity

We earn trust by consistently doing things the right way and delivering on our commitments every day. We hold ourselves accountable for results, creating a culture of responsibility and reliability.



### We manifest Resourcefulness

We act with courage and creativity and are agile and adaptable in finding new and smarter ways to grow our Company and each other to achieve a better and more sustainable future for all.



### We embody Collaboration

We work together, across boundaries, to meet the needs of our clients and develop mutually beneficial relationships. We appreciate that, as teams, we can do more.



### We embrace Diversity

We know it takes people with different ideas, strengths, interests and cultural backgrounds to make our Company, and our clients, succeed.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Who we are

Over the past four decades, Metrofile has established a credible and trusted reputation of being a leading records and information management specialist offering quality products and services to organisations of all sizes and sectors across South Africa, Kenya, Botswana, Mozambique and the Middle East.

Metrofile's services assist clients in structuring, managing, and accessing their information in any format, in any locations, at any given time. Our clients are guided to ensure that adherence to all legislative requirements is met and that their most valuable asset, their information, is protected.

Whilst retaining our core offerings, such as the physical management of records and information, and our expertise in space optimisation through a vast range of products, we have deepened our digital offerings through the acquisition of IronTree, which is an award-winning provider of data management services including cloud backup, disaster recovery and specialised hosting in a private cloud. IronTree also offers cybercrime and ransomware prevention, management of ongoing privacy law compliance and business continuity planning services. By providing end-to-end services across all aspects of the information management life cycle, we are well placed to meet the evolving demands of our clients and

to assist them on their digital transformation journey, which includes digitising processes from end-to-end.

From origination, we are assisting our clients to leverage digital options, applying the latest technological developments in artificial intelligence and analytics. The Group ensures that clients benefit by achieving cost savings, efficiencies and productively reutilising space, while ensuring the accuracy and security of valuable documents, enhanced client intelligence, mitigation of risks associated with complex processes, as well as ensuring legislative compliance.

Data and information management is growing in importance as the world becomes increasingly digitally connected. As the value of transforming raw data into usable information becomes widespread, Metrofile's storage and digitisation enhance the value of data and it is becoming an increasingly sought-after resource.



# Our global presence

We are a multinational company, with a footprint across South Africa, Botswana, Kenya, Mozambique and the Middle East, servicing all aspects of information management for clients in all industries, no matter how large or small.

## South African operations

### MRM South Africa

With a strong brand, credible reputation and collaboration with our customers, MRM South Africa is a leading end-to-end solution provider for physical and digital records and information management.

MRM provides an integrated electronic filing system across multiple departments and divisions, to capture, create, access, distribute, use, store, secure and retrieve the records and information entrusted to us for safekeeping. Our process, which includes barcoding with advanced tracking capabilities to significantly reduce the risk of misplacing documents, seamlessly integrates into a client's system ensuring immediate access to information by multiple users from any location.

We provide services to manage information through its complete lifecycle, including digitising of physical and electronic records, backup, storage and management. In addition, we have deepened our suite of digital services by offering backup, disaster recovery, cybersecurity and virtual private server (VPS) hosting.

Since inception 39 years ago, we have grown our client base to include many flagship multinationals and public sector departments in all territories in which we operate. As our offerings can be scaled to accommodate industries of any size or sector, our clients also include medical practices, churches, universities and schools.

Our processes, underpinned by business intelligence, assist clients to focus on their core business, giving them peace of mind that their information is stored, managed and optimised safely and securely.

### Products and services

Our products and services suite of offerings includes Tidy Files, Cleardata, Metrofile Vysion and, most recently, IronTree.

Established in 1978, Tidy Files is one of the leading providers of end-to-end document products and storage solutions. We are a provider of choice to most public sector departments. We have the capability to scale our manufacturing to meet the diverse requirements of our extensive client base.

Cleardata has 11 000 consoles placed in businesses across South Africa, and we have established ourselves as one of the main providers of onsite and offsite secure document destruction processes that comply with all legislative requirements. Our services include certification of destruction as well as outsourced paper recycling.

Metrofile Vysion is a business process optimisation service provider. Using best-in-class technology and our deep understanding of document management, we streamline and optimise business processes by eliminating manual and paper processes that drive efficiency to reduce costs, eliminate human errors, saving clients' time to focus on core business. We use proprietary technology, combined with robotics process automation to provide a comprehensive range of solutions to our expanding client base throughout Africa.

By using automated intelligent capture technology, we convert paper into electronic records. The process categorises clients' documents by type, extracts indexing information and automatically routes the electronic and physical documents to different workflows.

Metrofile Vysion also offers a full range of services to cover all aspects of business continuity, including business impact and risk assessment, business continuity strategies and recovery plans.

Following Metrofile's acquisition of IronTree in December 2021, we provide our clients with the highest quality of security to protect electronic information and to manage the associated risks. Our services include backup, disaster recovery, cybersecurity and virtual private server (VPS) hosting.

The combined capabilities of all these businesses ensure that Metrofile offers holistic information management services from inception to destruction.



## Non-South African operations

### MRM Rest of Africa

With physical offices in Botswana, Kenya and Mozambique and a wide network of partners, Metrofile is well positioned to offer our services to the Rest of Africa.

These services include all aspects of archiving and records management inclusive of indexing, retrieval, imaging, data storage and destruction. With these services remaining at the core of our business, our vision of expanding in the digital space is realising pleasing growth. We see opportunities through the content services that we offer, as well as services in the cloud space.

With deep expertise in ensuring that regulations are adhered to, our client base is inclusive of financial services, healthcare, retail, mining, construction and telecommunications industries.

### MRM Middle East

Since inception in 2006, we have earned a reputation for being a trusted and preferred service provider to fulfil the full spectrum of records and information management.

Digital services have yielded significant growth with several opportunities for expansion identified within the UAE and the broader region.

While we lead with digital, physical records and information management services continue to see growth with further opportunities in the digital space resulting from these services.

Botswana Kenya Mozambique United Arab Emirates Oman



OUR BUSINESS

VALUE CREATION

ESG REVIEW

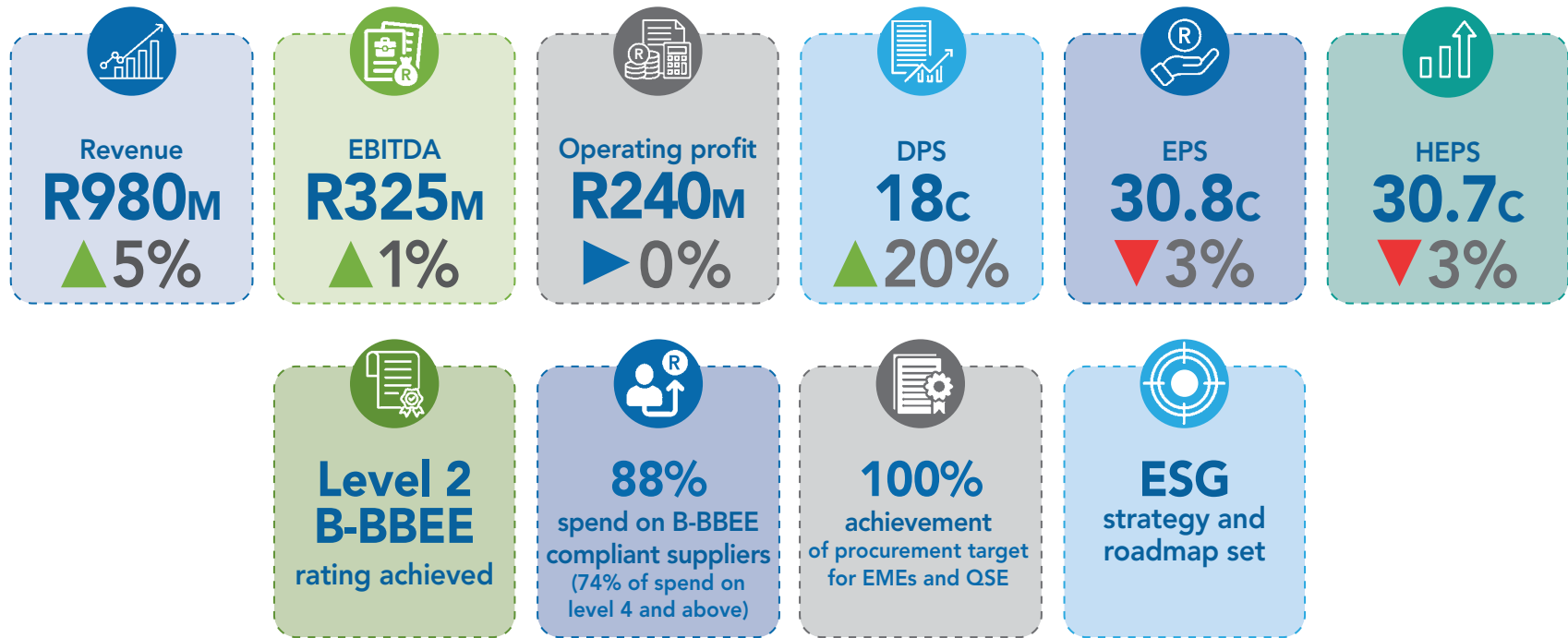
GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Salient features



OUR BUSINESS

VALUE CREATION

ESG REVIEW

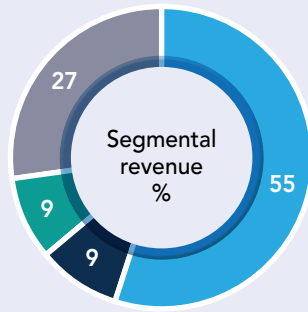
GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

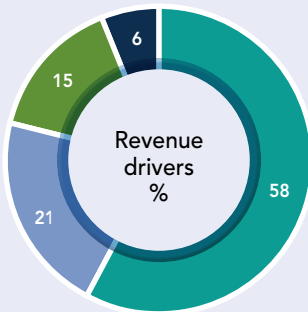
SHAREHOLDER INFORMATION



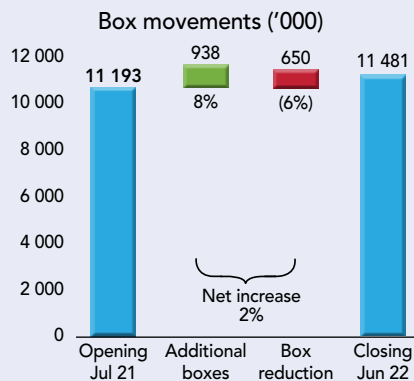
# Summarised segmental information



Segment	(R'000)
MRM South Africa	539 083
MRM Rest of Africa	91 077
MRM Middle East	85 540
Products and Services South Africa	263 977



Driver	(R'000)
Secure storage	567 104
Digital services	204 637
Products and solutions	143 957
Business support services	63 979



R'000	Revenue		EBITDA	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
MRM South Africa	539 083	549 210	249 534	253 518
MRM Rest of Africa	91 077	99 631	43 401	56 800
MRM Middle East	85 540	77 451	18 884	14 582
Products and Services South Africa	263 977	207 173	47 245	33 265
Central and Eliminations	-	-	(34 282)	(35 514)
<b>Total</b>	<b>979 677</b>	<b>933 465</b>	<b>324 782</b>	<b>322 651</b>
South African operations	803 060	756 383	262 497	251 269
Non-South African operations	176 617	177 082	62 285	71 382

R'000	Operating profit		Tangible assets	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
MRM South Africa	198 692	213 566	704 370	706 087
MRM Rest of Africa	28 156	34 955	136 690	132 939
MRM Middle East	17 091	13 046	69 356	48 441
Products and Services South Africa	28 190	16 974	151 595	116 489
Central and Eliminations	(31 727)	(37 740)	(23 597)	(23 341)
<b>Total</b>	<b>240 402</b>	<b>240 801</b>	<b>1 038 414</b>	<b>980 615</b>
South African operations	195 155	192 800	832 368	799 235
Non-South African operations	45 247	48 001	206 046	181 380



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION





**Phumzile Langeni**  
Chairman

*As companies are building digital businesses to stay economically viable and competitive, Metrofile continues to advance its transformative journey of providing distinct and curated digital, information and record management services to its broadening client base.*

# Chairman's statement

## Introduction

The global environment for the 2022 financial year was characterised by the normalisation of most markets as the critical period of COVID-19 eased. On the other hand, the invasion of Ukraine by Russia raised concerns across the world and led to an increase in economic volatility with higher inflation, rising interest rates and currency fluctuations. In South Africa, riots in KwaZulu-Natal and Gauteng; coupled with floods in KwaZulu-Natal Natal, caused months of disruption. In the rest of the world, the UAE business recorded gains, and we faced some headwinds in Kenya.

The events over the past two years, have resulted in the world we knew changing dramatically, from the world of work to interactions which have moved from physical to virtual platforms. It is thus not surprising that many companies and some institutions have significantly accelerated digitisation of their processes and data as a result of the pandemic; markedly as most companies recover from the COVID-19 crisis, their use of digital or digitally enabled products has also exploded. Consequently, many organisations have devoted more resources to their digital and technology capabilities. As companies are building digital businesses to stay economically viable and competitive, Metrofile continues to advance its transformative journey of providing distinct and curated digital, information and record management services to its broadening client base.

## COVID-19

The decline in the impact of the pandemic was evident for the greater part of the financial year, as significantly reduced COVID-19 numbers were reported across the Group. The Group's proactive stance of encouraging vaccination has been a material contributor to a mild impact of the virus on affected persons, and better health for our employees.

## Strategy

We have deepened our digital offerings through the acquisition of IronTree, an award-winning provider of data management services including cloud backup, disaster recovery and specialised hosting in a private cloud; IronTree also offers cybercrime and ransomware prevention, management of

ongoing privacy law compliance and business continuity planning services. By providing end-to-end services across all aspects of the information management life cycle, we are well placed to meet the evolving demands of our clients and to assist them on their digital transformation journey. This transformative thrust into digital is being done while retaining our core offerings – the physical management of records and information, and our expertise in space optimisation through a vast range of products. The acquisition of IronTree has also introduced a new base of clients which will benefit from the current core offering.

Our strategy is focused on growth in the four core areas of the business: records management, cloud services, digital content services and information advisory services. The acquisition of IronTree has provided a leap in value added services. In response to increased demand from our customers, we have approved investments to strengthen our product offering and to partner with providers of digital preservation solutions and conversion of analogue documents to digital content. The strategy is further underpinned by the introduction of industry experts to the employee complement which has resulted in cross selling all these services across the Metrofile Group, enhancing the project pipeline.

## Financial performance

The strategy employed by the business over the last financial year has yielded fruit. Revenue for FY2022 increased by 5% to R980 million (FY2021: R933 million). The business also recorded improved EBITDA performance by 1% compared to the prior year; though HEPS were slightly softer than the previous financial period. The strong debt:equity contributed to a higher dividend payout as well as the implementation of the share buy-back programme.

The benefit of the accelerated digital strategy was evident in the increased contribution of digital services of 21% to Group revenue; up 34% compared to the previous period. The uptick in the contribution was mainly as a result of an increase in digital projects in South Africa, the acquisition of IronTree, as well as an increase in digitization activities in the Middle East.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Chairman's statement continued

## ESG

Environment, social and governance aspects (ESG) have always been a part of Metrofile's strategy and operations. This year, we have been more deliberate in our approach, in the near term we will report specifically on this aspect. During the past financial year, we reviewed the environmental, social and governance dimensions of our strategy, management and reporting. We adopted an ESG framework and roadmap to ensure that ESG elements are measured and reported on annually. It is our intention to entrench ESG practices in all our operations and business activities to better manage our impact on our stakeholders and the environment. We are committed to creating sustainable value for all our stakeholders (S) in a responsible way (G) while making a positive impact on the environment (E).

## Corporate governance

The Board regards governance as fundamental to the success of Metrofile's business; we continue to ensure that the Group governs its activities in a manner that is commensurate with the overarching corporate governance principles of fairness, accountability, responsibility and transparency. Our Code of Ethics ensures ethical business practices and provides guidelines to ensure that all our business dealings and partnerships are conducted fairly and ethically.

The diversity of the board, a well-balanced spread of technical, entrepreneurial, financial and business skills, has been a key contributor to good governance and leadership.

During the 2022 financial year, a number of changes were made to the Board. With effect from 30 September 2021, Chris Seabrooke, who has served on the Board of Metrofile for the past 18 years, stepped down as independent non-executive Chairman of the Board and I was appointed as the

new independent non-executive Chairman. Chris continues as an independent non-executive member of the Board. At the same time, Graham Wackrill retired as non-executive director while Andile Khumalo and Thabo Seopa were appointed as independent non-executive directors.

Lebohlang Storum, representing our strategic shareholder the MIC, was appointed effective 30 June 2022 as a non-executive director, replacing Zaheer Abdulla. Lebohlang had been an alternate director to Zaheer Abdulla since 26 March 2021. On 31 July 2022, Paige Atkins resigned as Company Secretary and was replaced by Elmarie Smuts in an interim capacity.

On behalf of the Board, I thank Chris for his sterling leadership as Chairman of the Company over the past 18 years. A special note of thanks to Graham, Zaheer and Paige for their enormous contribution to Metrofile; I wish you well in your endeavours.

The Board now comprises two executive and eight non-executive directors of whom six are independent.

## Appreciation

On reflection, 2022 was kinder than 2020 and 2021, as the environment to some degree returned to normal. I would like to thank my fellow board members for their continued contribution and commitment to the success of Metrofile as well as our executive team, Pfungwa Serima and Shivan Mansingh, who have continued transforming the business and making it fit for the future.

**Phumzile Langeni**  
Chairman

*The diversity of the board, a well-balanced spread of technical, entrepreneurial, financial and business skills, has been a key contributor to good governance and leadership.*



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION





**Pfungwa Serima**  
Group CEO

*We grew our market share in all the territories in which we operate, increased our overall box intake across the regions and increased Group revenue.*

## CEO's report

The financial year started during level four lockdown and the first few months were characterised by issues outside our control, such as the riots and floods in KwaZulu-Natal. With most employees working from home, customers produced less physical documentation and delayed their decision making regarding new services and digitisation. This restricted our services such as box collection, archiving and paper destruction.

It was a busy period across the Group as we transformed the business, introduced industry experts and partners and acquired a new business. Despite the challenges, we were delighted to retain our clients. While we grew our market share in all the territories in which we operate, increased our overall box intake across the regions and increased Group revenue, the business in Kenya underperformed and MRM South Africa experienced a drop in revenue due to reduced demand for paper services and physical storage being flat. The Middle East continued to expand and achieved strong, positive results.

### Key priorities

During the past financial year, we made good progress in the key priorities we had identified for the year.

In defending and extending our market position in information storage, not only did we retain our customers but we grew the services we provide to existing customers. The number of boxes stored increased from 11.2 to 11.5 million boxes and the average rate per box also improved due to continued optimal price mix of box holding and managing the impact of inflation. We experienced a reduction in paper services due to a decline in customer activity on physical records. We enhanced our focus on specific industries by appointing specialists in these areas to grow the business, specifically in the public, health, mining and retail sectors.

With regard to scaling our position in information management, Metrofile Vysion, which offers two primary information management solutions (DataStor and eTracker) improved its revenue by more than 40%. We experienced increased demand by customers, particularly in retail and financial services, for digital transformation, such as automated invoice processing,

KYC capturing and HR management. We also started to add international solutions, such as preservation of high volume content, and initiated asset tracking technology in South Africa and the Middle East.

We continued to focus on capital allocation and capacity management. Healthy cash generation continued and an increase in net debt to R446 million was due to the acquisition of IronTree and the reduced dividend cover. Finance costs remained flat and rigid cost containment was applied across the board. We retained sufficient liquidity headroom.

Our acquisition of IronTree enabled us to enhance core capabilities through the introduction of new services in virtual storage and digital risk management. IronTree has provided access to products in high growth segments. We have also built on our current success within the SME market while moving into the mid to upper tier market through cross selling as well as expanding into enterprise solutions. We have been working with Acronis, our international partner, to expand our service offering outside South Africa. We will continue to consider and evaluate future investments.

### Strategy

Our strategic direction has remained unchanged as we continue the transition from physical to virtual through targeted capability developments. The four key areas of focus are records management, digital content services, cloud services and information advisory services, underpinned by data migration, enterprise information management, business continuity management and digital risk management across all our businesses. The strategic acquisition of IronTree has strengthened our cloud services offering.

The growth opportunities span the use of robotics and automation in workflow processes, data recovery and preservation, cybersecurity, hosting and data storage, as well as compliance and governance. We continue to strengthen relationships with our partners and will seek relevant value adding investments. The attractive sectors in South Africa include health, retail and mining, as well as the public sector.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# CEO's report continued

While the demand for physical data storage continues, we will expand and enhance our digital products and services to deepen our penetration of current and prospective customers.

## ESG

Our ESG strategy, overseen by our Social, Ethics and Transformation board committee and driven by the executive committee, has become a part of our regulatory compliance and, has for the first time, been included in this integrated annual report. Our ESG roadmap will ensure that targets are set, achieved and reported on and later this year we will complete carbon studies to quantify our carbon footprint.

From an environmental perspective, our warehouses use very little lighting resulting in low electricity consumption per square metre. We are also investigating the economic viability of a solar project. Water consumption across the Group is also low and recycling is high on the agenda. Our transformation statistics are strong, including the fact that the Company in South Africa is a B-BEE level 2 contributor, working towards achieving a B-BBEE level 1 rating. As a regulation-driven business, we have robust governance structures, policies and procedures.

## Review of operations

MRM South Africa experienced a decline in demand for paper services, which was partially offset by greater demand for solutions requiring less physical space, including digital services, specifically image processing projects. Core storage remained similar to the prior year but there was a decline in higher yield paper services. We have introduced new management and a revised operating model and expect an improvement in the new financial year.

MRM Rest of Africa consists of operations in Kenya, Botswana and Mozambique. Kenya experienced several headwinds, particularly in the financial services sector which encountered regulatory moratoriums on lending repayments and premiums

resulting in significant cost reduction measures. While active filing and image processing were put on hold, there was an improvement in net box volumes. Cash generation from this business remains strong.

MRM Middle East which consists of operations in the United Arab Emirates and Oman, continued to grow and expand its digital project pipeline.

Products and Services South Africa's suite of offerings includes Tidy Files, Cleardata, Global Continuity, Metrofile Vysion and the recently acquired IronTree. Significant growth was achieved particularly through the business process automation offering of Metrofile Vysion, as well as increased confidential destruction through Cleardata. Tidy Files experienced a difficult year due to loadshedding, given the nature of the business operations.

## Outlook

Towards the end of the financial year, our customers started to accelerate decision making which resulted in greater activity. We see this trend continuing into the new financial year. We also anticipate increased growth from current and new customers in the public sector, health, retail and mining industries. We expect opportunities for expansion in South Africa, Mozambique, East Africa, and the UAE. Our ability to upscale in the information management space could lead to significant growth in the digital and content services area in the 2023 financial year.

The expansion of our core capabilities in digital and cloud services has distinguished Metrofile from both traditional competitors and digital providers in our industry. Revenue contribution from digital services has validated our strategy of innovating across our core offerings, including cloud services, to assist our customers in becoming digitally transformed enterprises. We are transforming our Company and making it digital and cloud ready by pivoting our investments to strategic

growth areas that enable us to focus on accelerated growth opportunities in the market. This puts us on a strong trajectory as we drive our attention towards taking advantage of the current and future digital opportunities.

We remain fully dedicated to our customers' growth plans and to this end we have strengthened our approach to the market by appointing industry experts. This will enhance our focus, ensure a quick response to market and a comprehensive provision of end-to-end integrated solutions and services to our customers. We remain committed to working closely with our local and international solution providers to efficiently implement practical solutions for our customers. As we transform Metrofile through a greater contribution from digital services, we expect these solutions to potentially dilute our operating margin. This will be necessary for the evolution of Metrofile as we recognise the valuable contribution that these solutions will make towards our customers' growth plans.

## Appreciation

I would like to thank all the Metrofile employees for their commitment and dedication in a challenging environment.

Interactions with our customers have demonstrated an optimistic future in the data and information management sector and Metrofile is well positioned, capable and ready to be at the core of this exciting journey.



**Pfungwa Serima**  
Group CEO



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION





**Shivan Mansingh**  
Group CFO

*While revenue improved, EBITDA rose marginally, operating profit was flat and both earnings per share and headline earnings per share decreased slightly. Cash conversion remained high and an increased dividend was declared.*

## CFO's report

Our results reflect a challenging year for Metrofile. While revenue improved, EBITDA rose marginally, operating profit was flat and both earnings per share and headline earnings per share decreased slightly. Cash conversion remained high and an increased dividend was declared. Towards the end of the year, conditions started to improve, which bodes well for the 2023 financial year.

### Financial review

#### Revenue

Revenue increased by 5% to R980 million from R933 million. Excluding the acquisition of IronTree, revenue increased by 1% to R943 million. The financial year was characterised by a turbulent trading environment with unforeseen challenges both locally and internationally. This in turn severely impacted our customers, as well as our operations in the South African and Kenyan markets, as we experienced longer lead times in customer decision making and client dependencies became more challenging. Despite this, we have grown market share in all the territories in which we operate.

During the first quarter of the year, destructions of higher priced boxes from various sectors followed the implementation of POPIA, however, from the second quarter, we experienced an increase in box intake and a reduction in destructions. MRM Middle East demonstrated significant growth over the past 18 months and is now our largest revenue and operating profit contributor outside of South Africa. The addition of IronTree to the Group will enhance our core capabilities in providing value-add services in virtual storage and information risk management.

Secure storage which contributed 58% to Group revenue, reported 2% lower revenue due to a reduction in paper services and paper storage being flat. Closing box volumes for the Group at 30 June 2022 were 11.5 million compared to 11.2 million at the end of June 2021, as net box volume increased by 2%. New box volume intake increased by 8% from new and existing clients and was partially offset by destructions and withdrawals of 6%. Net box volumes grew in all territories with South Africa 2% higher, Rest of Africa growing by 6% and the Middle East up by 8%.

Digital services contributed 21% to Group revenue, with a rise in revenue of 35% mainly as a result of an increase in digital projects in South Africa, the acquisition of IronTree, as well as more digitisation activities in the Middle East. Digital services is now our second largest revenue contributor, and growth over the past 18 months has demonstrated the effect of the Group's introduction of relevant digital service offerings.

Revenue from products and solutions decreased by 2% due to local challenges that impacted demand for archiving products, however business support services grew 11%, mainly as a result of increased demand in confidential destruction. Products and solutions and business support services contributed 15% and 6% respectively to Group revenue.

