

CORPORATE GOVERNANCE

ETHICAL LEADERSHIP

An ethical culture is the basis upon which long-term business value and stakeholder support is created. Good corporate governance is integral to delivering sustainable growth and to that end, the Board of Directors reviews the governance climate, structures and processes, which are enhanced to accommodate internal developments and ensuring best practice.

The effective leadership provided by the Board is based on an ethical foundation of transparency, accountability, fairness and responsibility. The Board acknowledges and embraces the responsibilities bestowed upon it by the Companies Act and King III and is fundamentally responsible for ensuring that Emira's strategy, risk, performance and sustainability are inseparable.

Principles in the Charter of Corporate Governance set up firm operational processes, procedures and tools to institute, implement, monitor and control internal policies and procedures in furtherance of corporate governance, effective compliance and risk management.

BOARD OF DIRECTORS

Structure and composition

The Board follows a unitary board structure and, as at 30 June 2016, it comprised 12 directors, seven of whom are independent non-executive directors, two are non-executive directors and three are executive directors. Mr Vuyisa Nkonyeni also changed status to an independent non-executive director on the sale of the BEE shareholding in May 2015.

Messrs Michael Aitken and Wayne McCurrie had a change in status and are now independent non-executive directors. The change in status is due to the divestment of their respective representative shareholdings in STREM, the management company of Emira, which was unconditional as of 8 May 2015, but effective from 1 July 2015.

With effect from 1 September 2015 Mr James Templeton, Chief Executive Officer of Emira resigned from the Board as director to pursue personal endeavours. The Board thanks James for his dedicated leadership and invaluable contributions over the last decade steering Emira through the tough years of the financial crises. Mr Geoff Jennett was appointed as Chief Executive Officer with effect from 1 September 2015 and the Board welcomes Geoff in his new capacity.

Mr Greg Booyens was appointed as Chief Financial Officer with effect from 1 January 2016 and Emira has already seen the benefits stemming from his industry experience.

Emira believes that its Board composition is in line with best practice guidelines and represents a balanced Board. The roles of Chairman and Chief Executive Officer are completely separated. The Board has a clear division of responsibilities to ensure a balance of power and authorities such that no director has unfettered powers of decision-making.

The directors as at 30 June 2016 were:

BJ van der Ross – Non-executive Chairman
BH Kent – Lead Independent Non-executive Director
V Mahlangu – Independent Non-executive Director
MSB Nesper – Independent Non-executive Director
G van Zyl – Independent Non-executive Director
MS Aitken – Independent Non-executive Director
W McCurrie – Independent Non-executive Director
NE Makiwane – Non-executive Director
V Nkonyeni – Independent Non-executive Director
GM Jennett – Chief Executive Officer
G Booyens – Chief Financial Officer
U van Bijljon – Chief Operating Officer

The Chairman is a non-executive director, however, he is not independent as recommended by King III. The Board is of the opinion that Ben van der Ross's knowledge, expertise and experience and appointment is in Emira's best interest and that this outweighs the advantages of appointing an independent non-executive chairman at present. His appointment does not negatively affect the Board as, in mitigation, it comprises a lead independent non-executive director and six other independent non-executive directors.

The directors have a vast range of knowledge, expertise and experience in strategic, financial, commercial and property activities, which allows them to exercise independent judgment in Board decisions and deliberations. These combined skills and experience benefit the Board as a whole in its supervisory role. Biographies of the Board are provided on pages 16 to 19 of this integrated report.

Appointment, rotation and tenure

The appointment of directors follows a formal process supported by a transparent policy including approval by the Remuneration and Nomination Committee. One-third of the directors will retire at the following annual general meeting and will be eligible for re-election.

Ben van der Ross has served on the Board for more than 10 years and as a result, his re-election will be considered separately by way of a vote at the annual general meeting. It is recommended that he be re-appointed based on his previous contributions to Emira and knowledge of the business and the property industry.

