

King III compliance review

Mara Delta has a dual primary listing on both the SEM and the JSE main Board. The Company has been listed on the SEM since 30 March 2015 and on the JSE main Board since 10 July 2015. Being listed requires the Company to report on its compliance with King III.

The Board strive to ensure that the interests of all the Company's stakeholders are properly protected and that adherence to the principles of good corporate governance espoused by King III remains a commitment of the Group. It is the intention of all directors that the principles of integrity and the highest ethical standards are upheld by all who serve the Fund and its stakeholders.

The board is satisfied that the proper governance structures exist and are operational within the Group, and it is their intention with the assistance of Management to implement, on a prioritised basis, the procedural recommendations that have emanated from the King III Report as well as legislative changes. They have completed the King III Compliance Checklist included as Annexure A to this report.

For the 2016 financial year, with the exception of those items outlined below, the Board hereby confirms that the Group has complied with King III.

- Note 1a The chairman of the Board is required to be an Independent Non-Executive Director. Sandile Nomvete was appointed Non-Executive chairman on 22 May 2014. In terms of King III he is not deemed to be independent. The Board is of the view that his experience and business skills would far outweigh any perceived lack of independence. In addition Peter Todd is appointed Lead Independent Director.
- Note 1b The Board comprises 5 independent, 3 non-independent and 2 executive directors. Mr Dave Savage has indicated that he will not stand for re-election at the upcoming Annual General Meeting which will mean that the Board will then comprise 5 independent, 2 non-independent and 2 executive directors.
- Note 2 The Company has recently bedded down its human capital structure and is in the process of formalising its Remuneration Policy.
- Note 3 Grant Thornton has been appointed as the Internal Auditors and they will report to the Audit and Risk Committee as required by King III. The details of the scope as well as the audit plan are in the process of being agreed by the Audit and Risk Committee and the Board.
- Note 4 An independent assurance on sustainability reporting and disclosure and ethics performance has not yet been formally implemented. Management are in the process of addressing this matter.
- Note 5 The framework currently in use is on an informal basis. Management are in the process of formalising the governance framework.

ANNEXURE A

King III checklist

Key: ✓ Compliant # Partially compliant △ Under review X Non-compliant

	Note	
Ethical leadership and corporate citizenship		
Effective leadership based on an ethical foundation		✓
Group is seen as a responsible corporate citizen		✓
Effective management of company's ethics		✓
Assurance statement on ethics in integrated report.		✓
Board and directors		
The board is the focal point for and the custodian of corporate governance		✓
Board appreciated that strategy, risk, performance and sustainability are inseparable		✓
Directors act in the best interest of the company		✓
The chairman of the board is an independent non-executive director.	1a	✓
CEO has been appointed		✓
Framework for the delegation of authority has been established		✓
The board comprises a balance of power, with a majority of non-executive independent directors.	1b	✓
Directors are appointed through a formal process		✓
Formal induction and ongoing training of directors is conducted		✓
The board is assisted by a competent, suitable qualified and experienced company secretary		✓
Regular performance evaluation of the board, its committees and the individual directors.		✓
A governance framework has been agreed between the Group and the subsidiary boards	5	✓
Appointment of well-structured committees and an oversight of key functions.		✓
Directors and executives are remunerated fairly and responsibly.		✓
Remuneration of directors and certain senior executives is disclosed		✓
The company's remuneration policy is approved by its shareholders	2	△
Audit and Risk Committee		
Effective and independent		✓
Members are to be suitably skilled and experienced independent, non-executive directors		✓
Chaired by an independent non-executive director		✓
Oversees integrated reporting		✓
Ensure a combined assurance model is applied to optimise assurance activities.		✓
Satisfies itself of the expertise, resources and experience of the company's finance function		✓
Oversees internal audit.		✓
Recommends the appointment of the external auditors		✓
Integral to the risk management process		✓
Oversees the external audit process		✓
Reports to the board and shareholders on how it has discharged its duties		✓
The governance of risk		
The board is responsible for the governance of risk and setting levels of risk tolerance		✓
The Audit and Risk Committee assists the board in carrying out its risk responsibilities.		✓

The board delegates the risk management plan to management (including design, implementation & monitoring)		√
The board ensures that risk assessments and monitoring is performed on a continual basis		√
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks		√
Ensure Management considers & implements appropriate risk responses		√
Ensure continual risk monitoring by Management		√
The board receives assurance on the effectiveness of the risk management process		√
Ensure sufficient, timeously risk disclosure to stakeholders		√
The governance of information technology (“IT”)		
The board is responsible for IT governance		√
IT is aligned with the performance and sustainability objectives of the company		√
Management is responsible for the implementation of an IT governance framework.		√
The board monitors and evaluates significant IT investments and expenditure		√
IT is an integral part of the company’s risk management		√
IT assets are managed effectively		√
The Audit and Risk Committee assists the board in carrying out its IT responsibilities		√
Compliance with laws, codes, rules and standards		
The board ensures that the company complies with applicable laws		√
The board and directors have a working understanding of the relevance and implications of non- compliance		√
Compliance risk forms an integral part of the company’s risk management process		√
The board has delegated to management the implementation of an effective compliance framework and processes		√
Internal audit		
Ensure effective risk based internal audit	3	√
The internal audit function is independent of management	3	√
Internal Audit provide a written assessment of the effectiveness of the company’s system of internal control and risk	3	#
Audit and Risk Committee oversees Internal Audit		√
Internal audit is strategically positioned to achieve its objectives	3	√
Remuneration and nominations committee		
The chairman of the committee is an independent non-executive director.		√
Governing stakeholder relationships		
Appreciate that stakeholders’ perceptions affect a company’s reputation		√
Delegate Management to proactively deal with stakeholder relationships		√
Strive for an appropriate balance between the various stakeholder groupings		√
Ensure equitable treatment of shareholders		√
Transparent and effective communication with stakeholders is essential		√
Ensure disputes are resolved effectively and timeously		√
Integrated reporting and disclosure		
The board ensures the integrity of the company’s integrated report		√
Sustainability reporting and disclosure is integrated with the company’s financial reporting		√
Sustainability reporting and disclosure is independently assured.	4	#