#### Operating profit and EBITDA

Operating profit before acquisition related costs remained flat at R240 million compared to R241 million in the prior year, mainly as a result of a decline in activities related to higher margin paper services, offset by increased digital services. EBITDA increased by 1% to R325 million from R323 million. Excluding the IronTree acquisition, EBITDA decreased by 3% to R314 million, mainly as a result of the change in revenue mix.

#### Cash and debt

One of our key priorities during the financial year was the continued focus on capital allocation and capacity management and we diligently managed costs, ensuring that they remained stable. Our net debt increased by 3%, to R446 million as we acquired IronTree for R66 million and reduced our dividend cover. Net finance costs were flat at R49 million and, excluding the impact of IFRS 16, net finance costs reduced by 5% as a result of lower debt levels in the first half of the financial year.

#### Capital allocation

A total of R60 million capital was spent, with R22 million on racking and compliance, mainly in the Middle East, Mozambique and South Africa to support box growth. Expenditure on computer software and system upgrades amounted to R16 million to support our digital transformation journey. R15 million capex was for IT infrastructure to assist in the facilitation of cross selling databases and the transition to



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# CFO's report continued

one IT platform. Sustaining capex of R6.6 million was allocated to motor vehicles, leasehold improvements and existing infrastructure.

## Review of operations

### MRM South Africa

Revenue from MRM South Africa decreased by 2% to R539 million from R549 million due to a decline in demand for paper services, however, this was partially offset by greater demand for solutions requiring less physical space, including digital services, specifically image processing projects. Core storage remained in line with the prior year. The decline in higher yield paper services, as well as additional costs incurred during the period of social unrest in Gauteng and KwaZulu-Natal, resulted in an overall decline in operating margin with operating profit decreasing by 7% to R199 million from R214 million.

### MRM Rest of Africa

Kenya experienced several headwinds, particularly in the financial services sector, which contributed to the majority of the operation's revenue. The financial services sector encountered regulatory moratoriums on lending repayments and premiums, which led to significant cost reduction measures. This in turn led to pressure on the services' revenue within Metrofile

Kenya, specifically active filing and image processing. Revenue decreased by 9% to R91 million from R100 million despite an improvement in net box volume growth of 6%. Operating profit was similarly impacted, which resulted in a decrease of 20% to R28 million from R35 million.

### MRM Middle East

This region continued to grow and expand its digital project pipeline with revenue increasing by 10% from R77 million to R86 million with a respective increase in operating profit of 31% from R13 million to R17 million.

### Products and Services South Africa

While operating in a challenging trading environment during the first half of the financial year, this segment performed in line with expectations, with significant growth being achieved particularly through the digital offering of Metrofile Vysion, which provides business process automation, as well as increased confidential destruction through Cleardata. Tidy Files experienced a difficult year due to loadshedding, given the nature of the business operations, resulting in a decline in revenue and margin. Overall, revenue increased by 28% to R264 million from R207 million while operating profit increased by 65% from R17 million to R28 million as a result of the improved operational performance and digital projects.

IronTree's revenue of R37 million and operating profit of R8 million were included for the seven months from 1 December 2021. Its performance is in line with expectations in relation to the growth targets set at acquisition and we settled the second top up payment in full. We further expect to settle the remaining deferred purchase consideration in full in 2024.

## Dividend declaration and final dividend

The Board reviewed the dividend policy in light of Metrofile's healthy cash generation and reduced net debt levels and has updated the dividend cover policy to a range of between 1.5x and 2.0x. The Board has declared a final cash dividend of 9 cents per share, bringing the total dividend for the year to 18 cents per share.

## Share buy-back programme

The Board has authorised a share buy-back programme under the general authority of the Company for the first time since the 2018 financial year. This general authority is valid until the annual general meeting scheduled for 22 November 2022.

## Outlook

We will continue to focus on the areas under our control, maintaining rigid cost containment, improving efficiencies and managing our capital. We will consider and evaluate appropriate opportunities in the digital arena to enhance our customer proposition and shareholder value.

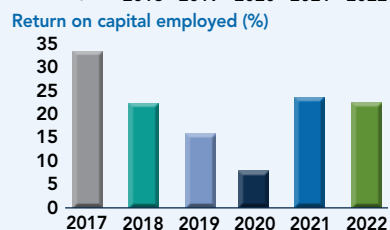
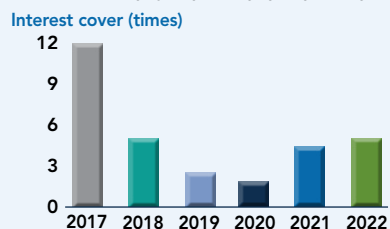
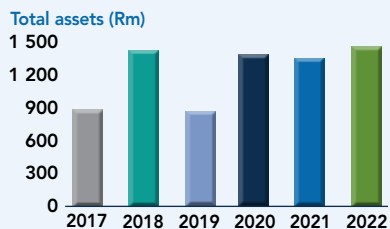
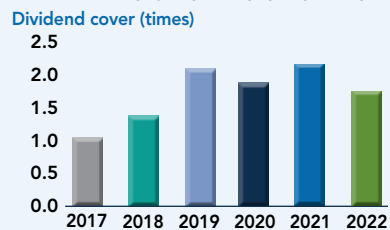
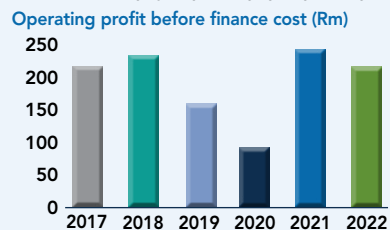
## Appreciation

I would like to thank all members of the Metrofile team for their professionalism and efforts throughout the year.



**Shivan Mansingh**  
Group CFO

*We will continue to focus on the areas under our control, maintaining rigid cost containment, improving efficiencies and managing our capital.*



## Six-year review

R'000	2022	2021	2020	2019	2018	2017
<b>Income statement</b>						
Revenue	979 677	933 465	903 272	913 415	873 531	769 239
Operating profit before finance cost	234 508	240 801	82 661	150 460	222 560	212 412
EBITDA	324 782	322 651	301 696	271 173	271 689	247 329
Net finance cost	(48 780)	(49 447)	(67 317)	(69 375)	(46 241)	(18 056)
Profit before taxation	185 728	191 354	17 348	81 085	176 319	194 356
Taxation	(46 390)	(49 384)	(33 743)	(55 342)	(50 185)	(54 979)
Profit/(loss) after taxation	139 338	141 970	(16 395)	(4 558)	123 854	139 377
Non-controlling interests	5 750	3 664	(1 570)	(12 117)	(3 759)	(4 358)
<b>Attributable profit/(loss)</b>	<b>133 588</b>	<b>138 306</b>	<b>(14 825)</b>	<b>7 559</b>	<b>127 613</b>	<b>135 019</b>
<b>Balance sheet</b>						
<b>Assets</b>						
Property, plant and equipment	609 699	595 454	598 162	581 113	589 818	538 103
Intangibles and goodwill	440 138	357 814	367 159	496 182	544 073	216 938
Right-of-use asset	129 582	113 337	126 185	-	-	-
Long term receivables	3 500	3 500	-	3 500	2 419	375
Deferred taxation asset	13 730	14 136	12 177	5 128	9 455	5 906
Current assets excluding cash	255 092	231 140	237 367	254 612	248 608	184 143
Cash resources	40 541	37 184	37 187	34 983	52 331	27 866
<b>Total assets</b>	<b>1 492 282</b>	<b>1 352 565</b>	<b>1 378 237</b>	<b>1 375 518</b>	<b>1 456 057</b>	<b>981 070</b>
<b>Equity and liabilities</b>						
Ordinary shareholders' interest	559 591	558 732	499 085	564 987	608 683	624 007
Non-controlling interests	18 285	11 061	8 797	(3 157)	13 170	23 636
Deferred taxation liability	49 755	46 055	43 877	43 845	43 759	25 074
Current liabilities <sup>#</sup>	159 905	144 862	133 963	169 409	126 594	95 167
Long term acquisition related liabilities	72 247	-	-	-	-	-
Long term lease liabilities	114 791	97 741	103 543	-	-	-
Long term interest-bearing liabilities	441 556	430 129	520 110	560 053	597 118	156 904
Short term lease liabilities	33 391	24 092	29 667	-	-	-
Short term acquisition related liabilities	3 566	-	-	-	-	-
Short term interest-bearing liabilities	39 195	39 893	39 195	40 381	66 734	56 282
<b>Total equity and liabilities</b>	<b>1 492 282</b>	<b>1 352 565</b>	<b>1 378 237</b>	<b>1 375 518</b>	<b>1 456 057</b>	<b>981 070</b>
Ordinary shares in issue ('000)	433 700	433 700	433 700*	424 906*	416 164*	421 103*
Weighted average ordinary shares in issue ('000)	433 700	433 700	431 170	417 764	417 233	424 554
Headline earnings per ordinary share (cents)	30.7	31.8	24.8	20.5	28.9	31.8
Dividends per share (cents)	18.0	15.0	13.0	10.0	21.0	30.0

<sup>#</sup> Excluding short term portion of lease liabilities, interest-bearing borrowings and acquisition related liabilities.

\* Net of treasury shares.

		2022	2021	2020	2019	2018	2017
<b>Financial ratios</b>							
Liability		1.6	1.4	1.7	1.4	1.4	0.5
Current		1.4	1.3	1.4	1.4	1.6	1.4
Quick liabilities		1.3	1.2	1.3	1.3	1.4	1.3
Interest cover	(times)	4.8	4.9	1.3	2.2	4.8	11.8
Dividend cover	(times)	1.7	2.1	1.9	2.1	1.4	1.1
Debt: equity	(%)	135.0	106.0	138.8	106.3	109.1	34.2
Return on property, plant and equipment	(%)	22.0	23.2	(2.5)	1.3	21.6	26.1
Return on capital employed	(%)	18.6	20.9	6.9	13.4	18.5	27.3
Return on equity	(%)	23.9	24.8	(3.0)	1.3	21.0	21.7
<b>Profitability</b>							
Operating income to revenue	(%)	24.0	25.8	9.2	16.5	25.5	27.6
Operating income to average assets employed	(%)	16.5	17.6	6.0	10.6	18.3	22.0
Number of employees		1 230	1 306	1 461	1 598	1 615	1 208



### Ratio definitions

#### Liability

Liabilities to ordinary shareholders' interest

#### Current

Current assets to current liabilities

#### Quick liabilities

Current assets (excluding inventories) to current liabilities

#### Interest cover

Operating income to net finance costs

#### Dividend cover

Headline earnings per share to dividend per share for the year

#### Debt:equity ratio

Debt (excluding bank and cash) to ordinary shareholders' interest

#### Return on property, plant and equipment

Attributable income to property, plant and equipment

#### Return on capital employed

Operating income to ordinary shareholders' interest and interest-bearing liabilities

#### Return on equity

Attributable income to ordinary shareholders' interest

#### Average assets employed

Average total assets at the beginning and end of the financial year

# Creating value responsibly

Creating value responsibly is core to Metrofile's approach and decision making for all stakeholders, including customers, shareholders, employees and communities. We strive to do so in a responsible way while making a positive impact on the environment. Our business model encompasses integrated value creation through our investment in resources and relationships.

In this report, we offer material insights into our short, medium and long term strategy, the environment in which we operate and our evaluation of relevant risks and opportunities.

In determining the material reportable information, the Board and executive management evaluated and considered the relative importance of each matter in terms of its direct or potentially indirect effects on Metrofile's ability to create value responsibly and sustainably.



**Operating environment**  
refer to  page 15



**Risks and opportunities**  
refer to  page 17



**Stakeholders**  
refer to  page 29

## Responsible value creation

### Key strategic pillars

refer to  page 16



**Secure storage**  
Managing the loss of information by backing-up, managing, storing and protecting large volumes of active and inactive documents, images and data in physical and electronic formats.



**Digital services**  
Digitally transforming traditional business processes and tools into solutions that provide insights through machine learning and modern visualisation.



**Business support services**  
An extensive range of business support services to ensure clients' peace of mind, allowing them to concentrate on core business.



**Products and solutions**  
A world class range of records and information management products and solutions for ensuring safe storage and data optimisation of client records.

### ESG strategic pillars



**Caring for the environment**  
refer to  page 33



**Caring for our employees**  
refer to  page 34



**Caring for our stakeholders**  
refer to  page 35



**Integrating ESG responsibly**  
refer to  page 36

### Material matters



**Digital transformation and strategy execution**  
refer to  page 19



**Business sustainability, growth and the macro-economic environment**  
refer to  page 20



**Multi-jurisdictional legal and regulatory compliance**  
refer to  page 21



**Business continuity, infrastructure and operational risks**  
refer to  page 22



# Operating environment

The macro-economic environment has an impact on the Group's ability to create stakeholder value. This informs our thinking on material matters and identification of issues that could affect the creation and sustainability of value in the short, medium and long term (refer to [1](#) pages 18 to 22).

## Global context

### Positive factors

- Digitisation is increasingly being adopted by organisations
- Significant technological advances in robotics and artificial intelligence provide possibilities and opportunities
- Continued economic and business prospects in the Middle East
- Governments are passing and implementing new laws to ensure higher standards for data privacy

### Challenges

- The impact of the Russian/Ukraine conflict and uncertainty in Europe resulted in pedestrian global economic growth
- Intense globalised competition
- Complex regulatory environment
- Reduction in use of paper due to the adoption of digitisation

## South African context

### Positive factors

- Data privacy and protection legislation provide opportunities for Metrofile
- Growing move to digital solutions and automation

### Challenges

- Many customers continued to have employees working from home
- The riots and floods in South Africa caused delays and negatively impacted our performance, especially in KwaZulu-Natal
- The rising fuel price and electricity loadshedding continue to have increased cost pressures
- Challenging macro-economic and market environment impacted revenue growth and operating costs
- Competition and commoditisation of record storage
- Scarce skills in SA in terms of information security and technology expertise
- Delayed decision-making by customers

## Industry trends

### Positive factors

- Opportunities created by the new digital work environment
- Records and information management continues to be important for organisations
- Increasing obligations regarding data and information security, breach notification, transborder data transfers and appointment of data protection officers

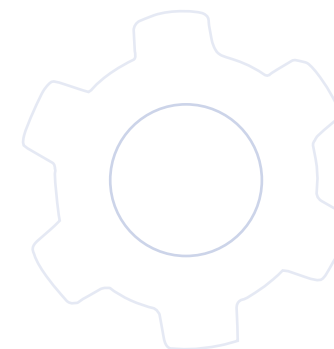
- Businesses moving to automate document management and workflow processes
- Paradigm shift in use of 'big data'
- Move towards a mobile, digital workforce

### Challenges

- Users demand technology to provide real-time information
- Cybercrime threat

## Our response

- Continue to engage our clients and work closely with our technology partners to co-innovate value-adding solutions powered by emerging technologies
- Continue to invest in governance and compliance toolkits, privacy compliance, cybersecurity and ransomware protection services
- Rigid cost management
- Standardise key solutions to translate projects into repeatable services
- Expand the client base and offer digital services to new and existing clients
- Attract and retain technical and specialist talent, including industry experts
- Digital solutions in response to needs
- Focus on both physical management of records and information as well as the provision of digital services
- Investment in automation, robotics, AI and scanning processes
- Prioritise system continuity, cybersecurity and IT governance
- Accelerate our strategy in the digital content management space and wrap around our current customer base with additional services we offer in the technology space



# Strategy

Records and information management is a commercial imperative. Metrofile stores and manages information securely, building trust among clients and providing the assurance that their information is secure and readily available, giving them peace of mind and confidence in making better business decisions in order to provide excellent service to their customers.

The core of Metrofile's business is the physical and digital management of records and information, with a diversity of solutions available to clients.


Metrofile's four strategic pillars and drivers are secure storage, digital services, business support services and products and solutions. Within these areas the Company provides solutions based, end-to-end services, which cover the full paper to digitisation spectrum.

Embedded in Metrofile's overall strategy is accountable corporate citizenship involving the co-creation of sustainable value for all stakeholders in a responsible way while making a positive impact on the environment. The four distinct ESG dimensions on which we focus are care for the environment, for our employees and our stakeholders, as well as responsible integration of ESG.

## Our strategic pillars



**Secure storage**



**Digital services**



**Business support services**



**Products and solutions**

## Performance against 2022 strategic objectives

 <p><b>Defend and extend market position in information storage</b></p> <ul style="list-style-type: none"> <li>- High retention of customers</li> <li>- Box growth from 11.2 to 11.5 million boxes</li> <li>- Increase in average rate per box, due to continued optimal price mix of box holding and managing the impact of inflation</li> <li>- Reduction in paper services due to decline in customer activity on physical records</li> <li>- Industry focus and growth areas in government, health, retail and mining</li> </ul>	 <p><b>Scale our position in information management</b></p> <ul style="list-style-type: none"> <li>- Growth in our two primary information management solutions (DataStor and eTracker) &gt; 40% through Metrofile Vysion</li> <li>- Increased demand for digital transformation in customers, particularly in retail and financial services</li> <li>- Demand stemmed from common need to automate invoice processing, KYC capturing and HR management</li> <li>- Started to on-board international solutions, eg preservation of high-volume content and entry into asset tracking technology in SA and the Middle East</li> </ul>
 <p><b>Continue to focus on capital allocation and capacity management</b></p> <ul style="list-style-type: none"> <li>- Net debt increased 3% to R446 million following the acquisition of IronTree and reduced dividend cover</li> <li>- Finance costs flat at R49 million</li> <li>- Healthy cash generation and sufficient liquidity headroom</li> </ul>	 <p><b>Enhance our core capabilities through introducing new services</b></p> <ul style="list-style-type: none"> <li>- Strengthened core capabilities in virtual storage and digital risk management through the acquisition of IronTree. This provides access to products in high growth segments</li> <li>- Continued to scale current success within the SME market</li> <li>- Started to move into the mid to upper tier market through Metrofile cross-selling</li> <li>- Working with Acronis to expand our service offering outside of SA</li> <li>- Expansion into enterprise solutions and consideration of future investments</li> </ul>

## 2023 strategic priorities



Digital and cloud services



Innovating across core offerings



Transforming Metrofile



Appointing industry experts



End-to-end integrated solutions and services



Local and international solutions providers



Data and information management sector



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

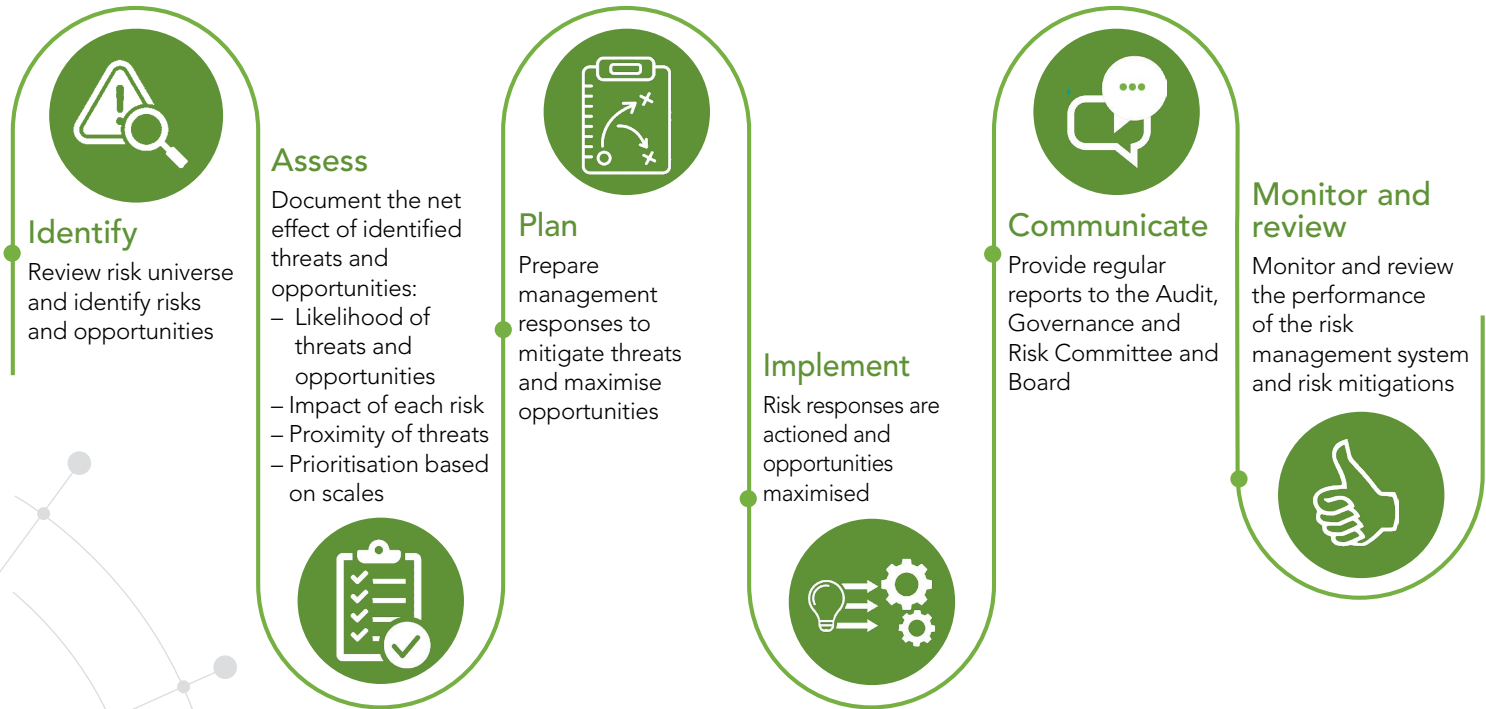


## Risk philosophy

Sound management of risks and opportunities enables the Group to anticipate and respond to changes in its business environment, and to take informed decisions under uncertain conditions.

Metrofile recognises that risk in business is complex and must be identified and prepared for across its operations. Risk management embraces all areas of the business, as well as all the dimensions of ESG. Risk management is intended to help achieve organisational objectives. Commitment to Metrofile's risk and opportunity management philosophy ensures a safe and healthy work environment for employees and preserves assets and value creation for the benefit of all stakeholders.

## Risks and opportunities



## Risk management process

Metrofile's enterprise-wide approach ensures that identified material risks and potential opportunities are included in a structured risk and opportunity management process and managed within a unitary risk management framework.

Risk management involves identifying key risks and preparing to mitigate these through internal control structures and combined assurance plans. Strategic risks are continually reviewed and ranked by inherent risk, based on the evaluation of the probabilities and severity for each risk. The probable mitigation of each risk is assessed and the resultant residual risk is also calculated.

A comprehensive risk register is in place and constantly managed by the appropriate executive management members.

A summary of the risks and opportunities has been included in the material matters and mitigation section of this integrated annual report on [pages 18 to 22](#). Refer to [pages 50 and 51](#) for more details on risk governance.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



## Materiality

Metrofile's Board and executive management present the information in this integrated annual report as relevant or material to our shareholders and key stakeholders for a fully informed understanding of Metrofile's performance over the past year. We offer material insights into our short, medium and long term strategy (refer to page 16 for our strategic pillars).

### Material matters

Metrofile's potential material matters emerge through our risk management process and stakeholder feedback.

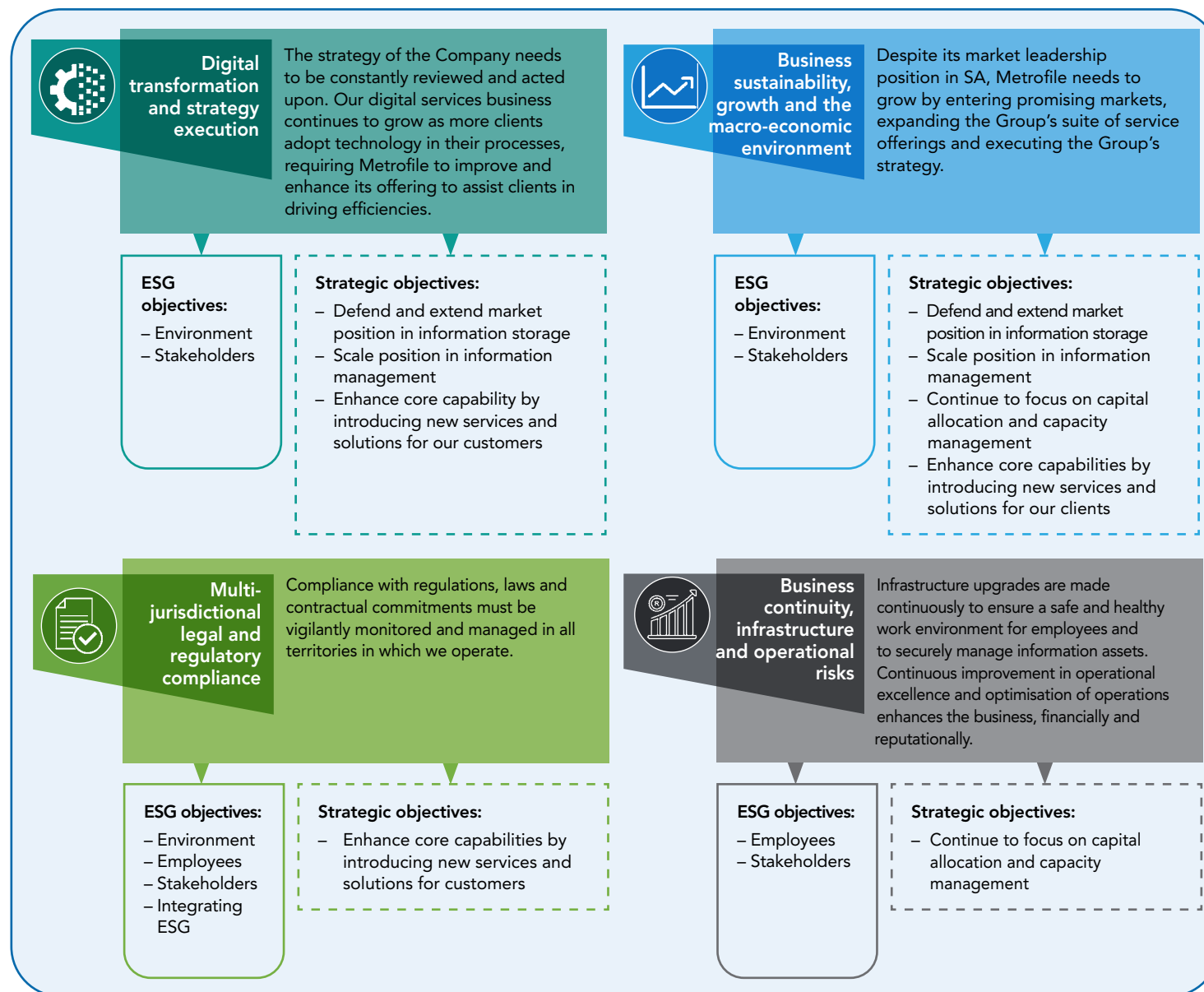
Once identified, these potentially material matters are subjected to a materiality process that considers a matter's qualitative and quantitative aspect, influence, legitimacy, urgency and Metrofile's ability to effect change with regard to our impact.