Lead Independent Non-executive Director Bryan Kent is 71 years of age and his re-appointment at Emira's annual general meeting in November 2016 will be subject to a separate vote, however, the Board is of the opinion that Mr Kent's expertise especially in the accounting and audit fields is valuable to Emira and he should be retained as a member of the Board.

Development of directors

Newly appointed directors are provided with induction and training and they are directed to the courses run by the JSE and Institute of Directors, at Emira's expense. In addition, relevant new developments are communicated to directors at Board meetings, including those regarding the Companies Act, corporate governance and other relevant legislation.

Independence and performance of the Board

The Board ensures that it has the expertise, independence and diversity it needs to function independently. The Remuneration and Nominations Committee regularly assesses the independence of directors and reports on this to the full Board. Independence of the Board from the management team is achieved by:

maintaining a non-executive chairperson;

maintaining a majority of non-executive directors including independent non-executive directors;

the remuneration of the non-executive directors being unrelated to the financial performance of Emira; and

all directors being entitled to seek independent professional advice concerning the affairs of Emira at the Fund's expense.

During the year under review, the Remuneration and Nominations Committee reviewed and confirmed the independence of Mr van der Ross as the Board's longest-standing member, being in excess of 10 years service. Mr van der Ross recused himself from the discussion. The Board was satisfied with his continued independence based on demonstrable and visible criteria in his role at Board and committee level. His appointment is reviewed on an annual basis and his reappointment will be re-evaluated annually before being proposed for re-election. Messrs Michael Aitken, Wayne McCurrie and Vuyisa Nkonyeni are independent non-executive directors, which has strengthened the Board in terms of the King III recommendations.

Emira's strategic objectives are set by the Board, who determines its investment and performance criteria. The Board is responsible for the proper management, control, compliance and ethical behaviour of the business under its direction.

As part of the formal Board evaluation, its performance and that of its committees is evaluated annually. Board evaluation occurs by way of an annual questionnaire, which is structured by the company secretary and responses are submitted to the Board Chairman by each board member. During the year under review, the Board Chairman assessed the individual submissions and addressed any issues arising therefrom.

Directors' management of conflict of interests

When directors become aware that they have a direct or indirect interest in any existing or proposed transaction with an entity of Emira, they must notify the Company Secretary who in turn informs the Board Chairman. Directors are obliged to update any changes in these interests and this is done prior to or during each Board meeting. This process was adhered to for the year under review and directors recused themselves from any discussions as a result of personal conflict of interests. Any potential professional conflict of interests is disclosed by the director concerned and noted in the Board minutes. The lead independent non-executive director deals with matters where the Chairman may be conflicted.

Information requirements

The Board continuously assesses the information needs of directors to enable them to perform their duties and fulfil their obligations responsibly. In order to make informed decisions, Board members must have sufficient information covering the matter at hand. All directors have access to the Emira's records, information, documents and property.

Non-executive directors also have unfettered access to management at any time. Directors are informed timeously of matters that will be discussed at meetings and comprehensive information packs are provided well in advance of all meetings.

Board responsibilities

The Board Charter sets out a clear division of the directors' responsibilities and accountability, both collectively and individually, to ensure an appropriate balance of power and authority.

The primary Board responsibilities in terms of the Board Charter are:

- to provide strategic direction to Emira.
- to determine Emira's purpose, values and stakeholders relevant to its business and to develop strategies combining all three elements.

to ensure that procedures are in place to monitor and evaluate the implementation of strategies, policies, performance criteria for executive management (including business partners) and business plans.

to review and approve objectives, plans and actions, including significant capital allocations and expenditure.

to define its mission as representing the interests of Emira and its stakeholders in perpetuating a successful business that adheres to the vision and values of Emira and creates long-term value for stakeholders.

to be accountable and responsible to stakeholders for the performance and affairs of Emira.

to appoint the Chief Executive Officer, other executive directors and the Company Secretary and ensure that succession is planned.

to ensure that Emira complies with all relevant laws and regulations and that it communicates with its stakeholders openly and with substance prevailing over form.

to assess the key risk areas of the business on a regular basis and to determine the policies and processes necessary to ensure the integrity of internal control and risk management of Emira.

to develop the framework, policies and guidelines for safety, health and environmental management and other matters relating to sustainability.

to define levels of materiality, reserving specific powers for itself and delegating other matters with written authority to management.

to establish and set the terms of reference for the Board committees.

