

**CORPORATE GOVERNANCE  
APPLICATION OF KING III PRINCIPLES**

Area	Requirement	Status	Comments
<b>1. Ethical leadership and corporate citizenship</b>			
	1.1 The Board should provide effective leadership based on an ethical foundation.	Applied	
	1.2 The Board should ensure that the Fund is and is seen to be a responsible corporate citizen.	Applied	
	1.3 The Board should ensure that the Fund's ethics are managed effectively.	Applied	

<b>2. Boards and directors</b>				
Role and function of the Board	2.1	The Board should act as the focal point for and custodian of corporate governance.	Applied	
	2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied	
	2.3	The Board should provide effective leadership based on an ethical foundation.	Applied	
	2.4	The Board should ensure that the Fund is and is seen to be a responsible corporate citizen.	Applied	
	2.5	The Board should ensure that the Fund's ethics are managed effectively.	Applied	
	2.6	The Board should ensure that the Fund has an effective and independent audit committee.	Applied	
	2.7	The Board should be responsible for the governance of risk.	Applied	Delegated to the Risk Committee.
	2.8	The Board should be responsible for information technology (IT governance).	Applied	Delegated to the Risk Committee.
	2.9	The Board should ensure that the Fund complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	
	2.10	The Board should ensure that there is an effective risk-based internal audit.	Applied	
	2.11	The Board should appreciate that stakeholders' perceptions affect the Fund's reputation.	Applied	
	2.12	The Board should ensure the integrity of the Fund's integrated report.	Applied	
	2.13	The Board should report on the effectiveness of the Fund's system of internal controls.	Applied	
	2.14	The Board and its directors should act in the best interests of the Fund.	Applied	
	2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Fund is financially distressed as defined in the Act.		
	2.16	The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the Fund should not also fulfill the role of chairman of the Board.	Explained	The chairman is not independent however a lead independent director has been appointed.
	2.17	The Board should appoint the chief executive officer and establish a framework for the delegation of authority.	Applied	

Composition of the Board	2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Applied	
Board appointment process	2.19	Directors should be appointed through a formal process.	Applied	
Director development	2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	Applied	
Fund Secretary	2.21	The Board should be assisted by a competent, suitably qualified and experienced Fund secretary.	Applied	
Performance assessment	2.22	The evaluation of the Board, its committees and the individual directors should be performed every year.	Applied	
Board committees	2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	Applied	
Group Boards	2.24	A governance framework should be agreed between the group and its subsidiary Boards.	Applied	
Remuneration of directors and prescribed officers	2.25	The Fund should remunerate directors and executives fairly and responsibly.	Applied	
	2.26	The Fund should disclose the remuneration of each individual director and prescribed officers.	Explained	Remuneration of directors is disclosed. Remuneration of prescribed officers has not been disclosed due to the small size of the staff complement and the highly competitive market within which the Fund operates.
	2.27	Shareholders should approve the Fund's remuneration policy.	Applied	

### 3. Audit committees

	3.1	The Board should ensure that the Fund has an effective and independent audit committee.	Applied	
Membership and resources of the audit committee	3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	Applied	
	3.3	The audit committee should be chaired by an independent non-executive director.	Applied	
Responsibilities of the audit committee	3.4	The audit committee should oversee integrated reporting.	Applied	
	3.5	The audit committee should ensure that a combined assurance model (CAM) is applied to provide a coordinated approach to all assurance activities.	Explained	The CAM is currently being developed and is expected to be completed and approved by December 2013
Internal assurance providers	3.6	The audit committee should satisfy itself of the expertise, resources and experience of the Fund's finance function.	Applied	
	3.7	The audit committee should be responsible for overseeing of internal audit.	Applied	
	3.8	The audit committee should be an integral component of the risk management	Applied	
External assurance providers	3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	Applied	
Reporting	3.10	The audit committee should report to the Board and participatory interest holders on how it has discharged its duties.	Applied	
	3.11	The Board should determine the levels of risk tolerance.	Applied	
	3.12	The risk committee should assist the Board in carrying out its risk responsibilities.	Applied	
Management's responsibility for risk management	3.13	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Applied	
Risk assessment	3.14	The Board should ensure that risk assessments are performed on a continual basis.	Applied	
	3.15	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	
Risk response	3.16	The Board should ensure that management considers and implements appropriate risk responses.	Applied	
Risk monitoring	3.17	The Board should ensure continual risk monitoring by management.	Applied	
Risk assurance	3.18	The Board should receive assurance regarding the effectiveness of the risk management process.	Applied	

Risk disclosure	3.19	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Applied	
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<b>4. The governance of information technology</b>				
	4.1	The Board should be responsible for information technology (IT) governance.	Explained	An IT governance framework is being developed and is expected to be completed and approved by December 2013.
	4.2	IT should be aligned with the performance and sustainability objectives of the Fund.	Explained	See above
	4.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework.	Applied	
	4.4	The Board should monitor and evaluate significant IT investments and expenditure.	Explained	See above
	4.5	It should be an integral part of the Fund's risk management.	Applied	
	4.6	The Board should ensure that information assets are managed effectively.	Explained	See above
	4.7	A risk committee and/or audit committee should assist the Board in carrying out its IT responsibilities.	Applied	

<b>5. Compliance with laws, rules, codes and standards</b>				
	5.1	The Board should ensure that the Fund complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	
	5.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Fund and its business.	Applied	
	5.3	Compliance risk should form an integral part of the Fund's risk management process.	Applied	
	5.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	Applied	

<b>6. Internal audit</b>				
Need for and role of internal audit	6.1	The Board should ensure that there is an effective risk based internal audit.	Applied	
Internal audit's approach and plan	6.2	Internal audit should follow a risk-based approach to its plan.	Applied	
	6.3	Internal audit should provide a written assessment of the effectiveness of the Fund's system of internal controls and risk management.	Applied	
	6.4	The audit committee should be responsible for overseeing internal audit.	Applied	
Internal audit's status in the Fund	6.5	Internal audit should be strategically positioned to achieve its objectives.	Applied	

<b>7. Governing stakeholder relationships</b>				
	7.1	The Board should appreciate that stakeholders' perceptions affect a Fund's reputation.	Applied	
	7.2	The Board should delegate to management to proactively deal with stakeholder relationships.	Applied	
	7.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Fund.	Applied	
	7.4	The Fund should ensure the equitable treatment of participatory interest holders.	Applied	
	7.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Applied	
Dispute resolution	7.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	Applied	

<b>8. Integrated reporting and disclosure</b>				
Transparency and accountability	8.1	The Board should ensure the integrity of the Fund's integrated report.	Applied	
	8.2	Sustainability reporting and disclosure should be integrated with the Fund's financial reporting.	Applied	
	8.3	Sustainability reporting and disclosure should be independently assured.	Explained	The Board will consider the level of the required independent assurance in due course.