Our most material matters were determined in an integrated approach through:

- Understanding the consequences and implications of our external environment
- Assessing stakeholder feedback in terms of the stakeholder's influence, legitimacy and urgency
- Considering our current risks and opportunities.

## Material matters and mitigations

The Group's material matters and mitigations that could substantially affect the Group's ability to create, preserve and prevent the erosion of value, associated risks, opportunities and key mitigations, in no particular order, are noted below. We have also included a link to our strategic objectives (refer to page 16) and our ESG objectives (refer to page 32)



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Material matters and mitigations continued



## Digital transformation and strategy execution

The strategy of the Company needs to be constantly reviewed and acted upon to ensure that it is applicable to market needs and trends.

Our digital services business currently contributes approximately 21% to revenue, and continued growth is expected in the future, as more clients adopt technology in their processes.

The COVID-19 lockdowns and related work from home strategies have highlighted the increased importance of digitisation of clients' business processes.

Metrofile keeps abreast of fast-growing demand for the conversion of data into insights. Besides technological advancements, this involves a more urgent drive towards co-innovation, organic growth and strategic partnerships.

Metrofile's acquisition of IronTree ensures that we can provide clients with high quality security to protect their electronic information and to manage associated risks.

## Associated risks and opportunities

### Digital strategy implementation

Delayed implementation of the approved digital strategy could lead to missed opportunities and market uncertainty, which could affect growth and market reputation.

### People skills

Risk of not being positioned to attract and retain technical solution driven skillsets.

### Client satisfaction

Digital transformation, especially in a post COVID-19 environment, is a major opportunity to maintain Metrofile's status as market leader, satisfy our clients and gain market share.

### Competitor behaviour

Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge.

### Traditional forms of data protection vs other mediums

The speed at which our clients replace traditional forms of data protection with other mediums and therefore the related speed at which we grow the alternative options, including our ability to offer these to our clients to replace paper as a means of data protection.

### IT infrastructure, enterprise solutions and software

To leverage technology to remain at the forefront of digital trends, it is important to regularly upgrade the IT systems and infrastructure to keep abreast of improved technologies and to align to, and be able to deliver, the Group's strategy.

## Key mitigations

- Digital strategy execution and communication to stakeholders
- Strategies implemented to assist clients with the conversion of paper records to digital records
- Digital strategy and services defined and aligned to people skillset requirements
- Continuous training
- Executive call-in visits to clients
- Client needs assessed and solutions identified
- Introduced business initiatives that are closely associated with our core business offerings
- Pre-empted competitor actions so as to maintain market leadership
- Built awareness to monitor non-traditional competitors entering our market
- Excelled in the delivery of client and operational service
- Continuous review of business model diversification options and focus on alternative means of data protection
- Continued to drive digital services throughout all businesses and regions
- Acquisition of IronTree and launch of Metrofile Vysion
- Reviewed systems and infrastructure for applicability and improvements
- Invested in upgrades and new software
- Appointed specialists with IT expertise
- Continuous enhancement of information security, data protection and privacy measures



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Material matters and mitigations continued



## Business sustainability, growth and the macro-economic environment

Achieving predefined growth revenue targets, EBIT and profit to ensure business sustainability and shareholder value.

Metrofile remains the records and information management market leader in South Africa, but the required level of growth can only be achieved by entering promising markets, and expanding the Group's suite of service offerings and executing the Group's strategy.

Cost pressure in the current macro-economic environment is due to rise in inflation, interest rates and the rise in other costs.

## Associated risks and opportunities

### Financial performance and information

Having the optimal debt structure, cost reduction initiatives and cash generation plans in place to ensure a financial performance which creates value for shareholders. This requires reliable financial information on which to base business decisions.

### Client satisfaction

Cross-selling the service offerings within the Group to deliver a quality and seamless comprehensive service offering to clients.

### Integration of systems

Maintaining the integrity of operational and financial information across multiple geographies remains a priority. This includes comprehensive reviews of all platforms and systems.

### Appropriate skills

Astute talent management is required to ensure that competent staff with the necessary skills are recruited and retained to ensure business sustainability and continued growth.

### Competitor behaviour

Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge.

## Key mitigations

- Optimised debt structure
  - Focused on capital allocation, as well as healthy cash generation and conversion through active management of working capital components and balance sheet efficiencies
  - Continued to optimise cost structures, key measurement ratios and efficiencies
  - On-time and standard reporting of results
  - Executive sponsorships for strategic clients
- 
- Client needs assessed and solutions identified, multi-service engagement per client
  - Ensured that services being offered are robust and can be supported
  - Introduced business initiatives that are closely associated with our core business offerings
- 
- Standard reporting of financial results
  - Reconciliation of operational and financial systems
  - Ongoing improvement of internal and external facing technologies and platforms
- 
- Succession plans for executive directors, senior Group and subsidiary management in place
  - Critical skills and responsibilities identified and remunerated accordingly, while high potential employees were given career building and leadership opportunities
  - Market related remuneration packages to retain competent staff
  - HR effectiveness
- 
- Built and maintained good client relationships at all contact points within the business units
  - Pre-empted competitor actions so as to maintain market leadership
  - Built awareness to monitor non-traditional competitors entering our market



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Material matters and mitigations continued



## Multi-jurisdictional legal and regulatory compliance

Our operations cover a broad range of regulatory regimes. Compliance with regulations, laws and contractual commitments must be vigilantly monitored and managed.

### Associated risks and opportunities

#### Regulatory, legal and contractual compliance

Non-compliance with regulations, laws and contractual commitments could lead to fines, penalties, claims, liabilities or reputational damage.

#### Localisation and B-BBEE transformation requirements

Country specific localisation policies might not be met in all geographies of operation.

Localisation and B-BBEE transformation are essential, as are the indigenisation requirements of our various countries of operation.

Indigenisation facilitates strong stakeholder relationships with local communities and bolsters the Group's acceptability, relevance, and appropriateness as we operate in different geographies.

#### Occupational health and safety (OHS)

Non-compliance with legislation could result in penalties, liabilities or claims.

#### Crime effects on business including bribery, corruption, fraud and theft

Development in global anti-bribery and anti-corruption enforcement points to the need for a broad, multi-jurisdictional compliance approach. Without a Group view and related controls the Company may face operational disruption, financial losses, reputational damage or injury to staff.

#### Information security, privacy and integrity

Physical and digital security, confidentiality and handling of client information need to be protected.

Inadequate information security, or non-compliance with privacy regulations in geographies where we operate, could potentially lead to data breaches, fines, penalties, liabilities or reputational losses.

### Key mitigations

- Reviewed regulatory and business changes for compliance
  - Maintained a Group regulatory universe of high priority regulations and legislation, with assigned responsibilities
  - System of internal controls
- 
- In South Africa:
    - B-BBEE strategy and plan in place to maintain and approve B-BBEE level over time
    - Transformation in Metrofile's South African businesses closely monitored by executive management and linked to executive KPIs and remuneration
  - For Rest of Africa, managed applicable local indigenisation or transformation requirements
- 
- Regular risk assessments and comprehensive compliance framework and programme
  - Compliance system
  - Ongoing health and safety compliance monitoring
  - New employees formally inducted into operational procedures and training provided in first aid, fire-fighting and evacuation procedures in line with regulations
- 
- Anti-bribery, anti-corruption, anti-competitive behaviour and Code of Ethics policies and training
  - Annual compliance declarations
  - System of internal controls
  - Insurance cover
  - Governance frameworks established
- 
- Defined and implemented information security, data protection and privacy policies, procedures and protocols which are continuously enhanced and monitored for compliance
  - Adequacy of external perimeter security controls regularly reviewed
  - Vulnerability assessments, penetration testing, malware protection and password controls in place to protect data



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Material matters and mitigations continued



## Business continuity, infrastructure and operational risks

Infrastructure upgrades are made continuously to ensure safe and healthy work environments for employees and to securely manage information assets.

This includes the continuous upgrading of automatic fire-fighting, smoke detection equipment, facilities and IT infrastructure.

We have invested considerable financial capital and management time to enhance infrastructure and safety and to mitigate operational risks.

Continuous improvement in operational excellence and optimisation of operations is key to enhance business, financially and reputationally.

## Associated risks and opportunities

### Fire risk

Damaged facilities would lead to severe interruption of business operations, while destroyed documents will result in reputational damage and potential liabilities.

### Racking collapse

Falling materials and collapsing loads could impact business operations, endanger employees and result in damage to clients' information.

### Physical security measures

Without adequate security measures, the Company may face severe operational disruption, financial losses, reputational damage and/or injury to staff.

### IT infrastructure

It is important to regularly upgrade the IT systems and infrastructure to keep abreast of improved technologies and to align with and be able to deliver the Group's strategy.

### Operational excellence and rationalisation

Lack of optimisation of operations could potentially impact cost efficiencies, client satisfaction and operational excellence.

### Business continuity

Business continuity failures, including system failures, could have a severe impact on the business and result in reputational damage.

### Aligning processes and procedures across all geographies

Harmonising business practices across the Group presents an opportunity for streamlining operational efficiencies.

## Key mitigations

- Minimal electricity in warehouses
  - Thermographic scans conducted on electrical distribution boards
  - Early warning fire detection continuously upgraded under asset management programme
  - Automatic and handheld fire suppression/fighting systems and gas suppression systems in vaults
  - Regular servicing of fire equipment
  - Quarterly emergency drills and a post-emergency analysis
  - Insurance and legal instruments
  - Compliance system
- 
- All racking supplied and installed in terms of standards
  - Annual racking inspection by suppliers, with remedial reports
  - Risk assessments undertaken to identify risks early and implement remedial action within given timeframes
- 
- Perimeter controls, including electric fences linked to armed response and security guard patrols
  - Biometric access control
  - Site access controls for visitors
  - Sites monitored by outsourced security personnel
  - Tracking of Company vehicles
  - Formal barcoded lock down procedures followed at the end of each business day, with a security presence after hours
- 
- Reviewed systems and infrastructure for applicability and improvements
  - Invested in upgrades and new software
  - Appointed specialists with IT expertise
  - Continuous enhancement of information security, data protection and privacy measures
- 
- Facility optimisation
  - Warehouse capacity management
  - Group operational framework considered and continuously reviewed and enhanced
  - Ongoing compliance monitoring
- 
- Business continuity plans in place, reviewed and tested
  - Systems continuity policies, procedures and protocols tested and continuously enhanced
  - Infrastructure reviewed and managed
- 
- Standardised Group best practice criteria
  - Regular business reviews and strategic discussions
  - Standard reporting of financial results
  - Continuous focus on standardising and optimising operations



OUR BUSINESS

VALUE CREATION

ESG REVIEW

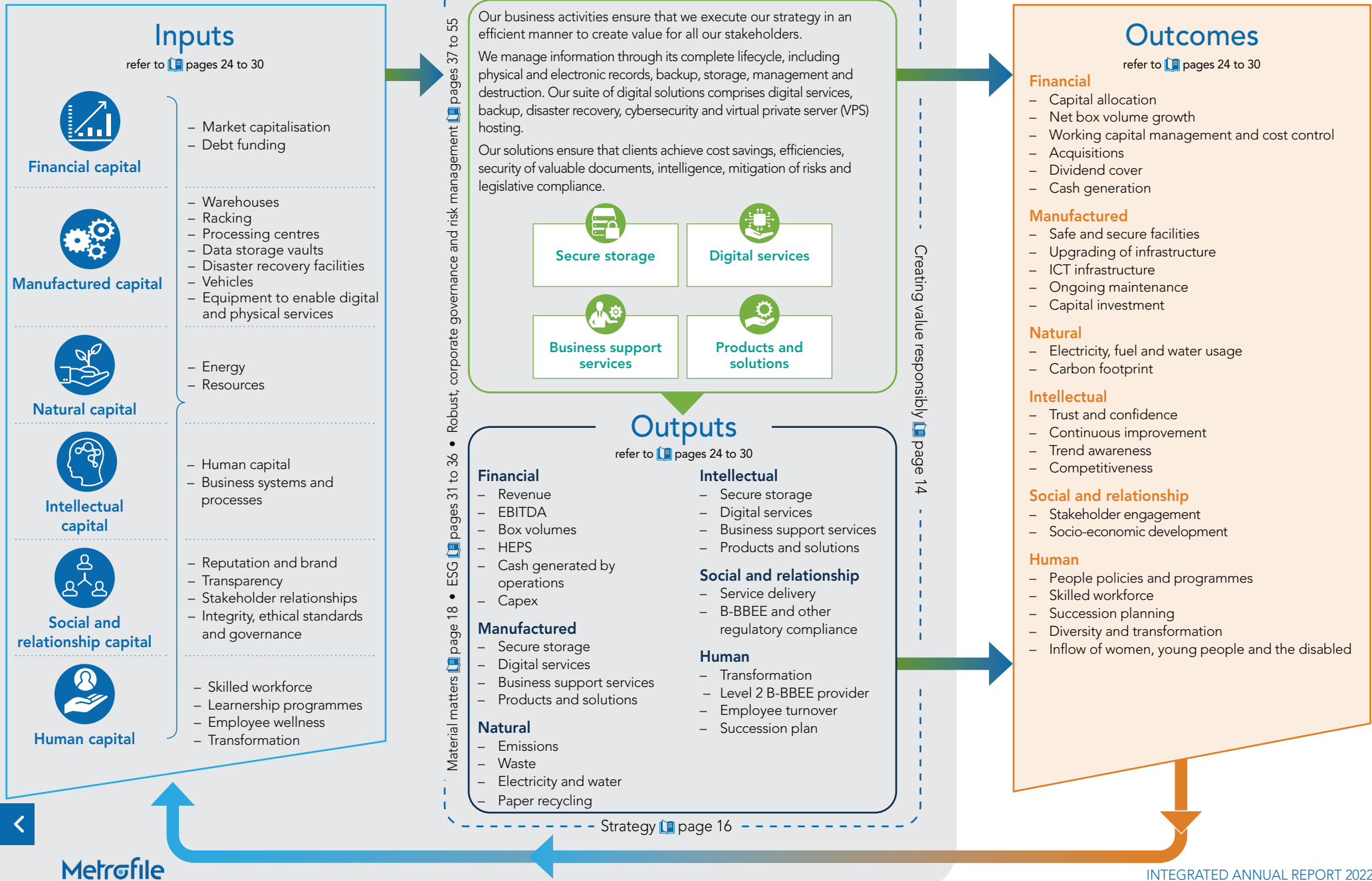
GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Business model



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION





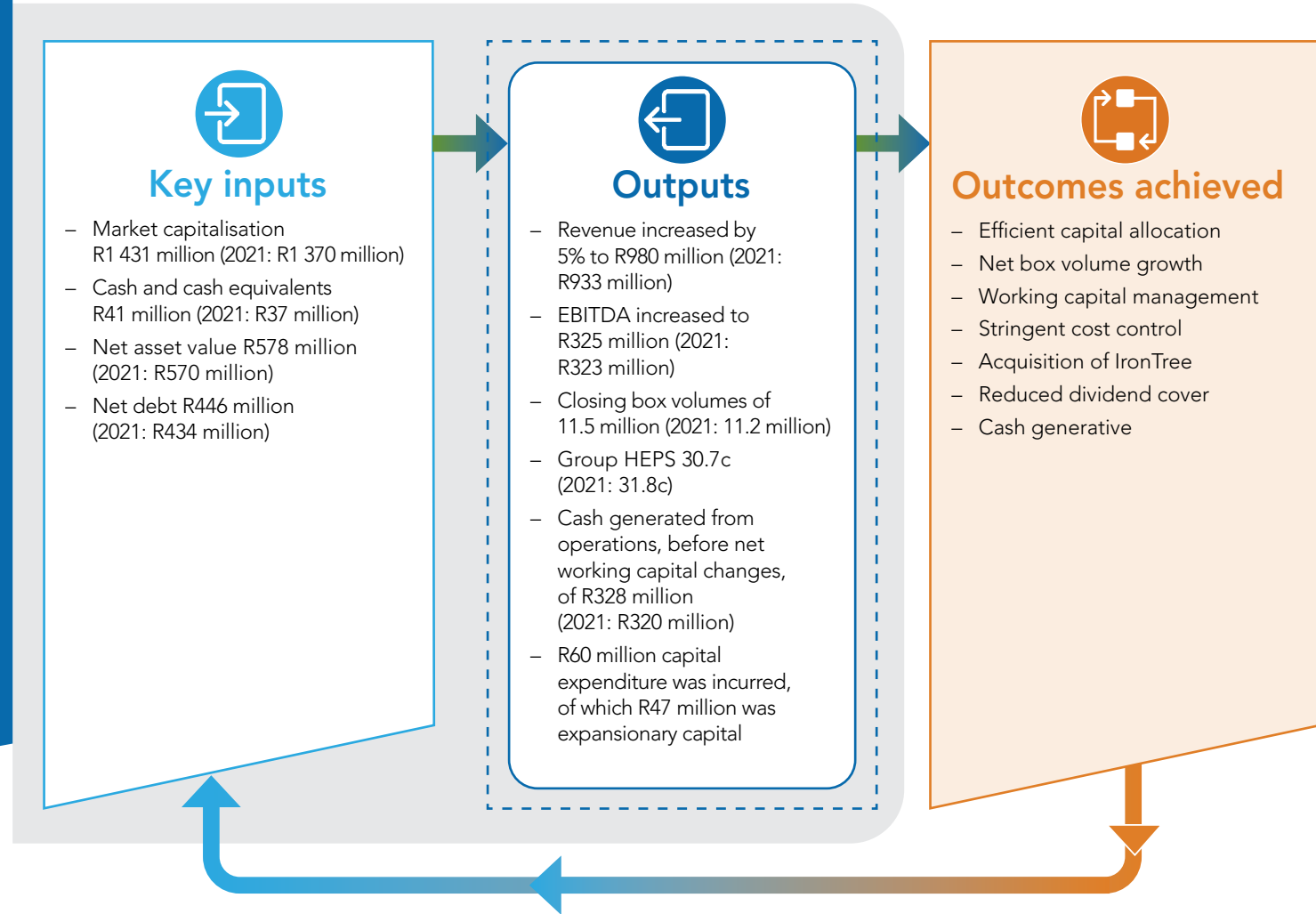
## Financial capital

Our financial capital inputs comprised cash generated by our operations and debt and equity financing.

These funds provided working capital to run our business and finance both expansion and replacement capital expenditure. The funds were also used to pay interest on borrowed money and distribute dividends to shareholders.

Our financial capital was reinvested in all the other capitals in a measured way to grow and sustain our business, after careful consideration of the returns they will generate.

# Capital outcomes



### Key inputs

- Market capitalisation R1 431 million (2021: R1 370 million)
- Cash and cash equivalents R41 million (2021: R37 million)
- Net asset value R578 million (2021: R570 million)
- Net debt R446 million (2021: R434 million)

### Outputs

- Revenue increased by 5% to R980 million (2021: R933 million)
- EBITDA increased to R325 million (2021: R323 million)
- Closing box volumes of 11.5 million (2021: 11.2 million)
- Group HEPS 30.7c (2021: 31.8c)
- Cash generated from operations, before net working capital changes, of R328 million (2021: R320 million)
- R60 million capital expenditure was incurred, of which R47 million was expansionary capital

### Outcomes achieved

- Efficient capital allocation
- Net box volume growth
- Working capital management
- Stringent cost control
- Acquisition of IronTree
- Reduced dividend cover
- Cash generative

## Trade-offs in our use of financial capital outcomes

- Sustaining and growing our expansion, products, solutions, people and communities using financial capital, with positive impacts on most other capital stocks
- Use of financial capital to build new infrastructure, and invest in our vehicle fleets and/or IT infrastructure, may negatively impact natural capital



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION





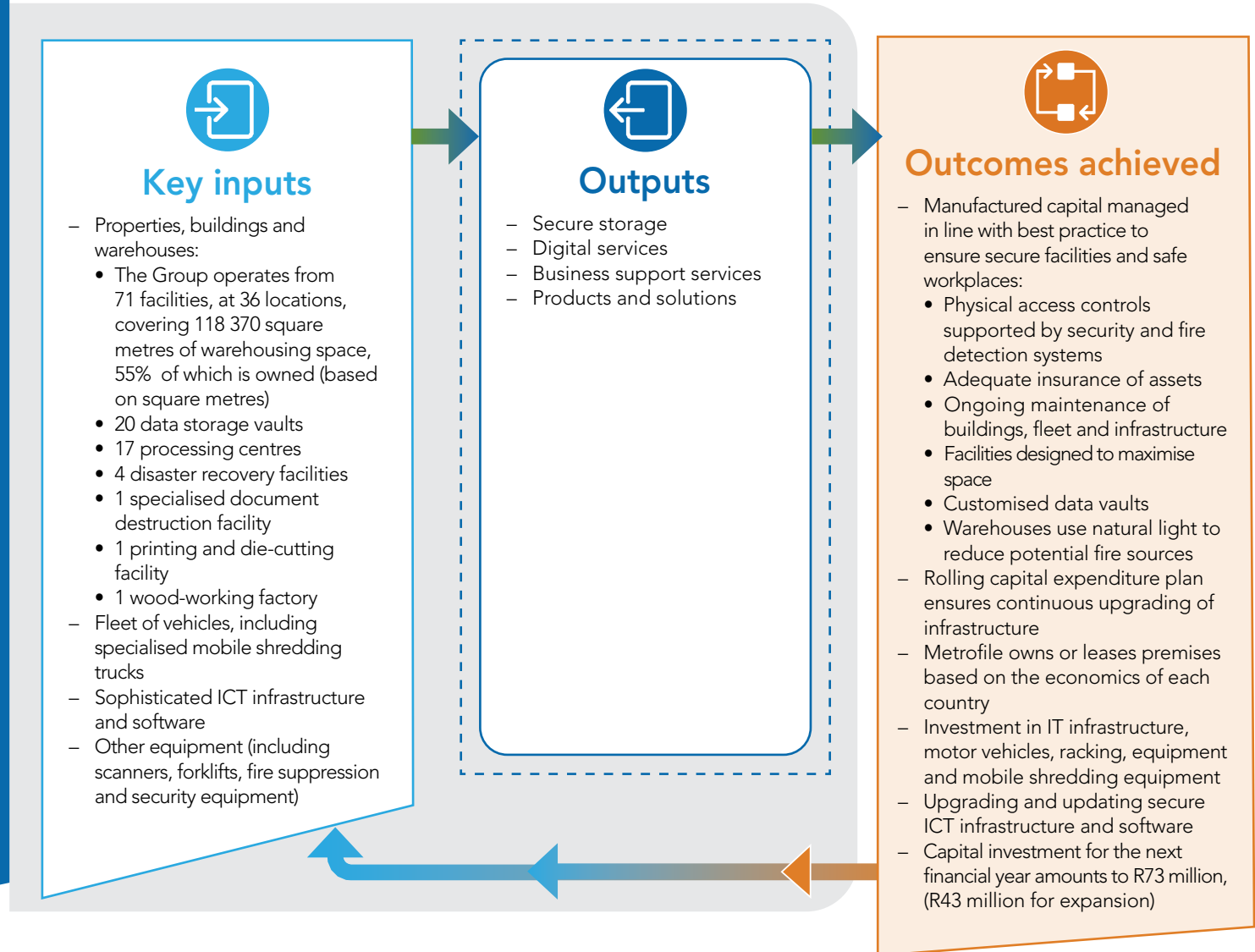
## Manufactured capital

We leverage our asset base, including warehouses, properties, data storage vaults, disaster recovery facilities, vehicles, specialised equipment and high-end dedicated fibre, to service our clients.

We rely on IT equipment and software to provide new products and solutions to our clients.

Investment in warehousing, infrastructure, processing facilities, IT infrastructure and software and other assets is essential to deliver quality products reliably to our clients. Metrofile constantly explores new technology and ways to operate our assets more efficiently and effectively.

# Capital outcomes continued



## Trade-offs in our use of manufactured capital outcomes

- Pursuing excellence in operating manufactured assets across the value chain underpins performance in safety, reliability and cost-effectiveness
- Adopting advanced technology results in more efficient business processes and allows us to offer digital tools and solutions to clients



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



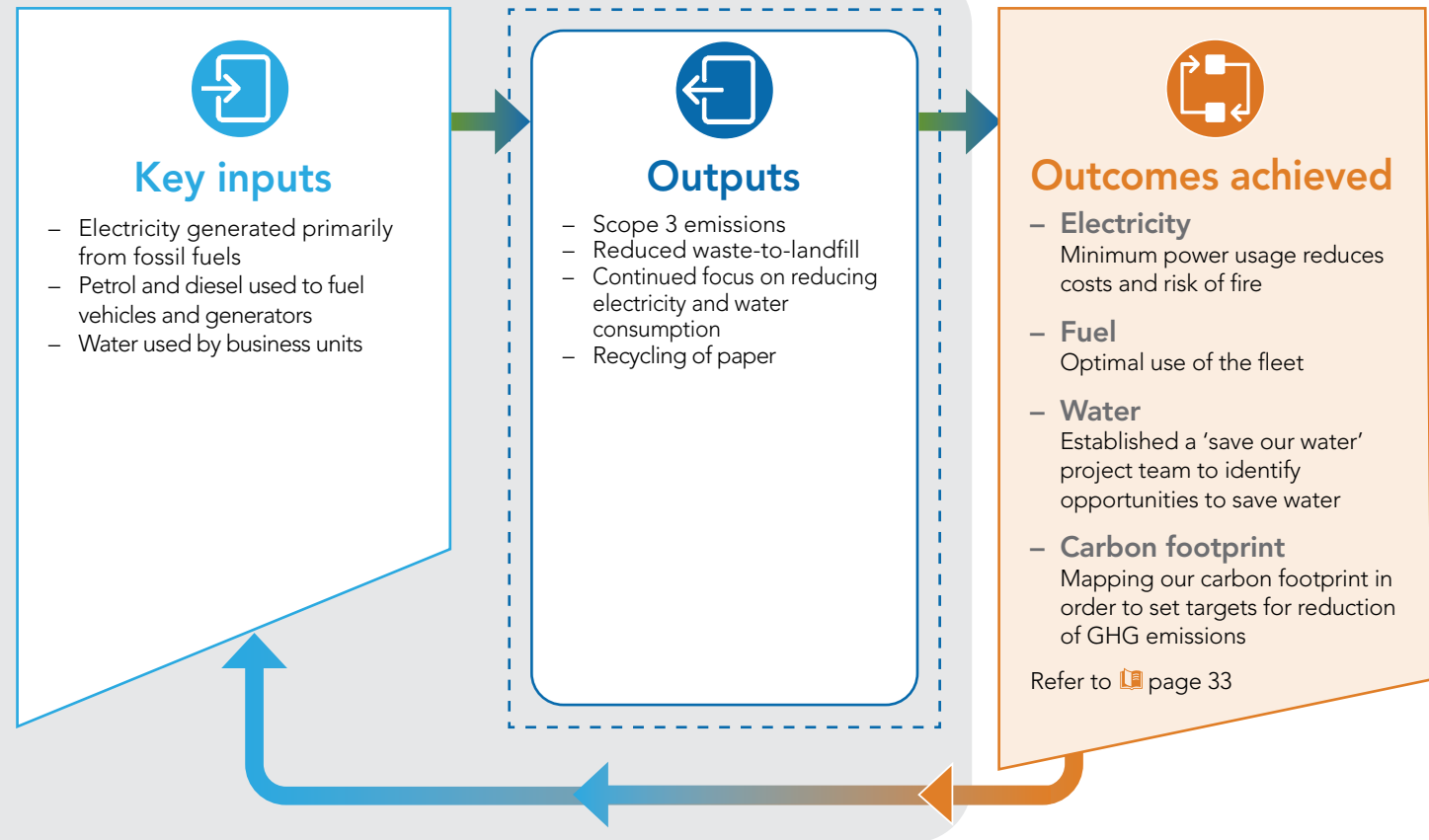


## Natural capital

Metrofile continues to manage its impact on the natural environment. We remain aware of global environmental concerns, and continue to monitor our usage of water, electricity and fuel.