The Board confirms that it is satisfied that it has carried out its duties and responsibilities in compliance with its mandate and the Board Charter.

Board committees

Delegation of authority

Certain Board responsibilities have been delegated to the Audit Committee, Risk Committee, Remuneration and Nominations Committee, Social and Ethics Committee, Finance Committee and Investment Committee to assist the Board in discharging its collective responsibilities.

Each committee acts within the boundaries of clearly defined Board-approved terms of reference. These committees meet independently and provide detailed feedback to the Board via their chairmen. All committee meetings are minuted and directors may raise any questions arising from these minutes.

The various committee chairmen have confirmed that the terms of reference have been materially complied with for the year under review.

Audit Committee

The committee comprises three independent non-executive directors and is chaired by the Lead Independent Non-executive Director. The committee met four times during the year with the executive management as well as the executives responsible for finance, the compliance officer, and external and internal auditors.

The Chief Executive Officer and Chief Financial Officer attend these meeting by invitation. The Company Secretary attends all meetings as secretary to this committee. The table on page 52 references the attendance of committee meetings.

The Audit Committee members are:

Bryan Kent (chairman)

Vusi Mahlangu

Gerhard van Zyl

The detailed biographies of these directors are presented on pages 18 and 19 of this integrated report. The report of the Audit Committee, including more detail on its responsibilities, commences on page 57 of this integrated report.

Risk Committee

Composition

This committee comprises three independent non-executive directors. The Board nominates members of this committee and its chairman. The chairman of the Audit Committee is also the chairman of this committee. The COO is also now invited to the Risk Committee meetings. The committee met four times during the year.

The Chief Risk Officer, who is also the Chief Financial Officer, assists the committee in executing its duties. The Chief Executive Officer attends these meeting by invitation and the Company Secretary is the secretary to this committee. The table on page 52 references the attendance of committee meetings.

The committee has an independent role, supervising and making recommendations to the Board for its due consideration and ultimate approval. The committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management. The role of the committee is to assist the Board to ensure that Emira has implemented an effective policy and plan for risk management that will enable it to achieve its strategic objectives and that the disclosure regarding risk is comprehensive, timely and relevant.

Risk management is discussed in detail and presented on page 31 of this integrated report.

CORPORATE GOVERNANCE CONTINUED

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS FOR THE YEAR ENDED 30 JUNE 2016

MEMBER	BOARD	AUDIT COMMITTEE	RISK COMMITTEE	REMUNERATION AND NOMINATIONS COMMITTEE	SOCIAL AND ETHICS COMMITTEE	INVESTMENT COMMITTEE	FINANCE COMMITTEE
Chairman	BJ van der Ross	BH Kent	BH Kent	V Mahlangu	V Nkonyeni	G van Zyl	W McCurrie
Number of meetings held	5	4	4	3	2	5	4
BJ van der Ross	3/5	-	-	3/3	-	-	-
BH Kent	4/5	3/4	3/4	3/3	-	-	3/4
MS Aitken	5/5	-	-	-	-	5/5	-
V Mahlangu	4/5	3/4	3/4	3/3	-	-	3/4
NE Makiwane	4/5	-	-	-	-	-	-
W McCurrie	5/5	1/1	1/1	-	-	-	4/4
MSB Naser	4/5	-	-	-	-	4/5	-
V Nkonyeni	4/5	-	-	-	2/2	-	-
G van Zyl	5/5	4/4	4/4	-	-	5/5	4/4
GM Jennett #	5/5	4/4	4/4	3/3	2/2	5/5	4/4
G Booyens *	3/3	2/2	2/2	-	1/1	2/2	2/2
U van Biljon	5/5	-	-	-	2/2	5/5	-
JWA Templeton**	1/1	1/1	1/1	1/1	-	1/1	1/1

Appointed on 1 September 2015 as CEO.