Management actively encourages recycling of materials at our operations. The nature of our business enables us to drive our environmental commitment by focusing on the importance of recycling which is the primary business of Cleardata. Our environmental impact is offset by recycling boxes and documents which is our single largest environmental contribution. In the past financial year, Metrofile recycled approximately 8 000 tons of paper.

# Capital outcomes continued



### Trade-offs in our use of natural capital outcomes

- Our use of non-renewable resources, such as fossil fuels, and our emissions and waste, negatively impact natural capital
- We convert natural capital into value-added services and boost the stocks of other capitals
- Recycling significant volumes of paper saves transport and handling costs
- Although our warehouses make use of natural light as far as possible, transport and courier services contribute to Scope 3 emissions



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION





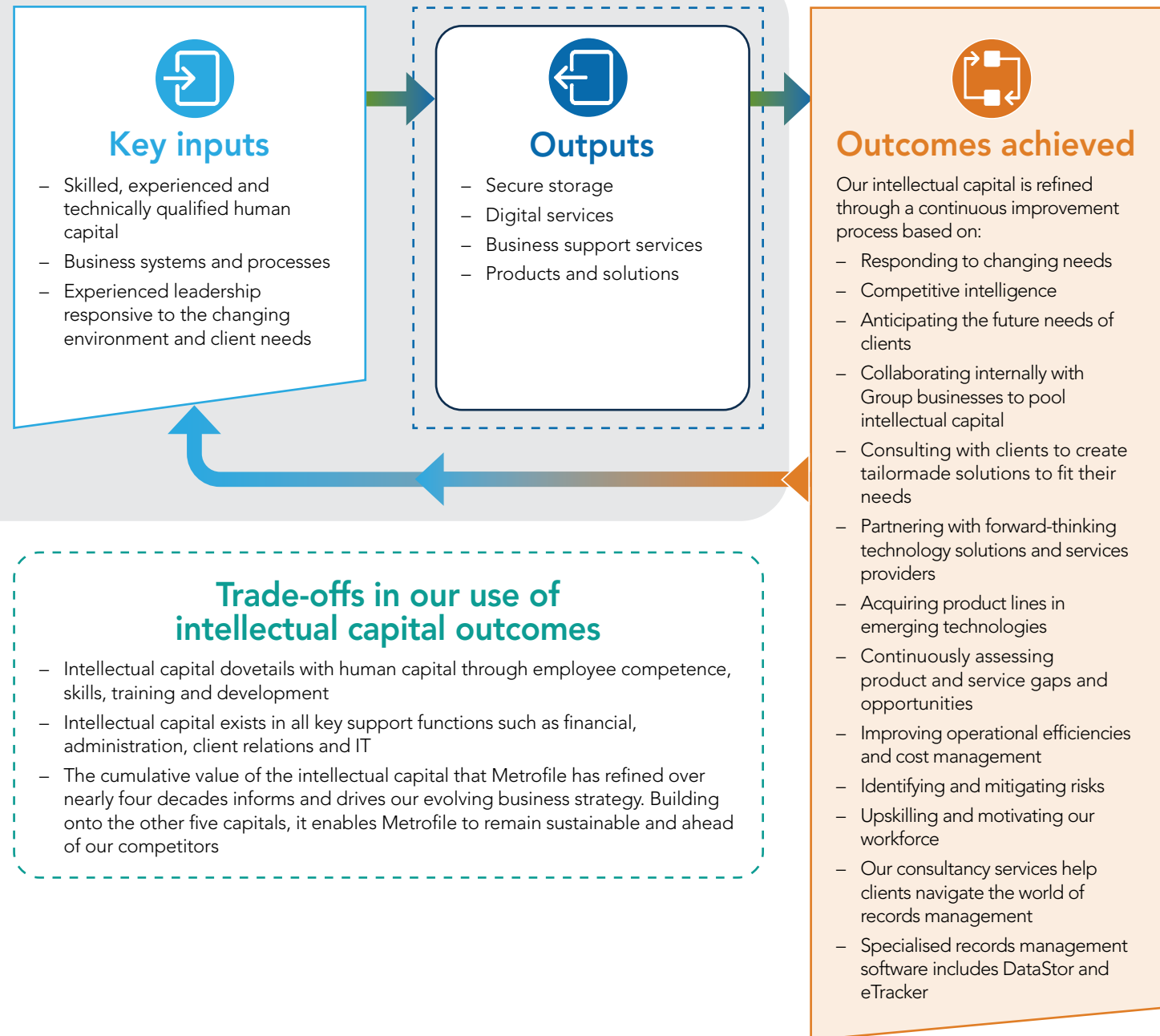
## Intellectual capital

Our intellectual capital is derived from our extensive industry experience, combined with technology, procedures and processes developed by the Group.

Metrofile keeps abreast of industry and consumer trends to stay relevant in the future, while delivering excellence in the present. In this dynamic industry, Metrofile focuses on innovation of products and services and the introduction of specialist skills to develop innovative solutions for our clients.

Metrofile's investment in research and development and commitment to partnerships have led to an ever-expanding range of products and solutions.

## Capital outcomes continued



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION





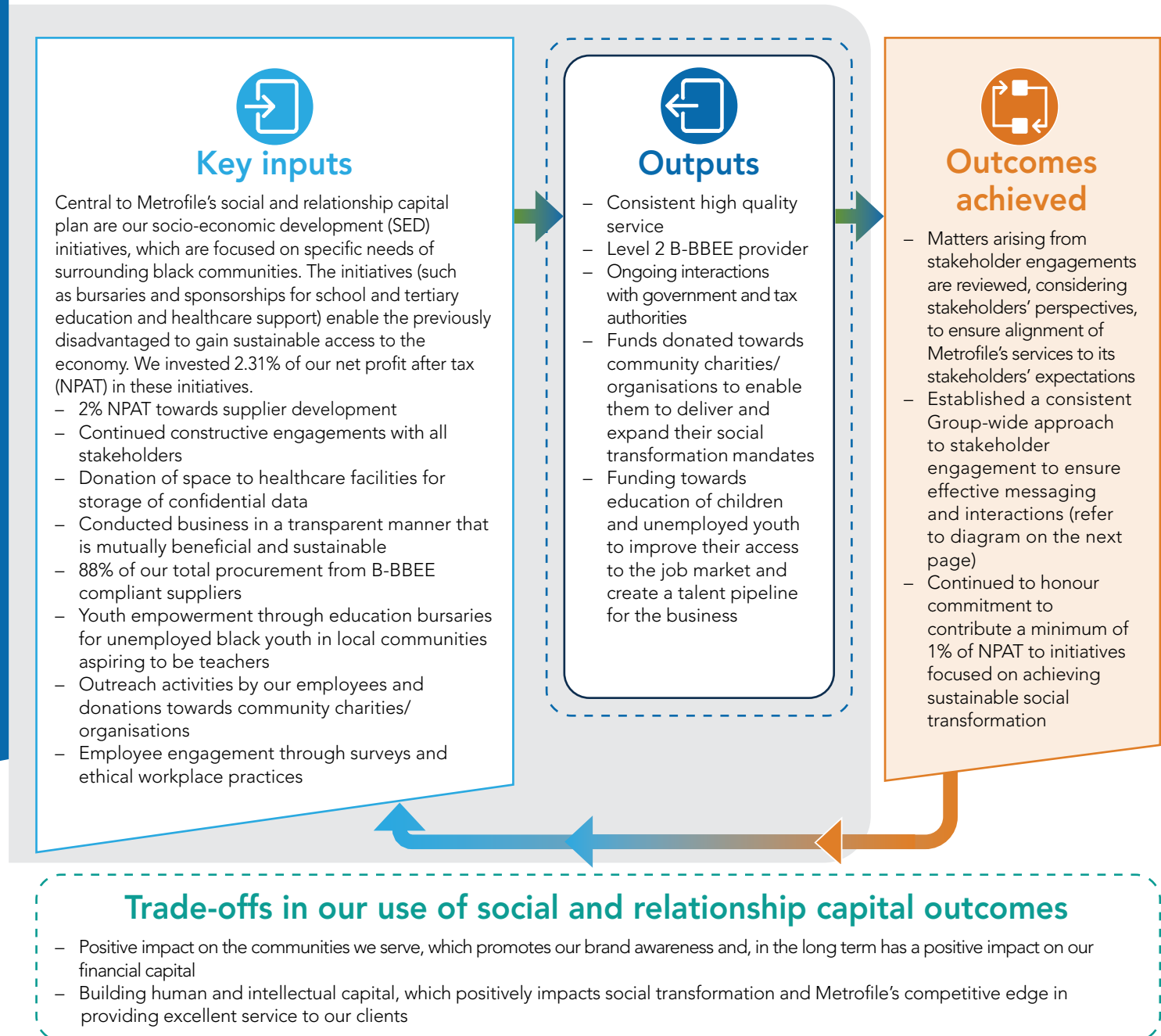
## Social and relationship capital

Social and relationship capital forms an integral part of the values of Metrofile. It involves our business and institutions associated with it, as well as the relationships with employees, communities, shareholders, clients, suppliers, industry and government.

Through ongoing engagements with our stakeholders, we endeavour to create transparent trust-based relationships to understand their views, and inform our response to their unique needs.

At the heart of our social and relationship capital plan is a need for Metrofile to support and meaningfully contribute towards social and economic transformation for the people whose lives we touch.

# Capital outcomes continued



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Capital outcomes continued

## Stakeholder analysis

Engaging with stakeholders is an important part of our business. We recognise that we depend on sound relationships with all our stakeholders in order to grow our business and provide value. We are committed to collaboration, positive partnerships, engagement, consultation and teamwork to achieve common goals. Through our various functional disciplines, we have implemented processes to monitor stakeholder engagement.

Key stakeholders are identified according to their interests, areas of expertise and levels of influence. Areas of concern and opportunities to improve are escalated to the responsible executive, and to the Board where required.

As stakeholders change, stakeholder mapping and analysis is undertaken regularly. Our primary stakeholders are our employees, suppliers, government departments and regulatory bodies, shareholders, unions, media, communities and clients. These groups are presented in the stakeholder map on the right.

- In order to address client complaints, issues, concerns and future service requirements, we:
- Conduct client surveys
  - Hold meetings with clients on an annual basis to discuss services and service delivery
  - Implement trade and industry policy on sector development, trade issues and growth
  - Assess labour market issues regarding flexibility, skills, minimum standards, labour relations
  - Apply environmentally friendly practices

- We investigate and address employee concerns through:
- Employee representative committee meetings
  - National EE committee meetings (in South Africa)
  - Grievance process
  - Tip-offs anonymous hotline
  - Wellness programme

We continue to identify individuals to participate in our programmes through ongoing electronic communication and personal engagement

Ensuring transparency and improving the provision of information:

- Ongoing electronic and personal engagement
- Interviews
- News releases
- Publications, including printed and electronic material

Better understanding of and response to employee concerns through:

- Ongoing electronic and personal engagement
- Meetings
- Participation in CCMA processes



We review our product offering and deliver as per agreed SLAs through ongoing electronic and personal engagement, including supplier meetings

We amend policies, procedures and practices to ensure compliance

As per our shareholder charter, we conduct the following:

- Annual general meeting
- Annual investor presentation
- Individual, documented investor meetings

We publish:

- Financial results
- Integrated annual report
- Supplementary information on our website
- SENS announcements



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



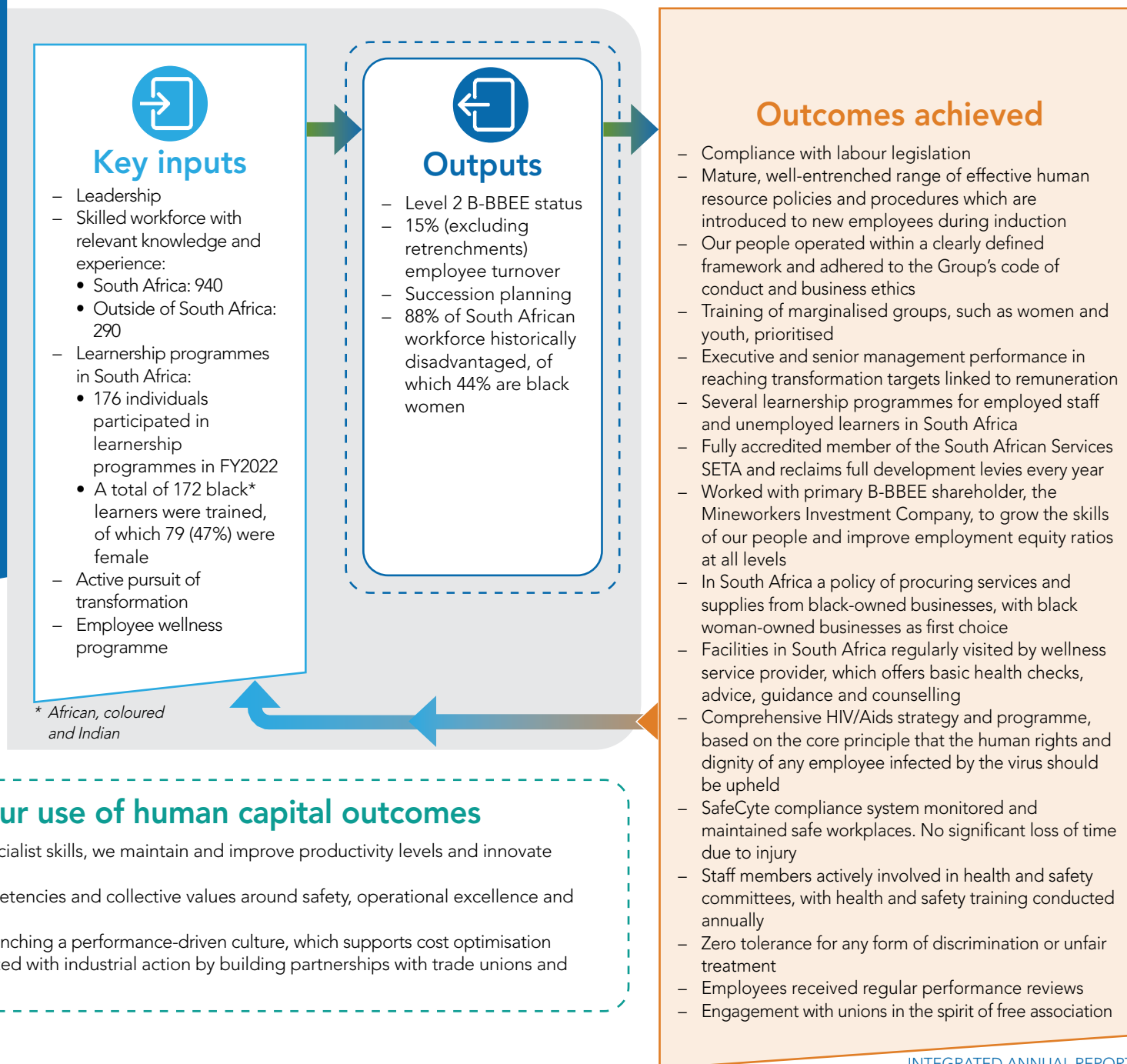
## Why and how we engage



## Human capital

Although Metrofile is becoming increasingly technology-focused, many processes still rely on manual labour and physical handling. We depend on the expertise and experience of our people, their health, skills and safety, to operate our facilities safely and efficiently, and in so doing assist in the delivery of our strategy. Our people management methodology contributes to resolving inequalities in the workplace, and our ongoing investment in employee training and development is aimed at preparing our people for a digital future.

# Capital outcomes continued



## Trade-offs in our use of human capital outcomes

- To attract and retain technical and specialist skills, we maintain and improve productivity levels and innovate around new technology solutions
- Training and development build competencies and collective values around safety, operational excellence and innovation
- Remuneration strategies focus on entrenching a performance-driven culture, which supports cost optimisation
- Effective management of risks associated with industrial action by building partnerships with trade unions and engaging in other structured forums

In this integrated report, Metrofile is, for the first time, including a specific section on ESG. Although this aspect has always been a part of our strategy and operations, we are being more deliberate and going forward, we will report specifically on this aspect.

## ESG review

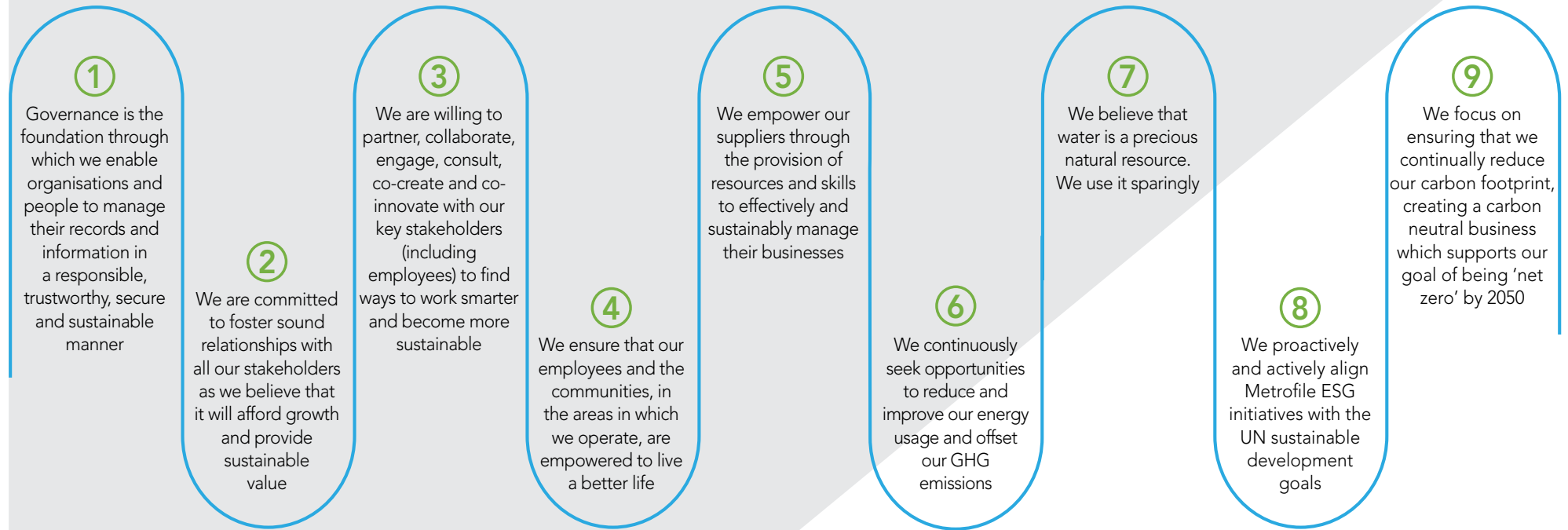
Metrofile has followed an integrated approach in the development of our ESG strategy and framework. Firstly, we gained an understanding of our ESG landscape and defined where we wanted to be. This included stakeholder mapping, materiality analysis and benchmarking.

Secondly, we agreed on our ESG approach including fundamental principles, our ESG value proposition, objectives, framework and focus areas. We also reviewed our ESG policies and validated our objectives against those of our peers.

The third step was to develop an ESG implementation roadmap covering priority projects, resources, timelines, KPIs and risks, with a tracking system to monitor our progress.

The final step, which is ongoing, will be to cascade the implementation of our ESG programme to our business operations.

Our aspirational ESG principles are:



We strive to go beyond profit generation in co-creating sustainable value for all our stakeholders (S) in a responsible way (G) while making a positive impact on the environment (E)

Our focus is on ensuring that we continually reduce our carbon footprint creating a carbon neutral business which supports our goal of being 'net zero' by 2050



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# ESG strategy

## Our ESG strategy



Actions	Our roadmap to build the momentum to integrate ESG in our business			
	FY2022	FY2023	FY2024	FY2025
	<ul style="list-style-type: none"> <li>- ESG strategy in place</li> <li>- Benchmark ESG objectives</li> <li>- ESG reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Map carbon footprint</li> <li>- Establish baseline measures</li> <li>- Set targets, including reduction of GHG emissions by 2025</li> <li>- Establish measurement tracking system</li> <li>- Prioritise initiatives</li> </ul>	<ul style="list-style-type: none"> <li>- Track progress against targets to ensure on track to achieve reduction of GHG emissions by 2025</li> <li>- Implement and monitor initiatives</li> <li>- Launch new initiatives</li> </ul>	<ul style="list-style-type: none"> <li>- Review and report progress against targets</li> <li>- Review business model</li> </ul>

We have established the targets, linked to our strategic objectives, as set out on [pages 33 to 36](#)



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW



SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



## Caring for the environment (E)

At Metrofile, we believe that protecting and improving our natural environment is everyone's responsibility and as a Company we want to play our part so that future generations can continue to benefit. Although our business does not have a significant negative impact on the environment, we will be setting targets to reduce our emissions, to save water and to encourage recycling. These targets are aligned to reducing GHG emissions and the use of fossil fuels by 2025, reducing our carbon footprint in support of our goal to be carbon neutral and 'net zero' by 2050.

ESG objectives	Targets	Progress against targets	GRI standards	UN SDGs	Capitals	Material matters
① Reduce Scope 1 & 2 emissions	Establish a baseline, determine carbon footprint by 2023 and set emissions reduction targets by 2023	Carbon mapping in progress to determine our carbon footprint in order to set targets for reduction of GHG emissions	GRI 305 1-2	 	<ul style="list-style-type: none"> <li>Natural (page 26)</li> </ul>	<ul style="list-style-type: none"> <li>Digital transformation and strategy execution (page 19)</li> <li>Business sustainability, growth and the macro-economic environment (page 20)</li> <li>Multi-jurisdictional legal and regulatory compliance (page 21)</li> </ul>
② Save water	Assess water catchment and water saving opportunities by 2023	Established a 'save our water' project team to identify opportunities to save water	GRI 303 GRI 305-3			
③ Encourage recycling	Provide a service of paper shredding for recycle-ready waste	Continued to encourage paper shredding for ongoing recycling 8 000 tons of paper recycled	GRI 306			



### Risks

- Not getting business buy-in to measures required to reduce GHG emissions and to save water
- Cost of measures deemed to be too high relative to the benefit
- Businesses going digital results in less paper available for recycling
- Lack of accurate measurement of the impact of initiatives



### Opportunities

- Exploring alternative technologies for emission reduction in transport services
- Leveraging technology to reduce need for physical transport of documents, eg cloud and digital services
- Reduce electricity usage, explore solar projects



### Highlights

- SETCOM driving ESG together with business
- Commitment to carbon neutral and 'net zero' by 2050
- 8 000 tons of paper recycled



### Longer term aspirations

- Reduce our carbon footprint and ensure that our business is carbon neutral and 'net zero' by 2050



## Caring for our employees (S)

Our Group is built on our employees who assist us in ensuring that our clients' vital records management needs are met. It is our intention to build an equitable workplace culture that values diversity, equity and inclusion. Our employee value proposition includes fair compensation, rewards and benefits, stability and mutual respect.

ESG objectives	Targets	Progress against targets	GRI standards	UN SDGs	Capitals	Material matters
① Reduce inequality	Internal targets for management levels in the organisation are being met	Targets have been achieved for FY2022 Additional targets have been set for transformation of management levels for FY2023	GRI 405-1 GRI 406-1		<ul style="list-style-type: none"> <li>• Intellectual (page 27)</li> <li>• Social and relationship (page 28)</li> <li>• Human (page 30)</li> </ul>	<ul style="list-style-type: none"> <li>• Business sustainability, growth and the macro-economic environment (page 20)</li> <li>• Multi-jurisdictional legal and regulatory compliance (page 21)</li> </ul>
② Transform and diversify	B-BBEE level 1 by the end of 2022 calendar year	B-BBEE level 2 (working towards achieving level 1)	N/A			
③ Develop and retain our people	Upskill our people as per B-BBEE scorecard <15% employee turnover (excluding redundancies)	Continued to run our learnership programmes, with 176 individuals participating in learnership programmes in FY2022 Employee turnover for FY2022 was 15% (excluding retrenchments)	GRI 205-1 GRI 408-1 GRI 409-1 GRI 202-2 GRI 401-1			
④ Actively engage our people	Employee engagement survey conducted every two years (with prioritised actions implemented and tracked)	Employee engagement survey scheduled for FY2023	N/A			
⑤ Improve health, safety and wellness	Zero injuries Provide easy access to wellness programmes	Continued to monitor and track our IODs Access to wellness programme available to all staff 24/7, and enhanced through a wellness app	GRI 403-3 GRI 403-9 GRI 403-10			



### Risks

- Long term retention of management and employees
- Accelerated development of high potential employees



### Opportunities

- Implementation of formal career development plans



### Highlights

- Business commitment to B-BBEE





### Longer term aspirations

- Ensure that our employees are fully engaged, and able to realise career goals within the business

## Caring for our stakeholders (S)

We have a wide range of stakeholders, including investors, customers, suppliers and the communities in which we operate. We are committed to fostering sound relationships with all stakeholders to ensure growth and sustainable value creation.