* Appointed on 1 January 2016 as CFO and to the Board as director.

** Resigned on 1 September 2015 as CEO and from the Board as director.

The Risk Committee members are:

Bryan Kent (chairman)

Vusi Mahlangu

Gerhard van Zyl

The detailed biographies of these directors represented on pages 18 and 19 of this integrated report.

Responsibilities

The committee's responsibilities include:

Overseeing the development and annual review of a policy and plan for risk management.

Monitoring implementation of the policy and plan or risk management taking place by means of risk management systems and processes.

Making recommendations to the Board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board.

Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.

Ensuring that risk management assessments are performed on a continuous basis.

Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.

Ensuring that management considers and implements appropriate risk responses.

Ensuring that continuous risk monitoring by management takes place.

Liaising closely with the Audit Committee to exchange information relevant to risk.

Expressing the committee's formal opinion to the Board on the effectiveness of the system and process of risk management.

Reviewing reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

The committee has fulfilled its responsibilities during the year, complying with its legal, regulatory and other responsibilities.

Remuneration and Nominations Committee

The committee comprises three non-executive directors of which two are independent non-executive directors. The Chief Executive Officer attends these meeting by invitation. A new charter has been adopted by the Board setting out the purpose, role and responsibilities of this committee.

The committee meets on an ad hoc basis as required and met three times during the year under review. The table on page 52 references the attendance of committee meetings.

The Remuneration and Nominations Committee members are:

Vusi Mahlangu (chairman)

Benedict van der Ross (chair for nominations matters)

Bryan Kent

The detailed biographies of these directors are presented on pages 17 and 18 of this integrated report.

The more detailed remuneration report commences on page 59 of this integrated report.

Social and Ethics Committee

The Social and Ethics Committee has been constituted in terms of section 72(4) of the Companies Act No. 71 of 2008, as amended and its accompanying regulations, to implement the mandate prescribed by regulation 43(5).

Composition

The Social and Ethics Committee enhances Emira's oversight of key issues, including entrenching sustainability in its long-term strategy. The committee met twice during the year under review. The table on page 52 references the attendance of committee meetings.

The Social and Ethics Committee member at year-end was:

Vuyisa Nkonyeni (chairman)

The detailed biography of Vuyisa Nkonyeni is presented on page 19 of this integrated report.

Responsibilities

The committee's responsibilities include:

Specifically in relation to the market place to ensure:

(i) the company's standing in terms of the 10 principles set out in the UN Global Compact; (ii) the development and implementation of anti-corruption policies that meet statutory requirements (Prevention and Combating of Corrupt Activities Act) and best practice as defined in the Organisation for Economic Co-operation and Development's Recommendations and the Tenth Principle of the Global Compact; (iii) compliance with competition legislation and regulations; (iv) conformance to any relevant industry charter; (v) the adequacy of systems and policies required to achieve the required B-BBEE ratings and targets; and (vi) all market place risks to ensure that they are properly identified and regularly assessed.

Specifically in relation to the workplace, to ensure that:

(i) employment equity policies meet all relevant legislative requirements; (ii) the company complies with all relevant workplace health and safety regulations and statutes; (iii) suitable and effective policies are in place to ensure that suitable staff members are attracted and retained by the company; (iv) staff churn and staff satisfaction levels are regularly monitored; (v) staff members are given appropriate opportunities for career improvement through training and education; (vi) the company provides decent work and working conditions to employees that are aligned with International Labour Organisation recommendations; (vii) the company manages its ethics effectively in accordance with the King III recommendations on ethics management;

(viii) there is effective collaboration between the company and its stakeholders to promote corporate citizenship; (ix) there are policies and processes in place to ensure conducive employee relations; and (x) all workplace risks are identified and properly monitored.