As a Group, we are intent on deliberate engagement, development and local procurement. We are willing to partner, collaborate, engage, consult, co-create and co-innovate with our key stakeholders to find ways to work smarter and become more sustainable.

ESG objectives	Targets	Progress against targets	GRI standards	UN SDGs	Capitals	Material matters
① Focused socio-economic development (SED)	1% NPAT to SED initiatives	Actual spend was 2.31% of NPAT for FY2022	GRI 203-2 GRI 204-1 GRI 413-1 GRI 413-2	 	<ul style="list-style-type: none"> <li>Social and relationship (page 28)</li> </ul>	<ul style="list-style-type: none"> <li>Digital transformation and strategy execution (page 19)</li> <li>Business sustainability, growth and the macro economic environment (page 20)</li> <li>Multi-jurisdictional legal and regulatory compliance (page 21)</li> <li>Business continuity, infrastructure and operational risks (page 22)</li> </ul>
② Source ethically and locally	80% local sourcing from suppliers that have a level 4 or better B-BBEE rating	88% achieved	GRI 204-1			
③ Supplier and enterprise development	1% of NPAT towards enterprise development 2% NPAT towards supplier development	Both targets met	GRI 203-2 GRI 204-1 GRI 413-1 GRI 413-2			
④ Active stakeholder engagement	Actively engage with stakeholders as per stakeholder engagement plan	Plan in progress	N/A			



### Risks

- Becoming complacent rather than driving long term sustainable stakeholder goals



### Opportunities

- Continue to work with suppliers on B-BBEE improvement plans



### Highlights

- Exceeding targets set, including local sourcing



### Longer term aspirations

- Effectively integrate stakeholders into our ESG programmes

# ESG strategy continued



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS



SHAREHOLDER INFORMATION



36

## Integrating ESG responsibly (G)

Our aim is to identify ESG targets, risks and opportunities. The implementation of identified ESG initiatives will be tracked and reported on.

ESG objectives	Targets	Progress against targets	GRI standards	UN SDGs	Capitals	Material matters
1 Manage ESG risks and opportunities	ESG risks have been identified, managed and disclosed	Risks have been identified and disclosed; mitigation actions to be implemented	GRI 2-27 GRI 205-3 GRI 411-1 GRI 416-2 GRI 417-2 GRI 417-3 GRI 418-1	 	<ul style="list-style-type: none"> <li>Financial (page 24)</li> </ul>	<ul style="list-style-type: none"> <li>Multi-jurisdictional legal and regulatory compliance (page 21)</li> </ul>
2 Drive and govern ESG responsibly	ESG initiatives identified and disclosed by 2023 ESG initiatives tracked and the implementation reported by 2024	The need for a proper measurement and tracking system for ESG is clear	N/A			



### Risks

- Lack of business buy-in and commitment of budget to specific ESG projects and initiatives



### Opportunities

- Refine our reporting on ESG
- Implementation of and reporting on specific initiatives will make ESG more visible in our business and to our stakeholders



### Highlights

- Defined our ESG strategy, identified our objectives and benchmarked Metrofile



### Longer term aspirations

- Proper measurement and tracking system for ESG to be developed and implemented



Metrofile Holdings Limited and its subsidiaries confirm their commitment to driving positive governance outcomes through principles, as advocated by the King IV™ Report on Corporate Governance for South Africa, 2016 ("King IV™"), and remain committed to complying with legislation, regulations and best practices relevant to the business.

## Corporate governance

During the year ended 30 June 2022 and up to the date of approval of this integrated annual report, the principles articulated in the JSE Listings Requirements and the King IV™ Report have been substantially applied.

Throughout the reporting period, action plans identified during the previous financial year have been implemented to further align the Company's governance principles with the King IV™ philosophy, principles and governance outcomes.

Throughout this section, we have reported on these action plans, as well as highlighted key focus areas for the next financial year.

### Value creation

The Board regards governance as fundamental to the success of Metrofile's business. It is committed to applying the principles of good governance in directing and managing the Group in order to achieve its strategic objectives.

As reported in the value creation and ESG sections of this report (refer to pages 14 to 36), the integration of our stakeholder engagement, material matters assessment, strategy and business model development, together with our performance management, outlook and ESG aspects, ultimately encapsulates the value creation story of the Group, overseen by our governance framework.

The Group endeavours to provide relevant reporting in a transparent manner to its stakeholders through the medium of the integrated annual report, annual and interim financial results, as well as supplementary reports and engagement with various stakeholders throughout the year.

Communicating with all stakeholders is a fundamental part of Metrofile's drive to provide timely, transparent and full disclosure. Metrofile is further committed to transparent reporting to all its stakeholders.

2022

During this financial year, we continued to enhance our stakeholder communication and investor relations to ensure that important and relevant information is provided to our stakeholders, through improved and timeous disclosure. A key focus during 2022 was on ESG management, reporting and related disclosure, as is evident throughout this report.

2023

Continued focus on ESG management, reporting and related disclosure, together with stakeholder communication and investor relations, will continue to be a key focus area for the 2023 financial year.

### Business conduct, ethics and prevention of corruption

Metrofile is built on five promises, namely commitment, integrity, diversity, resourcefulness and collaboration, which support our vision of being our clients' trusted records and information management partner.

As such, the Group's business philosophy requires that directors, employees and business partners conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour.

The Company has adopted a Code of Ethics, which is communicated to all employees and is available on the website. The purpose of the Code of Ethics is to prevent unethical business practices and to provide guidelines to ensure all our business dealings and partnerships are conducted fairly and ethically. The Code of Ethics stipulates, among other things, that the Company must ensure it practices good business ethics, as well as ensuring that all of its subsidiaries and business partners adhere to the Code of Ethics.

The Board considers sustainability to encompass environmental and social responsibility, good corporate governance and ethics, which are fundamental to the way the Company interacts with its stakeholders, investors, clients, suppliers, employees and the community.

Metrofile is committed to govern its activities in a manner that is commensurate with the overarching corporate governance principles of fairness, accountability, responsibility and transparency.

The Board, CEO and CFO lead by example in terms of commitment, honesty and integrity. The leadership team continually supports and promotes an integrity-driven culture.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Ethical and responsible leadership

As a member of the International Secure Information Governance and Management Association™ (i-SIGMA®), a non-profit trade association for the commercial information management industry, Metrofile subscribes to a philosophy of professionalism towards clients, fellow i-SIGMA® members and the public.

The Group subscribes to a whistle-blowing hotline, which is a channel for anonymous tip-offs relating to any matter of concern impacting the Group or our stakeholders. All tip-off reports are investigated and a summary of the tip-off reports, the investigation undertaken and the outcome thereof, are reported to the Audit, Governance and Risk Committee, as well as the Social, Ethics and Transformation Committee. This summary also includes any reports received via channels other than the whistle-blowing hotline. No material reports were made via these channels for the reporting period.

In addition, an annual declaration process exists for the Company's directors and management team covering gifts, disclosure of interest and compliance. No material matters were identified for reporting through this channel.

Organisational ethics is overseen by the Social, Ethics and Transformation Committee. As in the past, we continue to emphasise the following key themes to our staff regarding business conduct, ethics, exchange of gifts and entertainment, anti-bribery, anti-corruption and anti-competitive behaviour within the Group:

- Any wrong-doing, in accordance with the governance policies, should be reported via the anonymous whistle-blowing hotline
- Any non-compliance with Metrofile's values and rules will not be tolerated
- Managing fears that reporting unethical behaviour will lead to victimisation

All employees signed a confidentiality and privacy agreement as an addendum to their employment contracts. This addendum covers aspects around confidentiality, privacy and ethics and includes the Group and individual employee's commitment towards ethics.

2023

For the 2023 financial year we will continue to conduct refresher training and internal campaigns to maintain focus on organisational ethics.

## Responsible corporate citizenship

Corporate citizenship underpins Group strategy and reputation in so far as human, social and relationship and natural capital are concerned.

Corporate citizenship is overseen by the Social, Ethics and Transformation Committee and is reported on in the capitals outcomes section (refer to [pages 28 and 29](#) for social and relationship capital feedback).

The Board acknowledges its responsibility to consider the impact of the Company's operations on the economy, community, environment and stakeholders in its decision-making and is committed to the principles of sustainability in achieving Metrofile's strategy. For Metrofile, sustainability encompasses environmental and social responsibility as well as corporate governance and ethics. The Group retains overall control of its subsidiaries, to ensure that its sustainable business model of longer term growth, built on a responsible, social and environmental platform, is filtered throughout the Company.

2022

Metrofile strives to minimise its own impact on the natural environment and utilisation of resources. In this regard, we have formalised our environmental, social and governance (ESG) programme during 2022.

2023

We will continue to build and deliver on our ESG strategy during 2023 as reported in the ESG section of this report on [pages 31 to 36](#).



Effective 30 September 2021:

\* Chris Seabrooke stepped down as independent non-executive Chairman of the Board and Phumzile Langeni was appointed as the new Chairman. Chris remains on the Board as an independent non-executive director. Sindi Zilwa replaced Phumzile Langeni as lead independent non-executive director.

# Andile Khumalo and Thabo Seopa were appointed as independent non-executive directors.

^ Graham Wackrill retired as non-executive director.

Effective 30 June 2022:

& Zaheer Abdulla resigned as non-executive director and Lebohang Storum was appointed. Previously Lebohang was an alternate director to Zaheer Abdulla.

## Board of directors

**Phumzile Langeni (48)\***  
BCom (Acc), BCom (Hons), MCom  
*Independent non-executive Chairman*

**Mary Sina Bomela (49)**  
BCom (Hons), CA(SA), MBA  
*Non-executive director and deputy Chairman*

**Pfungwa Gore Serima (57)**  
BSc (CompSc) and Business Studies  
*Group Chief Executive Officer*

**Shivan Mansingh (36)**  
BaccSci, HDipAcc, CA(SA), MBA  
*Group Chief Financial Officer*

**Sindiswa Victoria Zilwa (55)\***  
BCompt (Hons), CA(SA), CD(SA), Advanced Diploma in Financial Planning (UFS), Advanced Diploma in Taxation (UNISA), Advanced Diploma in Banking (RAU)  
*Lead independent non-executive director*

**Muhammed Zaheer Abdulla (35)&**  
BSc (Actuarial Science) Honours  
*Non-executive director*

**Andile Khumalo (44)#**  
BCom (Accounting), Post Graduate Diploma in Accounting, CA(SA)  
*Independent non-executive director*

**Lindiwe Evarista Mthimunye (48)**  
BCom, CA(SA), MCom, HDip Tax Law  
*Independent non-executive director*

**Christopher Stefan Seabrooke (69)\***  
BCom, BAcc, MBA, FCMA  
*Independent non-executive director*

**Stanley Thabo Moloko Seopa (58)#**  
BCom (Accounting), Higher Diploma in Tax Law, Diploma in Finance, Diploma in Management  
*Independent non-executive director*

**Dominic Lebohang Storum (34)&**  
BCom (Hons), CA(SA), MCom, MBA  
*Non-executive director*

**Graham Dunbar Wackrill (68)^**  
BCompt  
*Non-executive director*

**Leon Rood (45)**  
BCom, LLB  
*Independent non-executive alternate director to Chris Seabrooke*

### Board statement

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period and that it has complied with its legal and regulatory responsibilities throughout the period under review.



Phumzile Langeni, Mary Bomela, Pfungwa Serima and Shivan Mansingh

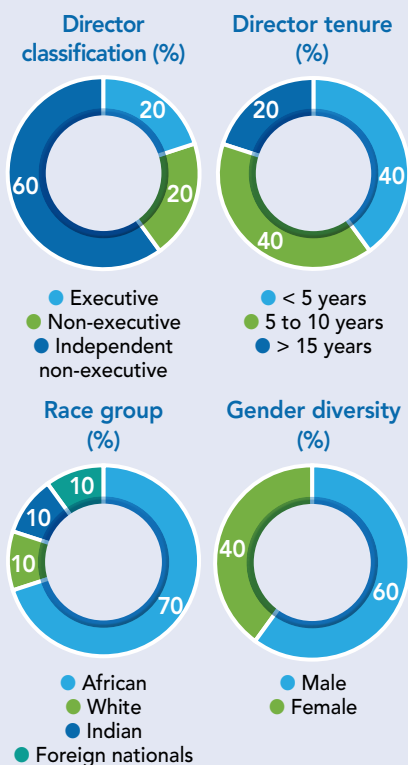
Sindi Zilwa, Andile Khumalo, and Lindiwe Mthimunye

Chris Seabrooke, Thabo Seopa, Lebohang Storum and Leon Rood

## Composition

The Board comprises a diverse group which has adequate and appropriate knowledge, skills and experience. This is necessitated by the size and nature of Metrofile's business, in order to act in the best interests of the Company and its stakeholders.

### Board diversity



## Board of directors continued

Each director brings independent judgement and experience to Board deliberations and decisions. The directors' technical, entrepreneurial, financial and business skills are well balanced.

The Board is chaired by an independent non-executive director. Chris Seabrooke stepped down as independent non-executive Chairman effective 30 September 2021. Phumzile Langeni was appointed as the new independent non-executive Chairman and Pfungwa Serima remains the Group CEO. The separation of these two roles ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making. An official succession plan for the role of Chairman and CEO is in place.

The Board comprises six independent non-executive directors, two non-executive directors and two executive directors.

Notwithstanding Phumzile Langeni's tenure of 10 years on the Board and her indirect beneficial interest of 0.10% in Metrofile as at 30 June 2022, the other Board members unanimously determined that Phumzile will exercise strong independent judgement and leadership in her capacity as Chairman of the Group.

The Board continues to have a lead independent non-executive director in order to strengthen the independence of the Board. Phumzile Langeni fulfilled this role until her appointment as independent non-executive Chairman of the Board effective 30 September 2021. Sindi Zilwa replaced Phumzile Langeni as lead independent non-executive director. The lead independent non-executive director's duties include:

- Assisting the Board to deal with management of any actual or perceived conflicts of interest that arise on the part of the Chairman
- Presiding at all meetings of the Board at which the Chairman is not present or where the Chairman is conflicted, including any sessions of the independent directors
- Serving as principal liaison between the independent directors and the Chairman
- Performing all functions that cannot be performed by the Chairman due to his/her absence or the existence of a conflict of interest
- Liaising with major shareholders if requested by the Board in circumstances or transactions in which the Chairman is conflicted

All director appointments are a matter for the Board as a whole and are formal and transparent. The Board is satisfied that its composition

reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

Apart from the changes already reported in this section of the integrated annual report, the following changes were made to the Board:

- Graham Wackrill retired as non-executive director and Andile Khumalo and Thabo Seopa were appointed as independent non-executive directors effective 30 September 2021
- Zaheer Abdulla resigned, and Lebohang Storum was appointed, as non-executive director effective 30 June 2022

The Board has adopted a Board diversity policy, which reflects race and gender targets and measures. At Board level the intent is to maintain a voluntary target of 40% female and 50% black. The Board met these targets at the date of publishing this integrated annual report, with 40% of our members being female, 70% being African and 10% being Indian.

Brief biographical details of each Board member are reported on [page 39](#), with more detail available on the Company's website [🌐](#).

### Board roles and responsibilities

In making its decisions, the Board strives to achieve the appropriate balance between the various stakeholder groupings, while adhering rigorously to its fiduciary duty to act in the best interests of the Company.

The Board charter, as well as the dynamic and well-balanced composition of the Board, ensures the best interests of the Group.

The Board of Metrofile is responsible for directing the Group towards achieving its vision and mission. The Board is ultimately accountable for the development and execution of the Group's strategy, operating performance and financial results, practised within the Group's formal governance and authority frameworks, with the objective of creating sustainable value for all stakeholders.

The Board is responsible for its own composition, the appointment of the Chairman and Group CEO, its constitution and the composition of its Committees.

The Board's roles and responsibilities are reflected in the Board charter, which has been published on the Company's website [🌐](#). The purpose of the charter is to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance.

## Board of directors continued

The charter, which is reviewed and updated annually, sets out the specific roles and responsibilities to be discharged by the Board collectively, the individual Board member roles expected, as well as the requirements for its composition and meeting procedures. The Board has an annual work plan in order to ensure deliberation on all aspects as required by the charter.

The executive directors, being involved with the day-to-day business activities of the Group, are responsible for ensuring that the decisions, strategies and views of the Board are implemented. To fulfil their responsibilities, Board members have full and unrestricted access to relevant information and the services and advice of the Company Secretary. Directors may also obtain independent professional advice at the expense of the Company.

### Board meetings

The Board meets at least four times a year (attendance for this reporting period is detailed in the adjacent table). The Board works to a formal agenda that covers strategy, structure, operating performance, growth initiatives, Group functional reporting, feedback from Board sub-committees and other key activities of the Group. To do so effectively, formal documents and minutes of all Board Committees are included in the Board papers.

At each Board meeting the executive directors report to the Board on board related matters. The executive directors' reports are supplemented by reports from the managing directors and Group functional heads (HR, IT, risk, operations and marketing). The chairmen of the Board sub-committees also report to the Board on delegated matters.

During the year, the Board received presentations from management on the strategic plans, budgetary matters, performance, as well as any other items requiring in-depth coverage in terms of the Group's authority framework. This authority framework is reviewed and approved by the Board on an annual basis.

	Board	AGRC	REMCOM	NOMCOM	SETCOM	STRATCOM
Phumzile Langeni*	5/5	1/3	3/3	3/3	2/3	2/2
Mary Bomela	5/5		3/3	3/3	3/3	2/2
Pfungwa Serima (CEO)	5/5				3/3	2/2
Shivan Mansingh (CFO)	5/5				3/3	2/2
Sindi Zilwa <sup>+</sup>	5/5	3/3		2/3	2/3	
Zaheer Abdulla <sup>**</sup>	5/5					
Andile Khumalo <sup>#</sup>	4/5	2/3				
Lindiwe Mthimunye <sup>@</sup>	5/5	3/3	2/3		3/3	
Chris Seabrooke <sup>§</sup>	4/5		3/3	3/3		2/2
Thabo Seopa <sup>^</sup>	4/5				2/3	
Lebohang Storum <sup>**</sup>	1/5					
Graham Wackrill <sup>&amp;</sup>	1/5					

\* Phumzile Langeni was appointed as non-executive Chairman of the Company and resigned as a member of the Audit, Governance and Risk Committee on 30 September 2021.

<sup>+</sup> Sindi Zilwa was appointed as a member of the Nominations Committee on 30 September 2021.

<sup>\*\*</sup> Zaheer Abdulla resigned as non-executive director effective 30 June 2022 and Lebohang Storum was appointed.

<sup>#</sup> Andile Khumalo joined the Company as a non-executive director and member of the Audit, Governance and Risk Committee on 30 September 2021.

<sup>@</sup> Lindiwe Mthimunye was appointed as non-executive chairman of the Remuneration Committee on 30 September 2021.

<sup>§</sup> Chris Seabrooke was represented by his alternate, Leon Rood, at meetings for which he tendered his apologies.

<sup>^</sup> Thabo Seopa joined the Company as a non-executive director and member of the Social, Ethics and Transformation Committee and the Strategy and Investment Committee on 30 September 2021.

<sup>&</sup> Graham Wackrill resigned as a director of the Company on 30 September 2021.

### 2022

During 2022 the Board of Directors delivered in terms of the following key focus areas: defending and extending market position in information management, scaling our position in information management, continued focusing on capital allocation and capacity management and enhancing our core capabilities through introducing new services for our customers.

### 2023

Digital and cloud services, innovating across core offerings, transforming Metrofile, appointing industry experts, end-to-end integrated solutions and services, local and international solutions providers and focus on the data and information management sector will be key focus areas for 2023.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Board of directors continued

Apart from the standing agenda items, the following key priorities were deliberated at Board meetings:

## September to November

- Integrated annual report
- Execution of digital strategy (IronTree acquisition)
- Board and Committee changes

## December to February

- On-boarding IronTree

## March to May

- Approval of interim financial results
- Risk register, policy and framework review
- Review and approval of Group authority framework
- ESG roadmap and disclosures

## June to September

- Budget approval and strategy deliberations
- Approval of combined assurance plan FY2023 and review of overall assurance conclusions FY2022
- Approval of annual financial results

## Performance evaluations

Every alternate year, the Board conducts formal performance evaluations. Board members complete an evaluation of the effectiveness of the Chairman via questionnaire, the results of which are sent directly to the Company Secretary and lead independent non-executive director for assessment, collation and feedback to the Chairman.

The Board assessments also include a comprehensive formal performance evaluation of the Group CEO and Group CFO, comprising an evaluation by each member of the Board via a questionnaire that allows for detailed responses and comments. The Chairman provides a summary and feedback of these evaluations to the CEO and CFO, and they are encouraged to probe and debate any aspect of the evaluation with the full Board.

All Board and Committee members complete a detailed self-assessment probing the composition, duties, responsibilities, process and effectiveness of the Board and Committees. The respective Committee chairmen assess the performance of individual Committee members and the Board evaluates the respective Committee chairmen's performance. The results of the self-assessments are discussed at Board and Committee meetings. These appraisals enable each Committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference in its charter.

The performance evaluations are collated by the Company Secretary. On behalf of the Board, the Company Secretary confirms that, based on the latest evaluation of the Chairman, the performance and commitment of Phumzile Langeni throughout her period of office has been highly satisfactory. On behalf of the Board, the Chairman confirms that, based on the latest evaluation of the Board and individual directors, the performance and commitment of all directors available for re-election, throughout their periods of office, have been highly satisfactory. Evaluations are considered an integral part of the re-election process. The Board is satisfied that the evaluation process is improving its performance and effectiveness. No action plans of a material nature were noted. Where material action plans are noted in future, these will be disclosed accordingly.

## Board rotation

In terms of the Group's Memorandum of Incorporation (MOI), all non-executive directors retire by rotation every three years. In the event that no directors are due for rotation, the two with the longest period since re-appointment automatically retire. Retiring directors are proposed for re-election by shareholders.

At the 2022 AGM, Phumzile Langeni and Lindiwe Mthimunye will retire by rotation and, being eligible, will offer themselves for re-election.

## Independence

We specifically consider the independence of directors and their other commitments annually. This is done to determine whether a director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily.

The Chairman and the Board re-assess the independence of independent directors on an annual basis. The King IV™ code suggests that the re-appointment of an independent director after a term of nine years should be seriously considered as it is suggested that after nine years their independence may be impaired. Non-executive directors of the Company may continue to serve, in an independent capacity, for longer than nine years if, upon an assessment by the Company conducted every year after nine years, it is concluded that the director exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

The Board is of the view that all independent non-executive directors are independent, in accordance with the King IV™ code. We also confirm the independence of our new non-executive Chairman who had been appointed effective 30 September 2021 and who has been a member of the Board of Directors for 10 years.

All existing non-executive directors are subjected to a rigorous review by the Nominations Committee, irrespective of tenure. Notwithstanding Chris Seabrooke's tenure of 19 years, Mary Bomela's tenure of 12 years and Sindi Zilwa's tenure of 10 years, the Nominations Committee and other Board members have unanimously determined that these Board members continue to exercise strong independent judgement. Graham Wackrill served on the Board for 17 years and retired effective 30 September 2021.

The directors' interests are disclosed in the annual financial statements available on the Company's website [🌐](#). There have been no changes to the directors' interests between the end of the financial year and the date of approval of this integrated annual report.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



Throughout the reporting period the Board has outsourced this function to an independent Company Secretary in order to meet the requirements of the Companies Act and the JSE Listings Requirements.

## Company Secretary

The duties of the Company Secretary include:

- Ensuring that Board procedures are followed and reviewed regularly
- Ensuring compliance with the applicable rules and regulations for the conduct of the affairs of the Board
- Providing the Board and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company and in line with good governance
- Providing counsel and guidance to the Board on its individual and collective powers and duties
- Eliciting responses, input and feedback for Board and Board Committee meetings
- Preparing and circulating Board and Board Committee papers timeously
- Ensuring preparation and circulation of proper minutes of shareholder, Board and Board Committee meetings
- Maintaining statutory records in accordance with legal requirements
- Reporting to the Board on any non-compliance with the MOI or Companies Act
- Certifying in the annual financial statements that the Group has filed the required notices and returns timeously in accordance with the Companies Act
- Ensuring that the Group's annual financial statements are properly distributed
- Carrying out the other functions required of a Company Secretary by the Companies Act and the JSE Listings Requirements
- Considering the regulatory universe, preparing and providing the Board with updates and proposed changes to laws and regulations affecting the Group
- Assisting the Nominations Committee with the appointment of directors
- Advising the Nominations Committee on all legal and regulatory matters, including legal frameworks and processes
- Advising the Nominations Committee with respect to all regulatory filing and public disclosure relating to the Company's governance processes
- Assisting with director induction and training programmes
- Ensuring that the Board charter and the terms of reference of Board Committees are kept up-to-date
- Drafting annual work plans with the Chairman of the Board and the individual Board Committee chairmen
- Assisting with the evaluation of the Board, Board Committees and individual directors
- Keeping abreast of current corporate governance thinking and practice, and informing the Board accordingly

The Board has considered and satisfied itself of the Company Secretary's competence, qualifications and experience throughout the reporting period. The Board is satisfied that the Company Secretary has carried out her duties as set out above.

Effective 31 July 2022 the Company Secretary resigned and was replaced by Elmarie Smuts as an interim measure. Elmarie is currently also the Group Risk Officer of Metrofile.