Specifically in relation to the social environment, to ensure the following:

(i) the compliance of all public relations and advertising with the requirements of the Code of Advertising Practice of the Advertising Standards Authority of South Africa and any other relevant legislation; (ii) compliance with the provisions of the Consumer Protection Act on its products and services and that appropriate steps have been taken to fully inform all staff of the same; (iii) the effectiveness of the communication mediums (including possible use of social media) used to communicate effectively with its consumers and to monitor stakeholder relations; (iv) adherence to the South African constitution and the Bill of Rights; (v) the adequacy of disclosures made to consumers relating to the contents of the company's products (through appropriate labelling or otherwise) to ensure that they are fully informed of any possible side-effects and/or incorrect applications and that adequate product safety provisions are in place; (vi) the impact of the business operations on the health and safety of society; (vii) actions are taken to protect, enhance and invest in the well-being of society; (viii) the effectiveness of suitable management committee(s) and/or senior executive(s) in framing and developing appropriate, relevant and measurable corporate social responsibility programmes (CSR) aligned with the needs of the communities in which the business operates; (ix) the appropriateness of the budget allocated for the purposes of community development and CSR programmes; (x) the effectiveness of policies in place to ensure that all donations and sponsorships are aligned with the company's community development and CSR programmes; (xi) the efficiency of systems to ensure that neither the company, nor its business associates are complicit in human rights abuses (e.g. child or bonded labour); and (xii) the identification monitoring of all risks relating to the company's social environment.

Specifically in relation to the natural environment, to monitor:

(i) compliance with all environmental laws and regulations applicable to the company's business operations; (ii) the adequacy of environmental policies to fully identify and address the impact of its operations and to protect, enhance and invest in the well-being of the environment; (iii) relevant sustainability risks inherent in its impact on the environment and incorporated the same into its environmental policy; (iv) systems and tools used to report on its carbon emissions, energy and water usage; (v) the appropriateness of measures taken to deal with any pollutant emissions and/or waste/effluent and in an environmentally friendly manner that is independently verifiable; and (vi) actions taken to reduce or minimise the environmental impact of the company's product(s) when they reached the end of their life-cycle and/or when disposed of by the consumers.

The Social and Ethics Committee must ensure that the above-mentioned issues align with company strategy. It must select suitable criteria with which to monitor and report the progress with regard to the implementation of the above policies and programmes and facilitate integration of the same in Emira's sustainability report.

A review of Emira's sustainability contributions for the year under review commences on page 61 of this integrated report.

Finance Committee

This committee offers the Board specific advice and technical assistance on all financial matters, including strategy relating to debt structures, interest rate swaps, foreign currencies and makes recommendations to the Board on sound deliberated proposals for these matters.

The committee does not assume the functions of management, which remain the responsibility of the executive directors. It is governed by formal Board-approved terms of reference that are regularly reviewed and updated.

Composition

The committee comprises four independent non-executive directors. The Company Secretary is the secretary to this committee. The Chief Executive Officer and Chief Financial Officer attend these meetings by invitation. The committee meets on an ad hoc basis as required and met four times during the year under review. The table on page 52 references the attendance of committee meetings.

The committee members at year-end were:

Wayne McCurrie (chairman)

Bryan Kent

Vusi Mahlangu

Gerhard van Zyl

The detailed biographies of these directors are presented on pages 18 and 19 of this integrated report.

Responsibilities

The committee's responsibilities include:

Identifying issues relating to important financial matters, which are relevant to Emira and need to be addressed.

Advising the Board on financial issues that affect Emira.

Establishing a work plan to ensure that all relevant matters of the committee's role and responsibilities are covered.

CORPORATE GOVERNANCE CONTINUED

Reporting at every quarterly Board meeting on activities and progress of the committee.

Ensuring that the resolutions of the Board are carried out.

Considering any matter delegated to it by the Board, and advising the Board in connection therewith.

The committee having fulfilled its functions, has executed its duties during the year under review in accordance with its terms of reference.

Investment Committee

The committee was formed in May 2015, and also supports the Board by considering, interrogating and stress testing potential property investments in great detail. The executive directors attend these meetings by invitation. The committee met five times during the year under review. The table on page 52 references the attendance of committee meetings.

Composition

The Investment Committee members are:

Gerhard van Zyl (chairman)

Thys Nesor

Michael Aitken

Responsibilities

The committee's primary mandate with full decision-making authority includes:

Reviewing and approving the investment mandate, investment proposals, including individual and portfolio acquisitions; major capital expenditure; new developments projects; extensions, upgrades and refurbishment projects; and the acquisition of assets forming part of a particular corporate activity;

Reviewing and approving the overall sales mandate and annual list of properties to be sold;

Reviewing and approving the property portfolio composition from time to time;

Executing its mandate subject to the limits contained within the approval framework;

Ensuring that all approvals authorised by the committee are reported to the Board at the next meeting after such authorisation;

Reviewing due diligence processes for investments periodically;

Reviewing and recommending to the Board the annual capital and refurbishment expenditure budgets proposed by management;

Providing a high-level review of annual property valuations;

Considering and satisfying itself of the resources and suitability of the expertise and experience of the investment team;

Considering and making recommendations to the Board on matters concerning the risk tolerance, risk appetite, and risk monitoring of property investment, sales and portfolio composition related risks;

Overseeing that the risk management policy is integrated in the day-to-day activities of the property investment, sales and asset management teams, and that adequate risk assessments are made, appropriate risk responses are adopted and continuous risk monitoring takes place; and

Ensuring that the investment and sales process complies with applicable laws and regulations as well as the investment and sales mandate and Company Approval Framework. The duties and responsibilities of the committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities who must continue to exercise due care and judgement in accordance with their legal obligations as directors.

Executive Committee

The committee assists the Chief Executive Officer in managing Emira and is focused on formulating and implementing Emira's strategies and policies. Subject to matters reserved for decision by the Board, the Chief Executive's authority in managing Emira is unrestricted, however, transactions in excess of R20 million require Board approval. The Executive Committee comprises the three executive directors who meet at least once a month.

COMPANY SECRETARY

The Board as a whole and the individual directors have unrestricted access to the advice and services of the Company Secretary, who provides guidance to the Board and to the directors with regard to how their responsibilities are to be discharged.

Mr Martin Harris, aged 69, is a FCIS, FCIBM, CAIB, MDP and holds post-graduate diplomas in Corporate Governance and Industrial Relations. He was appointed as Company Secretary to the Emira Property Fund in December 2009. Mr Harris underwent the annual performance appraisal and was found to be qualified to perform the duties and was considered fit and proper for the position.

Mr Harris retired on 29 June 2016 and Mr Meredith Leyds was appointed as Emira's legal manager with effect from 1 June 2016, and as Company Secretary effective 29 June 2016, thus internalising Emira's Company Secretary function.

The Company Secretary will be exposed to the daily operations of the company further embedding and embracing good corporate governance with the aim to improve all areas of compliance.

Meredith Leyds, aged 43, has a B.Proc, LLM (Commercial Law), Adv. Dip. Labour Law, Cert. Competition Law and entered the commercial property industry in 1999 after practising as an attorney in private practice. He has 16 years' experience in the areas of commercial property, law and governance.

Meredith was the Legal Advisor at Growthpoint Properties Limited immediately prior to his appointment to Emira. Before that, he worked at Gensec as Legal Advisor and Shoprite Properties in the same capacity. He was admitted as an attorney of the High Court in 1998.

The Company Secretary also has oversight of the induction of newly appointed directors and training of all directors. The Chief Executive Officer, however, ensures that the annual Board plan is set and that the Board agendas are relevant to Board decision making.

The Board is satisfied with the expertise, experience, competence and qualifications of the Company Secretary and confirms that the relationship between the Board and the Company Secretary remains arm's length.