### Board statement

The Board confirms that for the 2022 financial year, the Company Secretary has maintained an arm's length relationship with the Board, that she was not a director of the Company and that she performed no other functions on behalf of the Group or the Board.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



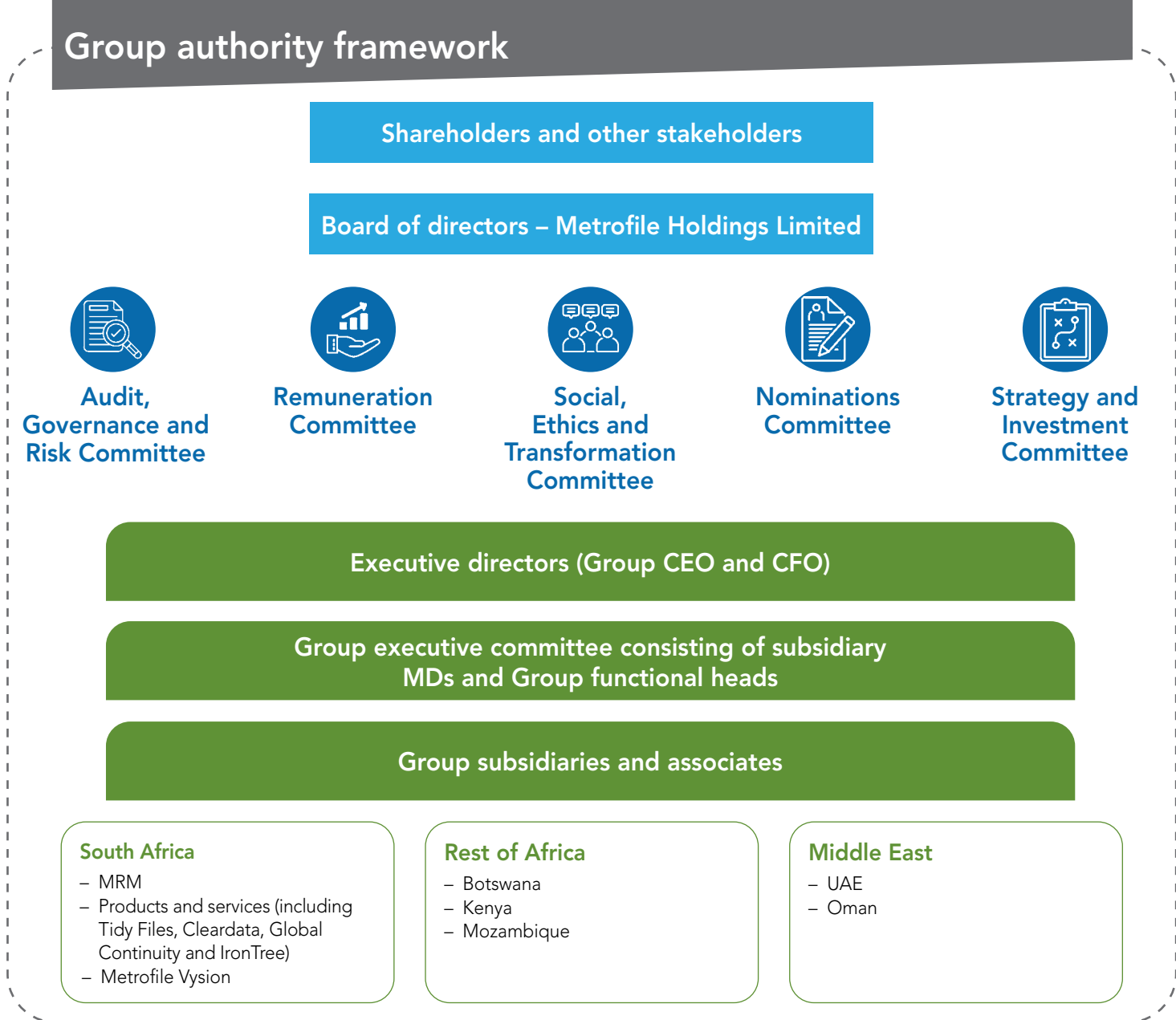
The Group's governance structure provides for delegation of authority while enabling the Board to retain effective control.

The Board has established five Committees to assist with its duties, namely the Audit, Governance and Risk Committee, the Nominations Committee, the Remuneration Committee, the Social, Ethics and Transformation Committee and the Strategy and Investment Committee. The principles of ESG, as well as the four dimensions of Metrofile's approach to ESG are embedded in the tasks and actions of the Committees and, going forward, the Committee members will specifically report on ESG as it applies to their roles and responsibilities.

The structure and composition of these Committees are reported on in the next section of this report. The Committee charters, which are available on the Group's website [🌐](#), are reviewed annually in line with King IV™. The individual Committee feedback is also detailed in the next section of this report.

The Board delegates authority to these established Board Committees as well as to the executive directors with clearly defined mandates. The Board is satisfied that the Group's authority framework contributes to role clarity and the effective exercise of authority and responsibilities. The Board is responsible for setting strategic and operational direction and policy and this is filtered down to all subsidiaries. The Nominations Committee reviews executive director and senior management succession plans and is satisfied that a robust succession plan is in place at a Group and subsidiary level.

# Governance framework and delegation of authority



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



Each sub-committee's roles and responsibilities, composition requirements and meeting procedures are reflected in the respective charters, which are published on the Company's website . The purpose of the charters is to regulate how business is to be conducted by the sub-committees in accordance with the principles of good corporate governance and other legal requirements. The charters are reviewed and updated annually.



### Meeting schedule

The Committee met three times in 2022



### Additional 2023 focus areas

- ERP roll-out
- Further enhancing ESG disclosure

### Statement

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Also refer to the Audit, Governance and Risk Committee report in the annual financial statements available on the Company's website .

# Sub-committee structure and report back

## Audit, Governance and Risk Committee (AGRC)



### Composition

#### Members

Sindi Zilwa (Chairman)  
Phumzile Langeni\*  
Lindiwe Mthimunye  
Andile Khumalo@

#### Permanent invitees

Chris Seabrooke  
Graham Wackrill#  
Zaheer Abdulla&  
Lebohang Storum&

#### Other regular attendees

Pfungwa Serima  
Shivan Mansingh  
Members of executive management  
Internal audit  
External audit

\* Phumzile Langeni resigned as a member of the Committee effective 30 September 2021 upon her appointment as Chairman to the Board of Directors.

@ Andile Khumalo was appointed as a member to the Committee effective 30 September 2021.

# Graham Wackrill retired effective 30 September 2021.

& Zaheer Abdulla resigned from the Board effective 30 June 2022 and Lebohang Storum was appointed.



### On the 2022 agenda

Apart from the standing agenda items and statutory requirements, the Committee specifically focused on the following matters during the reporting period:

- Cash generation and conversion through active management of working capital components and balance sheet efficiencies
- Levels of net debt and lowering finance costs
- JSE proactive monitoring of financial statements
- Tracking of IT strategy, roll out of three-year roadmap and information security
- CEO and CFO responsibility statement on internal financial and financial reporting controls as per JSE Listings Requirements
- ERP roll-out
- Mandatory audit firm rotation
- Disclosure requirements in terms of Metrofile's ESG strategy framework and roadmap

### Capitals forming part of the agenda

- Financial capital
- Manufactured capital (properties, buildings, warehouses, assets, IT equipment)
- Human capital (CFO, finance function, risk and compliance function)
- Intellectual capital (information and technology)

### Report back in terms of the following governance functional area

- Risk and opportunity management
- Technology and information
- Compliance and share dealings
- Combined assurance plan
- Internal control and management reporting
- External audit
- Internal audit
- CFO and Group finance function



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Sub-committee structure and report back continued

## Remuneration Committee (REMCOM)



### Meeting schedule

The Committee met three times in 2022



### Additional 2023 focus areas

- Providing transparency on pay ratios, the income gap and trends with respect to the gender pay gap
- Consideration of remuneration, reward and retention policy with specific focus on employees who meet our diversity, equity and transformation requirements
- STIs for ESG objectives will be considered in the future
- Review of CPI based on historical averages

### Statement

- The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period
- Refer to the remuneration report on [pages 56 to 64](#) for more details on Metrofile's remuneration philosophy, policy and implementation report



### Composition

#### Members

Lindiwe Mthimunye (Chairman)\*  
Mary Bomela  
Chris Seabrooke  
Phumzile Langeni\*

#### Occasional invitees

Pfungwa Serima  
Shivan Mansingh  
(neither may take part in any discussions regarding their own remuneration)

#### Permanent invitee

Graham Wackrill#

\* Phumzile Langeni resigned as Chairman of the Committee effective 30 September 2021 upon her appointment as Chairman of the Board of Directors. Phumzile remains a member of the Committee. Lindiwe Mthimunye was appointed as the new Chairman of the Committee effective 30 September 2021.

# Graham Wackrill retired effective 30 September 2021.

The Committee employs the services of specialist consultants in the field of executive remuneration to assist the Committee when necessary.



### On the 2022 agenda

The main issues considered and approved by the Remuneration Committee for the 12 months ended 30 June 2022:

- Ensured that STIs continue to meet business objectives and generate shareholder value
- Reviewed market relatedness of total guaranteed package (TGP) increases for prescribed officers, executive directors and senior management post COVID lockdown business recovery
- Approved STI targets for prescribed officers and executive directors
- Approved STI outcomes for 2022
- Reviewed and approved allocations of LTIs for 2022
- Corporate governance on remuneration aspects
- Reviewed employee benefits
- Reviewed the remuneration policy, approved the remuneration report and strategy
- Reviewed fees payable to non-executive directors

### Capitals forming part of the agenda

- Human capital
- Social and relationship capital

### Report back in terms of the following governance functional area

- Compliance
- Remuneration report



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Sub-committee structure and report back continued

## Social, Ethics and Transformation Committee (SETCOM)



### Meeting schedule

The Committee met three times in 2022



### Additional 2023 focus areas

- ESG framework including baseline measures and targets
- Updating SETCOM charter to include ESG

### Statement

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Refer to the Social, Ethics and Transformation Committee report in the annual financial statements available on the Company's website [🌐](#).



### Composition

#### Members

Mary Bomela (Chairman)  
Phumzile Langeni  
Shivan Mansingh  
Lindiwe Mthimunye  
Pfungwa Serima  
Thabo Seopa\*  
Sindi Zilwa

#### Permanent invitees

Members of executive management.

*\* Effective 30 September 2021, Thabo Seopa was appointed as a member of the Committee.*



### On the 2022 agenda

Apart from the standing agenda items and statutory requirements, the Committee specifically focussed on the following matters during the reporting period:

- Confirmed Metrofile's ESG strategy, framework and roadmap
- Reviewed and provided input to the sustainability policy to ensure that it is aligned to ESG
- Reviewed disclosure requirements in terms of Metrofile's ESG strategy to ensure compliance

### Capitals forming part of the agenda

- Human capital
- Social and relationship capital
- Natural capital

### Report back in terms of the following governance functional area

- Business conduct, ethics and prevention of corruption
- Compliance
- ESG review



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Sub-committee structure and report back continued

## Nominations committee (NOMCOM)



### Meeting schedule

The Committee met three times in 2022



### Additional 2023 focus areas

- Performance evaluations

### Statement

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.



### Composition

#### Members

Phumzile Langeni (Chairman)\*  
Chris Seabrooke\*  
Mary Bomela  
Sindi Zilwa®

#### Permanent invitees

Graham Wackrill#

#### Occasional invitees

Pfungwa Serima  
Shivan Mansingh

\* Phumzile Langeni replaced Chris Seabrooke as Chairman of the Committee effective 30 September 2021 upon her appointment as Chairman to the Board of Directors. Chris Seabrooke remains a member of the Committee.

® Sindi Zilwa was appointed as a member of the Committee effective 30 September 2021.

# Graham Wackrill retired effective 30 September 2021.



### On the 2022 agenda

Apart from the standing agenda items, the Committee specifically focussed on the following matters during the reporting period:

- Reviewed relevance of Board and Committee performance evaluation questions
- Board, Chairman, CEO, CFO and Committee performance evaluation process
- Board and Committee changes, composition and independence
- Succession planning for the Board, CEO, CFO and senior management
- On-boarding of new Board members

### Capitals forming part of the agenda

- Human capital (Board, senior management)

### Report back in terms of the following governance functional area

- Board of Directors
- Compliance



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Sub-committee structure and report back continued

## Strategy and investment committee (STRATCOM)



### Meeting schedule

The Committee met twice in 2022



### Additional 2023 focus areas

- Investment opportunities to assist with strategy execution
- Reviewing the Group's property portfolio
- Share buy-back programme

### Committee statement

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.



### Composition

The STRATCOM was formed effective 30 September 2021, comprising the following members:

- Mary Bomela (Chairman)
- Phumzile Langeni
- Shivan Mansingh
- Chris Seabrooke
- Thabo Seopa
- Pfungwa Serima

The responsibilities of the Committee are to consider specific proposals for acquisitions, disposals or investments for recommendation to the Board, to determine the Group's acquisition, disposal and investment policies and parameters, to consider real estate, financial facilities, financing structures and share issues and buybacks and to review and consider the Group's strategies and opportunities from time to time.



### On the 2022 agenda

Apart from the standing agenda items, the Committee specifically focussed on the following matters during the reporting period:

- IronTree acquisition
- Setting and recommending the Committees' charter for approval by the Board

### Capitals forming part of the agenda

- Financial capital
- Manufactured capital

### Report back in terms of the following area

- Strategy



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



The governance functional areas contemplated in King IV™ are essentially embedded in the underlying elements of our integrated reporting and thought process. Oversight and report back of these functional areas is maintained by the Board and its sub-committees as follows:

## Governance functional areas

Functional area	Committee oversight	Report back throughout this integrated annual report	Page reference
Risk and opportunity management	AGRC	Risks and opportunities Material matters and mitigation Risk governance	17 18 to 22 50 and 51
Technology and information	AGRC	Material matters and mitigation Information technology Information and privacy	18 to 22 51 and 52 52
Compliance governance	AGRC SETCOM	Compliance Share dealings	52 and 53 53
Assurance	AGRC	About this report Combined assurance plan Internal control and management reporting External audit Internal audit CFO and finance function Independent auditor's report Audit, Governance and Risk Committee's report	1 53 and 54 54 54 and 55 55 55 * *
Stakeholder relationship	SETCOM	Material matters and mitigation Social and relationship capital Stakeholder analysis	18 to 22 28 and 29 29
Corporate citizenship	SETCOM	Natural capital Social and relationship capital Human capital	26 28 and 29 30
ESG	AGRC SETCOM	ESG review	31 to 36
Remuneration	REMCOM	Remuneration report	56 to 64

\* Available in the annual financial statements on the Company's website [🌐](#).

### Risk governance

The Board of Directors has committed to a process of risk and opportunity management that is aligned to generally accepted good practice as well as the principles of corporate governance as reflected in the King IV™ code. The Group's process of risk and opportunity management is contained in the Metrofile integrated risk and combined assurance policy and framework and it is expected that all subsidiaries, functions and departments within Metrofile will be subject to these risk management principles.

As there is no separate Risk Committee, the Audit, Governance and Risk Committee takes responsibility for matters relating to risk and the mitigation thereof. The Audit, Governance and Risk Committee sets the Group's risk strategy, as delegated by the Board of Directors, 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.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Governance functional areas continued

The responsibility and accountability for implementation of risk management rests with management and staff. The Board of Directors retains accountability and responsibility for the overall process of risk and opportunity management and has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Board and the Audit, Governance and Risk Committee monitor risk management activities as a standard item on their agendas and have a specific risk-focussed meeting once a year. The Group Risk Officer reports to Shivan Mansingh, the Group CFO, and is responsible for risk management within the Group.

The Audit, Governance and Risk Committee identifies and monitors, at least annually, key performance indicators and key risks or opportunities that could affect the Company's business model, the six capitals and the environment, society and economy in which the Company operates. The realisation of Metrofile's business strategy depends on its management being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders.

An enterprise-wide approach to risk management has been adopted by the Group, which means that identified material risks are included in a structured and systematic process of risk and opportunity management. These are managed within a unitary framework that is aligned to the entity's corporate governance responsibilities. Metrofile is committed to establishing appropriate mechanisms to serve as early warning for emerging or unpredictable risks.

The risk management process involves the identification of the key risks facing the business and the implementation of controls to mitigate the risks. Risks are further informed by means of formalised incident reporting. Strategic risks are continually reviewed and ranked by inherent risk based on the evaluation of the probabilities and severity for each risk.

The mitigation of each risk is assessed based on controls put in place and the resultant residual risk is also calculated. A comprehensive risk register is in place and constantly managed by the appropriate executive management members. A summary of the risks and opportunities has been included in the material matters section of this integrated annual report on [18 to 22](#).

The Board obtains assurance that the controls over the identified risks are operating effectively by means of the combined assurance framework and plan (more detail is provided on [153 and 154](#) under combined assurance plan). Equally, compliance with relevant legislation is ensured through these processes and fulfils the expectations of employees, communities, the shareholders and other stakeholders in terms of due care and corporate governance.

The Board sets the level of risk tolerance and limits of risk appetite for Metrofile as part of its strategic direction setting of the Group. No risks outside the Company's tolerance level were noted, however, risks and related mitigations continue to receive the appropriate Board and executive management attention in order to reduce residual risk exposures in line with set targets.

In evaluating the risk of acquiring new businesses and entering new geographies, as well as directing the development of existing businesses and technologies, the Board takes a prudent approach to risk, informed by many years of experience in the Group's main business streams. The Board also draws on the experience of its non-executive directors in other fields of business in setting the Group's approach to risk in a wider context.

During the reporting period, the Audit, Governance and Risk Committee has reviewed, and recommended to the Board for approval, the integrated risk and combined assurance policy and framework, as well as the Company's strategic risk register. In addition, the Committee reviewed and considered the consolidated subsidiary related strategic risk dashboard in order to assess that the integrated risk and combined assurance policy and framework has been embedded throughout the Group. Senior management within the Group also track action plans identified to enhance the related control environments in order to reduce the residual risk profile of the Group further.

2023

For 2023, focus will be placed on reporting against key risk indicators (KRIs) set.

## Technology and information

### Information technology

Information technology is an enabler for digital change and a strategic imperative for Metrofile. We leverage technology to provide digital solutions that create value for our stakeholders.

### IT strategy

IT is deeply entrenched in the way the Group conducts its business in a globalised and increasingly complex environment. The Group information technology strategy focuses on information security, data governance, business continuity, technology architecture, innovation, automation, integration, resilience and operations. The IT strategy aligns with the Group strategy and sets the strategic direction of the IT function.

Improvement of our internal and external facing technologies and associated platforms is an ongoing and continuous process which ensures that we maximise efficiencies and effectiveness within the Group.

2022

During this reporting period, focus was placed on developing and enhancing key risk indicators (KRIs) to monitor risk and performance. In addition, focus was placed on tracking risk action plans for the Company and subsidiary Group companies to further mitigate identified risks.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Governance functional areas continued

2022

Highlights for FY2022 included the following:

- Improved operational efficiencies focusing on systems' availability and stability
- Improved information governance and information security practices
- Implementation of several critical business and technology projects
- Modernisation of the Group information technology and infrastructure portfolio
- Further enhanced our data security policies and practices, as well as the related training

## IT governance

Our Group Audit, Governance and Risk Committee, supported by the Group IT Steering Committee and the Group CIO, is responsible for the governance and management of information technology.

Information technology is governed in accordance with the Group information technology charter and the Group ICT governance and management framework, which guides the structure and mandate of information technology within the Group and is aligned to the requirements of the Board and its sub-committees, King IV™, as well as governance and security standards adopted by the Group.

## IT risk

Part of the risk governance process described earlier in this report includes identifying information and technology related risks and mitigating them as best as possible. The following risks remain top priority and are of critical importance to the Group and as such are incorporated in the Group's strategic risks (refer to the material matters section on [pages 18 to 22](#) for more information):

- **Cyber risk:** The global prevalence and sophistication of cybercrimes are increasing. A cyber attack aimed at accessing confidential information or a denial of service could negatively impact Metrofile and its operations resulting in disrupted services, reputational damage or financial losses
- **Business disruption/resiliency risk:** The inability to effectively respond to a disruptive event, resulting in failure to continue the provision of services and unavailability of information/data
- **Information/data security risk:** Accidental or intentional unauthorised use, access, modification, disclosure, dissemination or destruction of information resources, that compromise the confidentiality, integrity and availability of information
- **Third party risk:** Ineffective management of third party relationships and the risks inherited through the association or services provided to the Group

Assurance on information and technology related risks forms part of the combined assurance plan, where the effectiveness of controls in place to mitigate these risks is assured. The results of assurance activities, including ongoing vulnerability assessments, periodic penetration tests and the IT resilience of the Group, are reported to the Audit, Governance and Risk Committee as standing agenda items.

## Data stewardship

We have a fiduciary duty to protect the data we collect and, therefore, we have appropriate measures across the Group to support data integrity, confidentiality, privacy and security. Our primary risks relate to the ever-increasing threats related

2023

### Focus for 2023 and beyond

- Acceleration of Metrofile Group's IT strategy ensuring alignment to business objectives
- Continuous improvement of cybersecurity, business continuity and data governance posture
- Modernisation of the Group application portfolio

to cybersecurity and data protection. Metrofile has therefore adopted and implemented best practice frameworks and standards for information technology and cybersecurity.

## Information and privacy

In South Africa and the other jurisdictions in which we operate, the Group is governed by laws that control the processing and security of personal information, both the information we process on behalf of our clients and our own information, including information about our employees. The Group takes necessary precautions and actions through our implemented privacy policies, procedures and protocols to ensure the protection of the personal information of our clients, employees and other third parties.

2022

During the 2022 financial year, the Group further enhanced its privacy programme to drive ongoing compliance with privacy legislation, including the Protection of Personal Information Act (PoPIA) that was fully enacted in South Africa on 1 July 2021. As part of this process, there was a continued focus on embedding privacy related policies, procedures and processes throughout the Group.

2023

A key priority for the 2023 financial year will be compliance monitoring against these policies, procedures and processes.

## Compliance governance

### Compliance

Compliance matters are the responsibility of subsidiary MDs and functional heads, who report on these matters to the executive directors and Group functional heads (IT, risk, HR, operations and marketing), who are invitees to and/or members of the Audit, Governance and Risk Committee and the Social, Ethics and Transformation Committee.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Governance functional areas continued

The assurance activities planned as part of the combined assurance plan are to assist management and the Board in identifying potential non-compliance issues. In addition, the subsidiary MDs and functional heads are responsible for annually confirming compliance with applicable legislation, regulations and internal Company policies and procedures of a material nature. Quarterly incident reporting is in place in order to report risk incidents and material or repeat non-compliant matters. During the reporting period, no material or repeat non-compliant matters were identified.

As in previous years, the Group's regulatory universe, listing the prioritised high-risk acts, was reviewed and updated. Prioritisation is based on the applicability of the act and its potential consequences (impact of non-compliance). The prioritised high-risk acts have been assigned an owner, who is responsible for ensuring that material compliance aspects are covered in the respective policies, processes and procedures.

In addition, by linking the regulatory universe to similar pieces of legislation in other jurisdictions in which the Group operates, the Group's compliance monitoring capabilities are further enhanced.

Our regulatory universe and risk compliance processes ensure that key internal controls are in place to mitigate the compliance risk and to ensure compliance with new or changed legislation. In addition, by linking the regulatory universe to similar pieces of legislation in other jurisdictions in which the Group operates, the Group's compliance monitoring capabilities are further enhanced.

2022

During 2022, the OHS and risk compliance control environment, information security and privacy received continued compliance attention.

2023

During 2023, a key focus area will be to automate certain approvals linked to the authority framework in order to drive compliance further.

## Share dealings

All share dealings by a director, the Company Secretary or prescribed officer must be authorised by either the Chairman or CEO. Any dealings by the CEO are authorised by the Chairman and dealings by the Chairman are authorised by the CEO. A formal share dealing guideline has been adopted by the Board. Restrictions are imposed upon directors and senior management in the trading of Metrofile shares and upon all employees regarding the exercising of Metrofile share-based incentives during certain closed periods. In light of the JSE Listings Requirements, the insider-trading laws and good corporate governance, the Remuneration Committee has advised that employees are not permitted to exercise their share options during closed periods or when in possession of unpublished price-sensitive or inside information relating to Metrofile.

The closed periods begin the day after each reporting period (these reporting dates being 31 December and 30 June) and end on release of Group results. A closed period also applies whenever Metrofile issues a cautionary announcement and until it is withdrawn.

## Assurance

### Combined assurance plan

The Audit, Governance and Risk Committee, and ultimately the Board of Directors, is responsible for ensuring a robust combined assurance plan for the Group. A combined assurance plan aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the Group. The Board implemented a formal combined assurance plan in order to co-ordinate and monitor the provision of assurance.

The objectives of the combined assurance plan are to:

- Identify and specify all the sources of assurance over Metrofile's risks
- Co-ordinate the efforts of, and increase collaboration amongst management, internal and external assurance providers
- Be used for the purposes of planning the assurance provided by management, Group oversight functions, internal and external assurance providers across business processes associated with identified business risks and exposures
- Provide the Board, Audit, Governance and Risk Committee and management with information and comfort on the completion and efficiency of the assurance being obtained from all the assurance parties
- Demonstrate good governance through the linking of risk management with assurance
- Provide a basis for identifying any areas where additional assurance may be required
- Allow for the elimination of duplicated and/or excessive assurance
- Assist the Board in forming its opinion on the effectiveness of the risk management system

The Group's strategic risk register forms the basis for determining the combined assurance plan for Metrofile. The plan is developed through analysis of the key exposures facing Metrofile, in order to ensure the completeness of the risk universe, and aligning these risks to strategic value drivers. The risks are further linked to assurance providers in order to ensure a robust assurance universe. The combined assurance plan is prepared in order to achieve the objectives above and to ensure that Metrofile obtains a high level of assurance coverage over its key risks. Within Metrofile there are several assurance providers that directly or indirectly assure the Board and management over the effectiveness of controls for which they have responsibility. These controls include mitigating the risks identified in the risk assessment process described earlier in this report.

The primary assurance provider is Metrofile management, supported by the other levels of 'defence'. Annually, the combined assurance plan is reviewed and assurance activities are formalised to be completed. The results of these activities are reported to the Audit, Governance and Risk Committee in order to enhance the overall control environment.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Governance functional areas continued

The assurance provided is also categorised into four levels of 'defence', which for the Group are classified as follows:



Metrofile has a comprehensive and robust assurance plan in place, which is subject to the effective provision of assurance by all responsible parties. The Audit, Governance and Risk Committee therefore recommended the combined assurance plan and assurance activities to the Board for approval.

## Statement

The Audit, Governance and Risk Committee is satisfied with the effectiveness of the combined assurance plan and arrangements, and that it meets the objectives detailed above.

## Internal control and management reporting

The Board is responsible for the Group's system of internal control, including internal financial control, which is designed to ensure operational effectiveness and efficiency, compliance

with laws, regulations and policies, safeguarding of assets, prevention and detection of error and fraud, to ensure the accuracy and completeness of accounting records and the reliability of financial statements.

The execution of the Group's combined assurance plan, and subsequent reporting of results thereof, enhances the reliance on the effectiveness of the design and implementation of the Group's system of internal control.