INTEGRATED COMPLIANCE

Emira is made aware of and complies with all legislation and anticipates the statutory requirements of bills and regulations by the compliance function. It ensures that all business, legislative and administrative processes and procedures are implemented, monitored and adhered to and that in ensuring that compliance is enforced, eliminates reputational risk, alerts the compliance officer to aspects of non-compliance and endeavours to minimise any potential financial loss. Most of the King III recommendations were complied with in the year under review with the following exceptions:

The Chairman is not independent. A lead independent director was appointed in 2013 in terms of the JSE Listings Requirements.

The remuneration for the top three earning employees has not been disclosed due to the small size of the staff complement, and the highly competitive market in which Emira operates. The Board does not consider disclosure of this remuneration to be appropriate for privacy reasons.

GOING CONCERN AND INTERNAL CONTROL

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that Emira will not be a going concern in the foreseeable future, based on forecasts and available cash resources.

These financial statements support Emira's viability, accountability and effective internal control processes.

Systems of internal and operational control are the Board's responsibility. The executive directors are however, responsible for ensuring that assets are protected, losses arising from fraud and/or other illegal acts are minimised, all valid transactions are recorded properly and systems operate effectively.

The internal auditor performed comprehensive reviews and testing of the effectiveness of the internal control systems in operation and reported its findings to the Audit Committee. The internal audit function coordinates with other internal and external providers of assurance to ensure proper coverage of financial, operational and compliance controls.

The Audit Committee has the cooperation of all directors, management and staff and is satisfied that controls and systems within Emira have been adhered to during the period under review.

IT MANAGEMENT

The IT Steering Committee, chaired by the Chief Financial Officer, is governed by policies, which have been adopted by Emira. It also oversees the IT functions at Emira's offices and has established the necessary IT security policies and firewalls. Weekly off-site back-ups are maintained for added IT security.

While Emira is not IT critical, IT management remains of importance. Emira's two main property managers, Eris and Broll maintain electronic records with regard to property management matters and Eris is responsible for the maintenance and storage of Emira's financial records.

The internal auditors review the IT operations at both Eris and Broll and report to the Audit and Risk Committees with regard to the IT operations and adequacy of the back-up and continuity plans in place at the managers' offices.

There have been no material changes to IT management during the year under review, however Emira is assessing and re-evaluating the IT system and its functionality. In order to extract the maximum from its IT and data systems, Emira wishes to own and manage its own system at some stage in the future. In the next 12 months, Emira will be assessing and re-evaluating its IT systems on how best to improve it in the areas of property management and financial matters. The Company plans to make allowance for capital expenditure and the funding impacts into the IT system functionality.

ETHICS PERFORMANCE

Code of ethics and conduct

Ethical business practices are set out in Emira's board-approved and adopted code of ethics. The code actively promotes the avoidance of possible conflicts of interest within specific areas of competence. The code bolsters the values of responsibility, honesty, fairness and respect and dictates that all actions must be trustworthy and ethical. The code also obliges all directors, officers and employees to interact with one another and with stakeholders with integrity. Ethical business practices have been included in the terms of appointment of contract and service providers.

Employees must act in accordance to the highest personal and moral standards and must demonstrate respect for human dignity of all other people. All members of staff are expected to conduct personal affairs in a proper and responsible manner and must sign the code of conduct on commencement of employment.

In terms of the code of ethics, there have been no issues of non-compliance, fines or prosecutions levied against Emira or its management.

Directors' dealings

In terms of the Board-adopted policies in place, directors as well as certain other managers are prohibited from dealings in shares in periods immediately prior to the announcement of Emira's interim and year-end financial results and at any other time deemed necessary by the Board or as required in terms of the JSE regulations.

Directors need written clearance from the chairman prior to trading in the shares. The chairman consults with the executive directors before granting the clearance to ensure that there is no material price-sensitive information that has not been disclosed to the market. Clearance is provided on receipt of a written request from the director and once the necessary signatures of the designated directors have been obtained.

Liability insurance

Liability insurance is in place, which provides cover for directors and prescribed officers against legal action by third parties.