The Group has established management reporting disciplines, which include the preparation of annual budgets by subsidiaries. Monthly results and the financial status of subsidiaries are reported against approved budgets. Financial forecasting, inclusive of revenue, profit, interest, capital expenditure, cash flows and dividends, are reviewed regularly. Working capital, borrowing facilities and compliance with bank

covenants are monitored on an ongoing basis. All financial reporting by the Group, including external financial reporting and internal management reporting, is generated from financial systems, subject to the internal controls and risk management procedures, as described in this report.

## 2022

During the 2022 financial year, management further enhanced its policies, procedures and processes in order to enable the CEO and CFO responsibility statement on internal financial and financial reporting controls as required by the JSE Listings Requirements 3.84(k). The Audit, Governance and Risk Committee had overall oversight over this process and concluded accordingly in the Audit, Governance and Risk Committee report in the annual financial statements, available on the Company's website [🌐](#).

While we recognise that systems of internal control can provide only reasonable and not absolute assurance, none of the internal audit or other assurance provider reviews conducted, indicated that the system of internal control was inappropriate or functioning unsatisfactorily.

## 2023

A key focus area for the 2023 financial year will be to continuously enhance the control environments based on processes and procedures that have been established in the past.

## External audit

The Audit, Governance and Risk Committee reviews the scope, independence and objectivity of the external auditor and agree on appropriate fees. During the financial year, Deloitte & Touche was the external auditor for the majority of the Group companies. The Committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Governance functional areas continued

Shareholders ratified the appointment of Deloitte & Touche as external auditor to the Group at the previous annual general meeting. Deloitte & Touche has been the auditor of Metrofile Holdings Limited for 22 years.

## Statement

For the reporting period, the Committee is satisfied with the quality of the external audit and its decision is informed by the outcome of external inspections conducted by the IRBA and the internal monitoring process of Deloitte & Touche.

During 2022, following the conclusion of a tender process, the Audit, Governance and Risk Committee recommended, and the Board endorsed, the proposed appointment of BDO South Africa Incorporated to succeed Deloitte & Touche as the company's external auditor, effective for the financial period ending 30 June 2023.

BDO South Africa Incorporated will be the external auditor for all Group companies. The proposed appointment will be put to shareholders at the AGM of the Company, scheduled for 22 November 2022. The change in external auditor is due to the Board's decision to adopt mandatory audit firm rotation ahead of the prescribed date.

The external auditor has unrestricted access to the Audit, Governance and Risk Committee and presents formal reports at the Committee meetings. The external auditor carries out an annual audit of all the Group's major subsidiaries in accordance with International Standards and Auditing (ISA) and reports in detail on the results of the audit to the Audit, Governance and Risk Committee. The external auditor is thus the main external assurance provider for the Board in relation to the Group's financial results for each financial year.

The nature and extent of non-audit services provided by the external auditor is reviewed annually to ensure that fees for such services do not become significant enough to call into question their independence of Metrofile. The Audit, Governance

and Risk Committee regularly reviews the external auditor's independence and maintains control over the non-audit services, provided by the external auditor.

The Committee has adopted a guideline that fees paid to the Group external auditor for non-audit services should not exceed the level of audit fees charged to the Group. If it appears that this guideline will be breached consistently, non-audit services will be outsourced to a third-party auditor. Pre-approved permissible non-audit services performed by the external auditor include taxation and due diligence services. Non-audit services provided by the external auditor are required to be specifically approved by the Chairman of the Committee or by the full Committee if the fees are likely to be in excess of R500 000 in aggregate. The external auditor is prohibited from providing non-audit services, including valuation and accounting work where its independence might be compromised by later auditing its own work. During the current and previous financial years, Deloitte & Touche provided certain non-audit services, including tax reviews and advice, as well as reviews of information technology systems and applications.

Also refer to the Audit, Governance and Risk Committee report in the annual financial statements available on the Company's website [🌐](#).

## Internal audit

Metrofile has outsourced the internal audit function of the Group to KPMG. The Audit, Governance and Risk Committee reviews the operation of the Group's internal audit function and the internal audit charter annually, and recommends it to the Board for approval.

The purpose of internal audit is to have an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance processes. Internal audit assists the Board, through the Audit, Governance and Risk Committee, to effectively discharge its responsibilities.

Internal audit is a key assurance provider and provides the Board, through the Audit, Governance and Risk Committee, with a report of its activities which, along with other sources of

assurance, is used by the Board in making its assessment of the Group's system of internal controls, risk management and corporate governance.

The internal audit function operates within defined terms of reference as set out in its charter and authority granted to it by the Audit, Governance and Risk Committee and the Board. Audit plans are presented in advance to the Audit, Governance and Risk Committee and are based on an assessment of risk areas involving an independent review of the Group's own risk assessments and the combined assurance framework.

The internal audit function goes through an independent quality review in line with the Institute of Internal Auditors' standards as set out in the internal audit and Audit, Governance and Risk Committee charters. KPMG performs regular internal quality reviews of its internal audit accounts. These reviews are conducted by senior KPMG personnel who are independent of the engagement team's office(s). The KPMG audit team reports to the Group Risk Officer and CFO on day-to-day matters.

## Statement

The Audit, Governance and Risk Committee is satisfied with the effectiveness of the internal audit arrangements and that internal audit has met its responsibilities for the year with respect to its terms of reference.

## CFO and Group finance function

As required by the JSE Listings Requirements and King IV™, the Audit, Governance and Risk Committee annually considers and satisfies itself of the appropriateness of the expertise and experience of the Group CFO. His biographical details can be found on the Company's website [🌐](#). Furthermore, the Committee considers annually the appropriateness of the expertise and adequacy of resources of the Group's finance function and the experience of senior management responsible for the finance function.

## Statement

For the year under review, the Committee has satisfied itself on these points.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



## Part 1: Background statement

The Remuneration Committee (REMCOM) is pleased to present the remuneration report for the 12 months ended 30 June 2022, highlighting key issues considered during this period. In line with the principles of King IV™, this report is presented in three parts: this background statement which is part 1, an overview of the remuneration policy in part 2, and the implementation report in part 3.

### Statement

The Committee is satisfied that the principles laid down by the Companies Act 2008 and King IV™ have been adhered to, unless otherwise stated in this report. The view of the Committee is that the remuneration policy achieved its stated objectives.

## Remuneration report

The Remuneration Committee has considered the impact of King IV™ and has implemented a number of the suggested practices, which are presented in part 3 of this report.

This remuneration report is presented against the background of the Group's performance, feedback from the November 2021 AGM and the corresponding remuneration outcomes.

Our remuneration practices have been designed to deliver performance for the short and long term, with appropriate KPIs having been defined for each of these periods.

The Remuneration Committee supports and is aligned to principle 14 of the King IV™ code and will continue working with the business to ensure that remuneration is fair and responsible and at a level sufficient to promote the achievement of business objectives.

### Summary of remuneration activities/decisions

Main issues considered and approved by REMCOM:

- Ensured that STIs continued to meet business objectives and generate shareholder value
- Reviewed market relatedness of total guaranteed package (TGP) increases for prescribed officers, executive directors and senior management post COVID lockdown business recovery
- Approved STI targets for prescribed officers and executive directors
- Approved STI outcomes for 2022
- Reviewed and approved allocations of LTIs for 2022.
- Corporate governance on remuneration aspects
- Review of employee benefits
- Review of the remuneration policy, approval of the remuneration report and strategy
- Review of fees payable to non-executive directors

2023

Focus on:

- Providing transparency on pay ratios, the income gap and trends with respect to the gender pay gap
- Consideration of remuneration, reward and retention policy with specific focus on employees who meet our diversity, equity and transformation requirements

### Stakeholder engagement

Metrofile is committed to engaging key stakeholders on its remuneration policy, as well as the consistent implementation of its remuneration policy.

On an annual basis, Metrofile will put the remuneration policy (part 2) and implementation report (part 3) to two separate, non-binding votes at the AGM. This year, the AGM will be held on 22 November 2022.

In the event that 25% or more of the shareholders vote against either the remuneration policy and/or implementation report, Metrofile will include a note in its SENS announcement of the AGM results, inviting dissenting shareholders to engage with it on their reasons for voting against either or both of these resolutions.

The precise method of shareholder engagement will be decided by the Remuneration Committee.

The results of the shareholder engagement and the Remuneration Committee's response to shareholder concerns will thereafter be published in the remuneration report at the end of the following financial year.

Based on the shareholder feedback received with regard to performance conditions and alignment to market practice, Metrofile underwent a process of determining appropriate performance conditions in order to incentivise and motivate executives, whilst creating shareholder value.

Metrofile has also established a malus and clawback policy and incorporated it into its rules.

The updated LTI rules, incorporating malus and clawback, were approved at the 2019 AGM, and have been implemented.

The Group's remuneration policy and practices are aligned with its strategy and with market best practice. This Group remuneration policy is subject to a rigorous review each year.

Where it is evident that the remuneration policy should be reconsidered to adapt to changing business realities and to maximise shareholder value, or where shareholders have legitimate and reasonable concerns regarding an aspect of the remuneration policy, the Remuneration Committee will consider amending the relevant aspects of the Group's remuneration framework.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Remuneration report continued

We have set out the results of our November 2021 AGM below:

Resolution	Percentage of shares in issue*	For** %	Against** %	Abstained* %
<b>Ordinary resolution number 1:</b> Adoption of the audited consolidated annual financial statements	74.23	100.00	0.00	0.03
<b>Ordinary resolution number 2:</b> Re-election of A Khumalo as a director	74.23	100.00	0.00	0.03
<b>Ordinary resolution number 3:</b> Re-election of STM Seopa as a director	73.54	100.00	0.00	0.72
<b>Ordinary resolution number 4:</b> Re-election of MZ Abdulla as a director	74.23	99.07	0.93	0.03
<b>Ordinary resolution number 5:</b> Re-election of MS Bomela as a director	74.23	100.00	0.00	0.03
<b>Ordinary resolution number 6:</b> Appointment of SV Zilwa as a member of the Audit, Governance and Risk Committee	74.23	96.42	3.58	0.03
<b>Ordinary resolution number 7:</b> Appointment of A Khumalo as a member of the Audit, Governance and Risk Committee	74.23	100.00	0.00	0.03
<b>Ordinary resolution number 8:</b> Appointment of LE Mthimunye as a member of the Audit, Governance and Risk Committee	74.23	100.00	0.00	0.03
<b>Ordinary resolution number 9:</b> Appointment of Deloitte & Touche as auditor of the Company	74.23	95.60	4.40	0.03
<b>Ordinary resolution number 10:</b> Approval of the remuneration policy	73.39	99.99	0.01	0.87
<b>Ordinary resolution number 11:</b> Approval of the implementation of the remuneration policy	73.47	99.99	0.01	0.79
<b>Special resolution number 1:</b> Remuneration of non-executive directors	73.47	99.99	0.01	0.79
<b>Special resolution number 2:</b> General authority to acquire the Company's own shares	74.23	96.42	3.58	0.03
<b>Special resolution number 3:</b> Approval of the granting of financial assistance in terms of section 44 of the Companies Act	74.23	100.00	0.00	0.04
<b>Special resolution number 4:</b> Approval of the granting of financial assistance in terms of section 45 of the Companies Act	74.23	100.00	0.00	0.04
<b>Ordinary resolution number 12:</b> General authority to issue shares for cash	74.23	99.17	0.83	0.03
<b>Ordinary resolution number 13:</b> General authority to allot and issue shares	74.23	99.17	0.83	0.03
<b>Special resolution number 5:</b> General authority to allot and issue shares pursuant to the conditional share plan	73.47	99.98	0.02	0.79
<b>Ordinary resolution number 14:</b> Authority to directors to implement the resolutions	74.23	100.00	0.04	0.03

\* Based on 433 699 958 shares in issue at the date of the AGM.

\*\* In relation to the total number of shares voted at the AGM.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



## Part 2: Remuneration policy

### Remuneration Committee

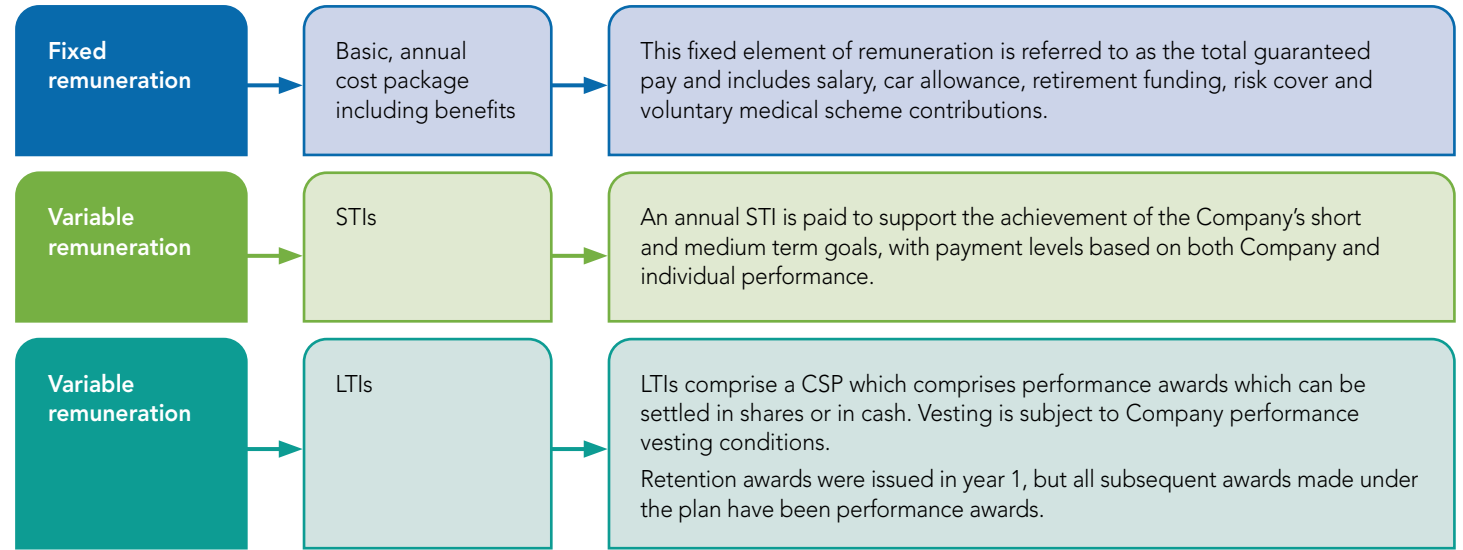
The role of the Remuneration Committee, its members and terms of reference are explained in detail on page 46 in the corporate governance section of this integrated annual report.

### Our remuneration policy

The remuneration policy has been designed so that it will continue to attract, engage, retain and motivate the right diverse talent required to deliver sustainable profit growth in line with the Group strategy.

Metrofile's remuneration policy is designed to support a high performance environment and comprises a basic annual total cost package and performance related variable pay linked to short and long term targets (refer to adjacent table).

## Remuneration report continued



The Group's policy is to pay cost-to-company packages between the median and 75th percentile for comparable positions, in order to ensure that the business is able to attract and retain the correct/appropriate calibre of senior management and executive talent.

Executive director and senior management remuneration comprises three components designed to balance short and long term objectives, while aligning to shareholder interests.

The main objective of the basic annual total cost package is to provide individuals with a fixed income aligned to the job they perform.

The performance related remuneration is designed to encourage and reward superior performance and align the interests of the executive directors and senior executives as closely as possible to the interests of the shareholders.

Long term incentives, although performance based, are inherently retentive, but there are no schemes specifically in place for the sole purpose of the retention of key employees.

In addition to primary incentives, the executive directors and senior executives also receive retirement and other benefits as part of their basic total annual cost-to-company.

The policy conforms to King IV™ and is based on the following principles:

- Remuneration practices are aligned to corporate strategy
- Total rewards are set at competitive levels in the relevant market
- Incentive based rewards are earned by achieving demanding performance conditions consistent with shareholder interests over the short and long term
- Incentive plans, performance measures and targets are structured to operate effectively throughout the annual business cycle
- The design of long term incentives is prudent and does not expose shareholders to unreasonable financial risk

### Changes to the remuneration policy for FY2022

There were no major changes to the remuneration policy for 2022. However, for the STI, the achievement of BEE transformation with a weighting of 10% with specific target objectives has been included for all STI participants, in order to ensure that executives and senior management maintain focus on this critical element.

In the remainder of this part of the report, we provide a detailed explanation of the policy as it applies to the executive directors (prescribed officers) of the Company.

# Remuneration report continued

## Remuneration framework

	Guaranteed pay	Benefits	Discretionary bonus	Short term annual incentive	Additional sales incentive	Long term incentive
Participation	Market related and individual performance	<ul style="list-style-type: none"> <li>– Retirement fund (includes risk cover)</li> <li>– Voluntary medical aid</li> <li>– Company cell phone/cell phone allowance for specific roles</li> <li>– Fuel/fuel card for business travel for specific roles</li> </ul>	Applies to permanent employees in Paterson A and B bands Based on the concept of a “not guaranteed” 13th cheque	Permanent employees in Paterson D, E and F bands	Permanent MD's of Group companies	Permanent employees in Paterson E and F bands
Purpose	Attraction and retention	Attraction and retention	Delivery of short term business objectives	Delivery of short term business and role specific objectives	Reward achievement of revenue and EBITDA targets	Delivery of business strategy over four years
Performance period	Monthly	Ongoing	One year	One year	One year	Four years
Mechanics	Market related and individual performance	Included in monthly salary payment	Company and individual performance	Calculated based on achievement of both Company-wide and role specific performance metrics agreed for the specific financial year	<ul style="list-style-type: none"> <li>– Calculated on 100% achievement of revenue and EBITDA target at 1H and 2H. Achievement must be at 100% to earn a cash incentive</li> <li>– Underperformance in 1H is banked and performance is assessed at the end of 2H</li> </ul>	Participants are awarded a conditional right to Metrofile shares, subject to achievement of forward-looking performance conditions and employment over vesting period (four years)
Method of delivery	Cash	Monthly salary	Cash	Cash	Cash	Metrofile shares
Performance measures	N/A	N/A	Role specific KPIs	Depending on level of seniority, a weighting between business performance measures and personal performance measures. For executive directors a 70%/30% split in favour of business performance measures. Personal KPIs are split between transformation (10%) and individual KPIs (20%)		Employment condition and Company performance conditions

On appointment, considerations for executive directors, senior management and scarce skills include:

- Sign-on bonus: with a work back period
- Sign-on shares: with an employment condition



# Remuneration report continued

## Detail on executive directors' (prescribed officers') remuneration

### Overview

The Remuneration Committee seeks to ensure that executive directors and senior managers are rewarded for their contribution to the Group's operating and financial performance at levels which take into account country benchmarks.

There are no direct industry comparisons to be made, therefore we compare our remuneration to that of the general market. Performance-linked variable pay and share based incentives are important elements of aligning executive incentives with shareholder interests.

The remuneration policy enables executive directors and senior management to receive remuneration that is appropriate to their scale of responsibility and required performances. It is designed to attract, motivate and retain individuals of the necessary calibre.

There are two executive directors, who are the only two prescribed officers: Group CEO and Group CFO.

### Package design

The Company's policy for the Group executive directors results in a significant portion of the remuneration received being dependent on Company performance. In part 3 of this report the actual total pay outcomes for the 12 months ending 30 June 2022 are depicted.

The total pay opportunities for the CEO and CFO (prescribed officers) are dependent on the achievement of Company performance targets.

### Basic package

The basic annual total cost package of the executive directors and senior management is subject to an annual review by the Remuneration Committee and is set with reference to individual performance and external market data relating to that of the general market.

For this benchmarking process, the Committee has determined to set a basic annual cost package for executive directors of between the median and 75th percentile of comparator groups because, in its view, this is essential to attract and retain the necessary calibre of management.

Included in the annual basic total package are compulsory contributions to the Group's retirement scheme and voluntary participation in the Group's medical scheme. In addition to the basic annual total cost package, allowances are paid with respect to cell phones and fuel for purposes of business travel.

### Short term incentives (STIs)

Annual performance incentives are paid based on the achievement of short term performance targets set out for each individual.

The incentives are directly linked to the performance achieved during a financial year and are determined by the Remuneration Committee. These include measures of corporate or divisional financial performance and individual objectives, which are aligned to the business strategy.

The elements making up the performance targets include financial elements and vary depending on the individual's business division, job role and function and are payable on achieving budgeted targets. Qualitative elements are included, in addition to financial performance, and these elements are at least partially dependent on the financial targets being met.

STIs are agreed with the Committee each year at the beginning of the new financial year, and are then paid to the executive directors, in cash, in September of the following year, following the conclusion of the year-end audit and finalisation of business results.

Each individual is allocated a base incentive, which becomes payable on a sliding scale once financial results have been finalised. This incentive is calculated, based on the agreed performance metrics for the financial year and is limited to two times the defined base.

Specific performance criteria and weightings are reviewed annually by the Remuneration Committee.

At the end of each financial year, the achievement of the corporate financial targets is measured utilising the audited results and the achievement of qualitative targets is assessed by the Remuneration Committee.

For the financial year ended 30 June 2022, the on-target incentive level was set at 100% of the basic annual total cost package for the CEO, and 60% of the basic annual total cost package for the CFO. These percentages and split for the CEO and CFO will remain the same in the upcoming financial year.

Annual performance incentives are paid in cash, less appropriate income tax.

The incentives payable to the executive directors in respect of the year ended 30 June 2022 and the comparative period are disclosed in part 3 of this report.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW



SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Remuneration report continued

The following table illustrates STIs approved by the Remuneration Committee for the executive directors for FY2022:

Short term incentives (STI)		
Proposed performance criteria		
	Metric (weighting)	Measurement*
 <b>Business performance measures (70%)</b>	EBITDA growth (23%)	Threshold – CPI + GDP Target – CPI + GDP + 4% Stretch – CPI + GDP + 6%
	Group HEPS (23%)	Threshold – CPI + GDP Target – CPI + GDP + 4% Stretch – CPI + GDP + 7%
	Cash conversion ratio (24%) (Cash generated from operations/EBITDA)	Threshold – 85% Target – 90% Stretch – 95%
 <b>Transformation and personal performance measures (30%)</b>	Transformation (10%)	Threshold – 85% Target – 100% Stretch – 110%
	KPIs linked to role and strategy (20%)	Threshold – 85% Target – 100% Stretch – 110%

\* Going forward, the Committee will use its discretion in relation to CPI based on historical averages.

## Long term incentives (LTIs)

The Group operated an equity-settled share based incentive scheme for executive directors and senior management in the form of a conditional share plan (CSP).

The CSP provides for conditional performance awards, which provide participants with the conditional right to receive shares in the future upon achievement of specific performance conditions. It is intended that awards to executive directors will be settled in shares, whilst awards to other participants may be settled in cash.

The vesting of performance awards is subject to an employment condition and the fulfilment of the performance conditions. The performance condition has been measured over a period of four years.

The CSP makes provision for retention awards, which are only subject to an employment condition. Retention awards were only made in the first year of the CSP; all subsequent awards have been performance awards.

Awards made for FY2022 are reflected in the implementation report and are in accordance with the rules of the scheme as per the November 2019 AGM.

Performance conditions for awards to be made going forward were approved at the AGM in November 2019. Approval includes a four-year vesting period, and the introduction of malus and clawback. Performance conditions which have been implemented for the 2022 financial year are as follows:

Metric and weighting	Measurement
Return on capital employed ("ROCE") (60%) (NOPAT/(average equity plus long term debt))	Threshold – long-bond rate +4% Target – long-bond rate +6% Stretch – long-bond rate +9%
HEPS growth (25%)	Threshold – CPI + GDP Target – CPI + GDP + 4% Stretch – CPI + GDP + 7%
Digital services revenue growth (7.5%)	Threshold – average CAGR CPI + 5% Target – average CAGR CPI +10% Stretch – average CAGR CPI +13%
Secure storage revenue growth (7.5%)	Threshold – average CAGRCPI + 2% Target – average CAGR CPI + 4% Stretch – average CAGR CPI + 6%
Vesting period	4 years



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Remuneration report continued

## Malus and clawback

Metrofile implemented malus and clawback to ensure that the Company is able to protect itself and its shareholders in the event of a corporate governance failure.

The purpose behind the implementation of malus and clawback is to provide the Company with the discretion to either:

- Reduce or forfeit unvested conditional awards offered under the CSP (malus); or
- Recover cash payments made in relation to the new CSP for a number of years after the payment thereof (clawback) in the event of a trigger event

Trigger events include the following:

- Material misstatement of financial results of the Company
- Gross misconduct, incompetence, fraud, dishonesty
- Gross negligence or a material breach of obligations to the Company
- Harm to the Company's reputation.

The Board retains the absolute discretion to invoke malus and clawback in part or in full, on a collective or individual basis, where a trigger event has occurred.





The CSP rules have been updated to contain the provisions applicable to malus as well as the trigger events. While share awards are unvested, they will be subject to malus. Clawback on the other hand is post vesting.

## Executive directors' service contracts

To properly reflect their spread of responsibilities, the executive directors, Pfungwa Serima (Group CEO) and Shivan Masingh (Group CFO) have employment contracts with Metrofile Management Services Proprietary Limited.

These contracts include the stipulation that the Group CEO and Group CFO or Metrofile could terminate their contracts giving a nine-month or three-month notice period respectively. Restraint agreements of one year apply to both the Group CEO and Group CFO contracts.

The following provides an overview of executive directors' service contracts during this reporting period.

 Name	 Term of employment	 Notice period	 Restraint agreement
Group CEO – Pfungwa Serima	Joined the business on 1 February 2016	Nine month notice period	One year restraint of trade
Group CFO – Shivan Masingh	Joined the business on 1 April 2019	Three month notice period	One year restraint of trade

## Non-executive directors

Non-executive directors receive annual fees for their roles as directors and as Board Committee members. The Board does not regard separate attendance fees as appropriate or necessary unless the time allocated to meetings expected of directors is materially more than normal in a particular year.

The Committee did not consider it necessary to split directors' fees into a base fee and attendance fee, because of the satisfactory attendance record of directors at Board meetings and time spent outside these on request from the Chairman or Company Secretary.

The terms and conditions of the appointment of non-executive directors are available on request from the Company Secretary.

Non-executive directors are not eligible to participate in the short term incentive plan or any of the long term incentive plans.

All the non-executive directors have letters of appointment with Metrofile Holdings Limited. For the services of Mary Bomela (deputy chairman) and Zaheer Abdulla (non-executive director), a service contract is in place with MIC for payment of related service fees. Effective 30 June 2022, Zaheer Abdulla resigned as a non-executive director and Lebohanga Storum from MIC was appointed.

## Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote in respect of part 2 of this report, at the AGM on 22 November 2022.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



## Part 3: implementation report

This implementation report is presented as follows:

- 2022 guaranteed pay adjustment
- 2022 STI outcomes
- 2022 LTI outcomes.

Total remuneration for executive directors is presented in remuneration tables on the right which indicate both potential earnings and actual remuneration.

## Remuneration report continued

### Total remuneration for executive directors

Group CEO: Pfungwa Serima	Structure of package: potential earnings			Actual remuneration earned	
	Percentage of GP	Rand value of GP	Rand value of GP		
		FY2021	FY2022	FY2021	FY2022
Guaranteed package (GP)	100%	R5 880 000	R6 085 800	R5 880 000	R6 085 800
STI	100%*	R5 880 000	R6 085 800	R4 784 200	R5 038 425
Qualitative STI	25%	R1 470 000	R1 825 740		R1 679 475
LTI	80%	R4 704 000	R4 868 640	R505 895**	
<b>Total value of remuneration</b>		<b>R17 934 000</b>	<b>R18 865 980</b>	<b>R11 167 095</b>	<b>R12 803 700</b>

\* Note 1: Potential STI percentage includes the potential up to the stretch target.

\*\* Note 2: Share scheme settlement of retention shares.

Group CFO: Shivan Mansingh	Structure of package: potential earnings			Actual remuneration earned	
	Percentage of GP	Rand value of GP	Rand value of GP		
		FY2021	FY2022	FY2021	FY2022
Guaranteed Package (GP)	100%	R3 450 000	R3 570 750	R3 450 000	R3 570 750
STI	90%*	R3 105 000	R3 213 675	R1 780 200	R2 659 950
LTI	60%	R2 070 000	R1 928 205		R594 888**
<b>Total value of remuneration</b>		<b>R8 625 000</b>	<b>R8 712 630</b>	<b>R5 230 200</b>	<b>R6 825 598</b>

\* Note 1: Potential STI percentage includes the potential up to the stretch target.

\*\* Note 2: Share scheme settlement of retention shares.

### Share schemes

Details of grants issued to date under the Metrofile Holdings Limited CSP scheme, as well as CSP awards and allocation summary, are reflected in note 19 on page 39 of the annual financial statements on the Company's website [🌐](#).

### Interests of directors and prescribed officers in share capital

The aggregate direct beneficial holdings of directors and their immediate families in the issued ordinary shares of the Company are detailed in the directors' report on page 3 of the annual financial statements on the Company's website [🌐](#).



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Remuneration report continued

## Non-executive directors' fees

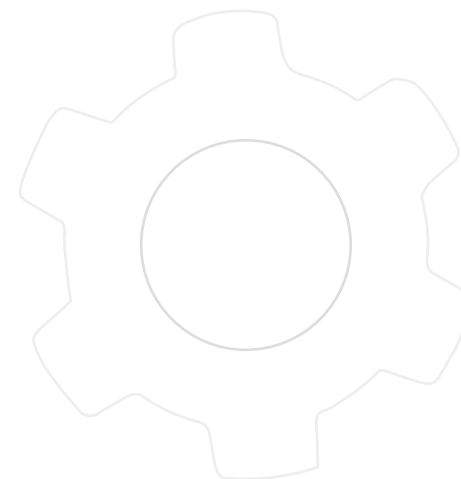
The non-executive directors' fees for FY2022 are indicated below:

Non-executive directors' fees R	30 June 2022
Chairman of the Board	890 100
Deputy chairman	*
Lead independent non-executive director	496 800
Non-executive directors	362 250
Chairman of the Audit, Governance and Risk Committee	382 950
Chairman of the Nominations Committee	186 300
Chairman of the Remuneration Committee	186 300
Chairman of the Social, Ethics and Transformation Committee	*
Chairman of the Strategy and Investment Committee	*
Audit, Governance and Risk Committee member	144 900
Nominations Committee member	87 975
Remuneration Committee member	87 975
Social, Ethics and Transformation Committee member	87 975
Strategy and Investment Committee member	116 438
Mineworkers Investment Company*	1 854 716

\* For the services of Mary Bomela (deputy chairman) and Zaheer Abdulla, a service contract is in place with MIC for payment of related service fees. Effective 30 June 2022, Zaheer Abdulla resigned as non-executive director and Lebohang Storom from MIC was appointed.

## Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote in respect of part 3 of this report, at the AGM on 22 November 2022.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Summarised annual financial statements

## Statements of comprehensive income

For the year ended 30 June 2022

For the full set of financial statements, please visit our website: [www.metrofilegroup.com](http://www.metrofilegroup.com)

R'000	Consolidated		Company	
	2022	2021	2022	2021
<b>Revenue</b>	<b>979 677</b>	933 465	-	-
Materials and consumables	(127 208)	(122 807)	-	-
Staff costs	(308 917)	(277 875)	-	-
Other operating expenses	(230 194)	(218 928)	(1 693)	(1 393)
Other operating income	11 424	8 796	-	63 285
<b>Operating profit/(loss) before interest, taxation, depreciation and amortisation (EBITDA)</b>	<b>324 782</b>	322 651	(1 693)	61 892
Depreciation on property, plant and equipment	(36 343)	(36 173)	-	-
Depreciation on right-of-use asset	(36 286)	(35 805)	-	-
Amortisation	(11 751)	(9 872)	-	-
<b>Operating profit/(loss) before items below</b>	<b>240 402</b>	240 801	(1 693)	61 892
Acquisition related costs	(5 894)	-	-	-
<b>Operating profit/(loss) before net finance costs</b>	<b>234 508</b>	240 801	(1 693)	61 892
<b>Net finance costs</b>	<b>(48 780)</b>	(49 447)	-	-
Finance income	467	365	-	-
Finance costs	(49 247)	(49 812)	-	-
<b>Profit/(loss) before taxation</b>	<b>185 728</b>	191 354	(1 693)	61 892
Taxation	(46 390)	(49 384)	-	-
<b>Profit/(loss) for the year</b>	<b>139 338</b>	141 970	(1 693)	61 892
<b>Attributable to:</b>				
Owners of the parent	133 588	138 306	(1 693)	61 892
Non-controlling interests	5 750	3 664	-	-
<b>Profit/(loss) for the year</b>	<b>139 338</b>	141 970	(1 693)	61 892
<b>Profit/(loss) attributable to owners of the parent:</b>				
Basic earnings per share (cents)	30.8	31.9	-	-
Diluted earnings per share (cents)	30.0	31.2	-	-



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE  
REVIEW

SUMMARISED  
ANNUAL FINANCIAL  
STATEMENTS

SHAREHOLDER  
INFORMATION



# Statements of other comprehensive income

For the year ended 30 June 2022

For the full set of financial statements, please visit our website: [www.metrofilegroup.com](http://www.metrofilegroup.com)

R'000	Consolidated		Company	
	2022	2021	2022	2021
<b>Profit/(loss) for the year</b>	<b>139 338</b>	141 970	<b>(1 693)</b>	61 892
<b>Other comprehensive income/(loss) for the year<sup>#</sup></b>				
Currency movement on translation of foreign subsidiaries	<b>5 307</b>	(17 385)	–	–
<b>Total comprehensive income/(loss) for the year</b>	<b>144 645</b>	124 585	<b>(1 693)</b>	61 892
<b>Attributable to:</b>				
Owners of the parent	<b>141 338</b>	122 321	<b>(1 693)</b>	61 892
Non-controlling interests	<b>3 307</b>	2 264	–	–

<sup>#</sup> All items will subsequently be reclassified to profit and loss.



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Statements of financial position

For the year ended 30 June 2022

For the full set of financial statements, please visit our website: [www.metrofilegroup.com](http://www.metrofilegroup.com)

R'000	Consolidated		Company	
	2022	2021	2022	2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	609 699	595 454	–	–
Right-of-use asset	129 582	113 337	–	–
Intangible assets	67 945	43 867	–	–
Goodwill	372 193	313 947	–	–
Investment in unlisted subsidiaries	–	–	264 018	264 018
Long term vendor consideration	3 500	3 500	–	–
Amounts owing by subsidiaries – non-interest-bearing	–	–	66 997	141 620
Deferred taxation assets	13 730	14 136	–	–
	<b>1 196 649</b>	<b>1 084 241</b>	<b>331 015</b>	<b>405 638</b>
<b>Current assets</b>				
Inventories	16 209	13 776	–	–
Trade receivables	203 614	190 655	–	–
Other receivables	30 026	26 709	182	121
Taxation receivable	5 243	–	–	–
Cash and cash equivalents	40 541	37 184	269	409
	<b>295 633</b>	<b>268 324</b>	<b>451</b>	<b>530</b>
<b>Total assets</b>	<b>1 492 282</b>	<b>1 352 565</b>	<b>331 466</b>	<b>406 168</b>

R'000	Consolidated		Company	
	2022	2021	2022	2021
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Ordinary share capital and share premium	573 833	573 833	875 780	875 780
Accumulated loss	(14 007)	(4 614)	(548 250)	(472 828)
Other reserves	(235)	(10 487)	–	–
Equity attributable to owners of the parent	559 591	558 732	327 530	402 952
Non-controlling interests	18 285	11 061	–	–
	<b>577 876</b>	<b>569 793</b>	<b>327 530</b>	<b>402 952</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	441 556	430 129	–	–
Lease liabilities	114 791	97 741	–	–
Acquisition related liabilities	72 247	–	–	–
Deferred taxation liabilities	49 755	46 055	–	–
	<b>678 349</b>	<b>573 925</b>	<b>327 530</b>	<b>402 952</b>
<b>Current liabilities</b>				
Trade and other payables	115 637	108 585	2 036	1 316
Provisions	13 505	22 366	–	–
Deferred revenue	18 804	11 154	–	–
Taxation payable	6 354	1 131	–	–
Bank overdraft	5 605	1 626	–	–
Interest-bearing liabilities	39 195	39 893	–	–
Amounts owing to subsidiaries – non-interest-bearing	–	–	1 900	1 900
Lease liabilities	33 391	24 092	–	–
Acquisition related liabilities	3 566	–	–	–
	<b>236 057</b>	<b>208 847</b>	<b>3 936</b>	<b>3 216</b>
<b>Total equity and liabilities</b>	<b>1 492 282</b>	<b>1 352 565</b>	<b>331 466</b>	<b>406 168</b>



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Statements of changes in equity

For the year ended 30 June 2022

For the full set of financial statements, please visit our website: [www.metrofilegroup.com](http://www.metrofilegroup.com)

R'000	Share capital	Share premium	Accumulated loss	Other reserves	Attributable to owners of the parent	Non-controlling interests	Total equity
<b>CONSOLIDATED</b>							
<b>Balance at 30 June 2020</b>	2 675	571 158	(79 765)	5 017	499 085	8 797	507 882
IFRS 2 expense	–	–	–	481	481	–	481
Dividends declared	–	–	(63 155)	–	(63 155)	–	(63 155)
Total comprehensive income for the year ended 30 June 2021	–	–	138 306	(15 985)	122 321	2 264	124 585
<b>Balance at 30 June 2021</b>	2 675	571 158	(4 614)	(10 487)	558 732	11 061	569 793
IFRS 2 expense	–	–	–	2 502	2 502	–	2 502
Dividends declared	–	–	(74 168)	–	(74 168)	(878)	(75 046)
Acquisition of subsidiary	–	–	–	–	–	4 795	4 795
Redemption liability recognised directly in equity	–	–	(68 813)	–	(68 813)	–	(68 813)
Total comprehensive income for the year ended 30 June 2022	–	–	133 588	7 750	141 338	3 307	144 645
<b>Balance at 30 June 2022</b>	<b>2 675</b>	<b>571 158</b>	<b>(14 007)</b>	<b>(235)</b>	<b>559 591</b>	<b>18 285</b>	<b>577 876</b>
<b>COMPANY</b>							
<b>Balance at 30 June 2020</b>	2 675	961 249	(471 565)	–	–	–	492 359
Dividends declared	–	–	(63 155)	–	–	–	(63 155)
Treasury shares cancelled	–	(88 144)	–	–	–	–	(88 144)
Total comprehensive income for the year ended 30 June 2021	–	–	61 892	–	–	–	61 892
<b>Balance at 30 June 2021</b>	2 675	873 105	(472 828)	–	–	–	402 952
Dividends declared	–	–	(73 729)	–	–	–	(73 729)
Total comprehensive loss for the year ended 30 June 2022	–	–	(1 693)	–	–	–	(1 693)
<b>Balance at 30 June 2022</b>	<b>2 675</b>	<b>873 105</b>	<b>(548 250)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>327 530</b>



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Statements of cash flows

For the year ended 30 June 2022

For the full set of financial statements, please visit our website: [www.metrofilegroup.com](http://www.metrofilegroup.com)

R'000	Consolidated		Company	
	2022	2021	2022	2021
<b>Cash flows from operating activities</b>				
Cash generated from/(utilised by) operations before net working capital changes	327 513	319 577	(1 693)	(1 393)
(Decrease)/increase in net working capital	(19 421)	11 785	135	(28)
Cash generated from/(utilised by) operations	308 092	331 362	(1 558)	(1 421)
Net finance costs	(48 760)	(36 482)	–	–
Finance costs paid	(49 227)	(36 847)	–	–
Finance income received	467	365	–	–
Dividend income	–	–	–	63 285
Normal taxation paid	(42 107)	(49 018)	–	–
<b>Net cash inflow/(outflow) from operating activities</b>	<b>217 225</b>	<b>245 862</b>	<b>(1 558)</b>	<b>61 864</b>
<b>Cash flows from investing activities</b>				
Capital expenditure: expansion	(47 466)	(18 831)	–	–
Capital expenditure: replacement	(12 559)	(24 804)	–	–
Proceeds on disposal of property, plant and equipment	484	818	–	–
Acquisition of subsidiary	(65 604)	–	–	–
Decrease in loans to group companies	–	–	74 623	3 005
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(125 145)</b>	<b>(42 817)</b>	<b>74 623</b>	<b>3 005</b>

R'000	Consolidated		Company	
	2022	2021	2022	2021
<b>Cash flows from financing activities</b>				
Repayment of interest-bearing liabilities	(39 900)	(89 583)	–	–
Interest-bearing liabilities raised	50 000	–	–	–
Payment of lease liabilities	(29 929)	(44 150)	–	–
Dividends paid	(74 989)	(61 851)	(73 205)	(64 465)
<b>Net cash outflow from financing activities</b>	<b>(94 818)</b>	<b>(195 584)</b>	<b>(73 205)</b>	<b>(64 465)</b>
Net (decrease)/increase in cash and cash equivalents	(2 738)	7 461	(140)	404
Cash and cash equivalents at the beginning of the year	35 558	32 199	409	5
Effects of exchange rate movement on cash balances	2 116	(4 102)	–	–
<b>Cash and cash equivalents at the end of the year</b>	<b>34 936</b>	<b>35 558</b>	<b>269</b>	<b>409</b>
<b>Represented by:</b>	<b>34 936</b>	<b>35 558</b>	<b>269</b>	<b>409</b>
Cash and cash equivalents	40 541	37 184	269	409
Bank overdraft	(5 605)	(1 626)	–	–



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Analysis of shareholding

	2022				2021			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
<b>Shareholder spread</b>								
1 - 10 000	4 878	86.77	4 835 485	1.11	4 384	83.95	5 262 574	1.21
10 001 - 50 000	501	8.91	11 480 518	2.65	561	10.74	12 662 899	2.92
50 001 - 100 000	94	1.67	6 890 905	1.59	115	2.20	8 283 014	1.91
100 001 - 250 000	63	1.12	9 593 401	2.21	75	1.44	11 623 693	2.68
250 001 shares and over	86	1.53	400 899 649	92.44	87	1.67	395 867 778	91.28
<b>Total</b>	<b>5 622</b>	<b>100.00</b>	<b>433 699 958</b>	<b>100.00</b>	<b>5 222</b>	<b>100.00</b>	<b>433 699 958</b>	<b>100.00</b>
<b>Distribution of shareholders</b>								
Banks/brokers	58	1.03	32 363 259	7.46	62	1.19	29 313 485	6.76
Close corporations	38	0.68	678 027	0.16	37	0.71	772 890	0.18
Endowment funds	10	0.18	837 606	0.19	10	0.19	787 597	0.18
Individuals	4 615	82.09	38 480 784	8.87	4 502	86.21	43 424 299	10.01
Insurance companies	11	0.20	4 903 560	1.13	8	0.15	5 901 594	1.36
Medical schemes	1	0.02	1 992 430	0.46	1	0.02	1 992 430	0.46
Mutual funds	24	0.43	98 785 612	22.78	24	0.46	100 200 209	23.10
Other corporations	36	0.64	150 963	0.03	34	0.65	237 095	0.06
Private companies	99	1.76	192 799 452	44.45	94	1.80	192 642 985	44.42
Public companies	11	0.20	35 381 922	8.16	12	0.23	30 481 922	7.03
Retirement funds	552	9.82	14 390 935	3.32	262	5.02	14 751 299	3.40
Trusts	167	2.97	12 935 668	2.98	176	3.37	13 194 153	3.04
<b>Total</b>	<b>5 622</b>	<b>100.00</b>	<b>433 699 958</b>	<b>100.00</b>	<b>5 222</b>	<b>100.00</b>	<b>433 699 958</b>	<b>100.00</b>
<b>Public/non-public shareholders</b>								
<b>Non-public shareholders</b>	12	0.22	223 037 211	51.43	13	0.26	219 986 716	50.72
Directors, management and associates of the Company	7	0.13	57 556 766	13.27	8	0.16	54 506 271	12.56
Strategic holdings	5	0.09	165 480 445	38.16	5	0.10	165 480 445	38.16
<b>Public shareholders</b>	5 610	99.78	210 662 747	48.57	5 209	99.74	213 713 242	49.28
<b>Total</b>	<b>5 622</b>	<b>100.00</b>	<b>433 699 958</b>	<b>100.00</b>	<b>5 222</b>	<b>100.00</b>	<b>433 699 958</b>	<b>100.00</b>



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Analysis of shareholding (continued)

	Number of shares	%
<b>Beneficial shareholders holding 2% or more (top 10)</b>		
As at 30 June 2022		
Mineworkers Investment Company	165 480 455	38.16
Sabvest Investments (Pty) Limited	56 000 000	12.91
NinetyOne Asset Management	36 211 920	8.35
M&G Investments	15 007 986	3.46
ClucasGray Investment Management	13 180 338	3.04
Momentum Metropolitan Holdings	11 996 982	2.77
Kuwait Investment Authority	9 823 815	2.27
Alexander Forbes Investments Retirement Funds	9 308 398	2.15
Peresec Prime Brokers	7 157 285	1.65
Sanlam	7 107 925	1.64
<b>Total</b>	<b>331 275 094</b>	<b>76.40</b>

<b>Beneficial shareholders holding 2% or more (top 10)</b>		
As at 25 June 2021		
Mineworkers Investment Company	165 480 445	38.16
Sabvest Investments (Pty) Limited	51 000 000	11.76
NinetyOne Asset Management	36 211 920	8.35
Prudential Investment Managers	15 007 986	3.46
ClucasGray Investment Management	13 329 937	3.07
Momentum Metropolitan Holdings	11 513 427	2.65
Kuwait Investment Authority	9 823 815	2.27
Alexander Forbes Investments Retirement Funds	9 209 876	2.12
Sanlam Investment Management	8 055 249	1.86
Rand Merchant Bank	5 128 475	1.18
<b>Total</b>	<b>324 761 130</b>	<b>74.88</b>

Subsequent to the approval of the annual financial statements and before the publication of this integrated annual report, the interests of the directors and prescribed officers in the shares of the Company did not change.

Directors interest in shares	Beneficial		Non-beneficial		Percentage %
	Direct	Indirect	Direct	Indirect	
MS Bomela, DL Storum <sup>†</sup>	–	–	–	165 480 445	38.16
P Langeni <sup>#</sup>	–	450 000	–	–	0.10
S Mansingh	150 000	–	–	–	0.03
CS Seabrooke <sup>*</sup>	–	–	–	56 000 000	12.91
PG Serima	46 035	–	–	–	0.01
<b>Total</b>	<b>196 035</b>	<b>450 000</b>	<b>–</b>	<b>221 480 445</b>	<b>51.21</b>

<sup>†</sup> Mary Bomela and DL Storum are CEO and Group Financial Manager of MIC respectively, which owns 165 480 445 shares being an economic interest of 38.16%. As MIC's representatives on Metrofile's Board, they have no economic interest in MIC personally.

<sup>#</sup> Phumzile Langeni is the CEO of Afropulse (Pty) Ltd which owns 450 000 shares in the Company, being an economic interest of 0.10% of which she has a beneficial interest of 50%.

<sup>\*</sup> The Seabrooke Family Trust has an indirect interest of 40.5% in this shareholding through Sabvest Limited, i.e. an effective economic interest of 5.23%.



# Share price and volume traded

	2022	2021	2020	2019
<b>Market price</b>				
Close (30 June) (cents per share)	330	316	225	162
High (cents per share)	355	376	341	368
Low (cents per share)	273	186	120	130
Market capitalisation (R)	1 431 209 861	1 370 491 867	1 018 460 511	719 044 915
Value of shares traded (R)	113 595 194	123 926 377	185 264 182	141 833 319
Value of shares traded as % of market capitalisation (%)	7.94	9.94	18.19	19.73
Volume of shares traded	35 060 675	46 037 234	74 391 707	56 415 323
Volume of shares traded as % of number in issue (%)	8.08	10.61	16.43	12.71
Dividend yield (%)	4.12	3.54	3.91	6.17
Earnings yield (%)	9.67	8.45	10.31	12.65
Shares in issue	433 699 958	433 699 958	452 649 116	443 854 886
Average number of shares in issue	433 699 958	449 629 330	450 324 928	436 922 919
(Treasury shares cancelled)/shares issued	–	(18 949 158)	8 794 230	8 714 618
Number of shareholders	5 622	5 222	4 653	4 019

## Shareholder diary

Publication of integrated annual report	25 October 2022
Annual general meeting	22 November 2022
Results of the annual general meeting published on SENS	22 November 2022
Interim results announcement	March 2023
Financial year end	30 June 2023
Annual results announcement	September 2023



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE REVIEW

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION



# Corporate information<sup>^</sup>

## Directors

### Phumzile Langeni (48)<sup>##</sup>

BCom (Acc), BCom (Hons), MCom  
Independent non-executive Chairman  
Ten years' service (Appointed 30 March 2012)  
Chairman of Nominations Committee

### Mary Sina Bomela (49)<sup>†\*</sup>

BCom (Hons), CA(SA), MBA  
Non-executive director and deputy Chairman  
Twelve years' service (Appointed 8 September 2010)  
Chairman of Social, Ethics and Transformation Committee  
Chairman of Strategy and Investment Committee

### Pfungwa Gore Serima (57)<sup>##</sup>

BSc (CompSc) and Business Studies  
Group Chief Executive Officer  
Six years' service (Appointed 1 February 2016)

### Shivan Mansingh (36)<sup>##</sup>

BaccSci, HDipAcc, CA(SA), MBA  
Group Chief Financial Officer  
Three years' service (Appointed 1 April 2019)

### Sindiswa Victoria Zilwa (55)<sup>##</sup>

BCompt (Hons), CA(SA), CD(SA)  
Advanced Diploma in Financial Planning (UFS)  
Advanced Diploma in Taxation (UNISA)  
Advanced Diploma in Banking (RAU)  
Lead independent non-executive director  
Ten years' service (Appointed 17 October 2012)  
Chairman of Audit, Governance and Risk Committee

### Andile Khumalo (44)<sup>†</sup>

BCom (Accounting), Post Graduate Diploma in Accounting,  
CA(SA)  
Independent non-executive director  
One year's service (Appointed 30 September 2021)

### Lindiwe Evarista Mthimunye (48)<sup>†\*</sup>

BCom, CA(SA), MCom, HDip Tax Law  
Independent non-executive director  
Five years' service (Appointed 1 July 2017)  
Chairman of Remuneration Committee

### Christopher Stefan Seabrooke (69)<sup>†\*</sup>

BCom, BAcc, MBA, FCMA  
Independent non-executive director  
Nineteen year's service (Appointed 28 January 2003)

### Stanley Thabo Moloko Seopa (58)<sup>##</sup>

BCom (Accounting)  
Higher Diploma in Tax Law  
Diploma in Finance  
Diploma in Management  
Independent non-executive director  
One year's service (Appointed 30 September 2021)

### Dominic Lebohang Storom (34)

BCom (Hons), CA(SA), MCom, MBA  
One year's service (appointed 26 March 2021)  
Non-executive director

### Leon Rood (45)

BCom, LLB  
Three years' service (appointed 1 February 2019)  
Independent non-executive alternate director to Christopher Seabrooke

<sup>^</sup> As at date of issuing this integrated annual report

<sup>†</sup> Audit, Governance and Risk Committee member

<sup>‡</sup> Nominations Committee member

<sup>\*</sup> Remuneration Committee member

<sup>#</sup> Social, Ethics and Transformation Committee member

<sup>@</sup> Strategy and Investment Committee member

## Acting Company Secretary and registered office

Elmarie Smuts  
First Floor, 28 Fricker Road, Illovo, 2196, Gauteng, South Africa  
P O Box 40264, Cleveland, 2022, Gauteng, South Africa  
Telephone +27 10 001 6380

## Company registration number

1983/012697/06

## Date of incorporation

18 November 1983

## Transfer secretaries

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196,  
Gauteng, South Africa  
Private Bag X9000, Saxonwold, 2132, Gauteng, South Africa  
Telephone: +27 11 370 5000 or 086 11 00 933

## Auditor

Deloitte & Touche  
5 Magwa Crescent, Waterfall City, Waterfall, 2090,  
Gauteng, South Africa  
Private Bag X6, Gallo Manor, 2052, Gauteng, South Africa

## Banker

The Standard Bank of South Africa Limited

## Investment bank and JSE sponsor

The Standard Bank of South Africa Limited  
30 Baker Street, Rosebank, 2196, Gauteng, South Africa  
P O Box 613444, Marshalltown, 2107, Gauteng, South Africa

## Investor relations

Anne Dunn: Anne Dunn Communications  
Telephone: +27 82 448 2684  
✉ [anne@annedunn.co.za](mailto:anne@annedunn.co.za)

## Website

🌐 [www.metrofilegroup.com](http://www.metrofilegroup.com)



OUR BUSINESS

VALUE CREATION

ESG REVIEW

GOVERNANCE  
REVIEW

SUMMARISED  
ANNUAL FINANCIAL  
STATEMENTS

SHAREHOLDER  
INFORMATION





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