STAKEHOLDER COMMUNICATIONS

Emira and its management acknowledge their responsibility to society to report and communicate in a manner that is transparent and accountable regarding matters of an economic, social and environmental nature. Emira's executive directors conduct timely presentations on the company's performance and strategy to financiers, institutional investors, financial analysts and the media in South Africa.

Presentations, corporate actions and reports on performance, as well as any other information deemed relevant, are published on Emira's website. Shareholders and other stakeholders are also advised of such newly-published items via SENS.

Emira publishes and reports on its half- and full-year financial results, in print and electronic media as specified by the JSE Listings Requirements from time to time and the executive directors maintain regular contact with the media by disseminating relevant information.

It is the Board's duty to present a balanced and understandable assessment of Emira's position in reporting to stakeholders. Engagement and communication with stakeholders is discussed fully on page 30 of this integrated report.

CORPORATE GOVERNANCE

CONTINUED

ENGAGEMENT METHODS

For ease of use and comparability, all references to "Company/companies" in the table below, refer to Emira.

PRINCIPLE	APPLIED	COMMENT
The Board should act as the focal point for and custodian of corporate governance	Yes	See page 50 – Corporate governance
The Board should appreciate that strategy, risk, performance and sustainability are inseparable	Yes	See page 50 – Structure, composition and rotation
The Board should provide effective leadership on an ethical foundation	Yes	See page 50 – Ethical leadership
The Board should ensure that the company is and is seen to be a responsible citizen	Yes	See page 53 – Social and Ethics Committee See page 61 – Sustainability matters
The Board should ensure that the company's ethics are managed effectively	Yes	See page 55 – Ethics performance
The Board should ensure that the company has an effective and independent Audit Committee	Yes	See page 51 – Audit Committee See page 57 – Audit Committee report
The Board should be responsible for the governance of risk	Yes	See page 31 – Risk management See page 51 – Risk Committee
The Board should be responsible for IT governance	Yes	See page 55 – IT management
The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Yes	See page 54 – Integrated compliance
The Board should ensure that there is an effective risk-based internal audit	Yes	See page 58 – Audit Committee report in respect of internal audit and internal control
The Board should appreciate that stakeholders' perceptions affect the company's reputation	Yes	See page 30 – Stakeholder engagement
The Board should ensure the integrity of the company's integrated report	Yes	See page 68 – Board responsibility statement
The Board should report on the effectiveness of the company's system of internal controls	Yes	See page 58 – Internal control
The Board and its directors should act in the best interests of the company	Yes	See page 51 – Directors' management of conflict of interests
The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Yes	See page 55 – Going concern See page 68 – Statement of directors' responsibilities
The Board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	Yes In part	See page 50 – Structure, composition and rotation for explanation as to why the chairman is not independent, appointment of lead independent non-executive director
The Board should appoint the CEO and establish a framework for the delegation of authority	Yes	See page 51 – Board responsibilities See page 51 – Delegation of authority
The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Yes	See page 51 – Board responsibilities See page 50 – Structure, composition and rotation
Directors should be appointed through a formal process	Yes	See page 50 – Structure, composition and rotation
The induction of and on-going training and development of directors should be conducted through formal processes	Yes	See page 50 – Structure, composition and rotation See page 54 – Company Secretary
The Board should be assisted by a competent, suitably qualified and experienced company secretary	Yes	See page 54 – Company Secretary
The evaluation of the Board, its committees and individual directors should be performed every year	Yes	See page 50 – Independence and performance of the Board
The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Yes	See commentary on page 51 – Board committees
A governance framework should be agreed between the Group and its subsidiaries' boards	Yes	The subsidiaries are wholly owned by Emira and follow its governance framework
Companies should remunerate directors and executives fairly and responsibly	Yes	See remuneration report commencing on page 59
Companies should disclose the remuneration of each individual director and certain senior executives	Yes In part	See note 3 commencing on page 81
Shareholders should approve the company's remuneration policy	Yes	Remuneration report commencing on page 59

Full disclosure on King III compliance may be found on our website.