

OUT OF THE ORDINARY

2022

King IV Checklist



KING IV CHECKLIST

Principle number	Status
Leadership, ethics and corporate citizenship	
1	<p>The governing body should lead ethically and effectively.</p> <p>The Fund's governing body is a board of directors (board). Board members individually and collectively cultivate integrity, competence, responsibility, accountability, fairness and transparency and exhibit them in their conduct within the boardroom and to the Fund's stakeholders. Board members are continuously updated in terms of the assets within the Fund's investment portfolio, opportunities and challenges experienced within the portfolio and the market changes in the sector and any development in applicable regulation and laws relevant to the Fund. The board holds an annual strategy session, and regular feedback is provided to the management team in terms of matters discussed and agreed at the session to ensure the collective acceptance of responsibility for the steering and direction of the Fund. The board meets at least quarterly, and their attendance is detailed on page 82 of the integrated report. The Fund has adopted a risk and governance structure that allows it to operate effectively through various board committees.</p>
2	<p>The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p> <p>The board sets the tone from the top in the manner in which it conducts itself and oversees the management of the Fund and the framework applied for corporate governance. The Fund is an independently listed entity, and it is managed and operated by a dedicated team of the Manager. The Manager is part of the greater Investec Group and shares a common ethos and ethical foundation with the Investec Group. A common brand and culture provide the foundation for ethics and governance principles adopted by the Fund's dedicated management team. The Investec Group's values require that employees behave with integrity, displaying consistent and uncompromising moral strength in order to promote and maintain trust. Each business area and every employee within the Investec Group is responsible for acting in accordance with its values and philosophies. The Fund's social and ethics committee has specific oversight of organisational ethics, responsible corporate citizenship, sustainable development, stakeholder relationships and any other responsibilities delegated to it by the board.</p>
3	<p>The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.</p> <p>The board acknowledges the Fund's responsibility to its stakeholders, the environment and the community at large and consistently focuses on continual improvement of the Fund's environmental sustainability and empowerment.</p>
Strategy, performance and reporting	
4	<p>The governing body should appreciate that the organisation's core purpose, risks, opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p> <p>The board meets its objectives by reviewing and guiding corporate strategy, setting values, promoting high standards of corporate governance, approving key policies and objectives and ensuring that obligations to its shareholders and other stakeholders are understood and met. The driving force behind the corporate strategy is the dedicated management team, which consists of experienced, entrepreneurial, and young professionals committed to achieving the Fund's objectives while maintaining strong adherence to sound corporate governance and long-term sustainability principles. A strong relationship between the board and the management team ensures good governance.</p>
5	<p>The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.</p> <p>The board recognises that effective communication is integral to building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders. The aim is to provide relevant communication that enables stakeholders to make meaningful assessments and informed decisions about the Fund, particularly investment decisions.</p>

Principle number	Status
Governing structures and delegation	
6	<p>The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p> <p>The board ensures that sound corporate governance is a cornerstone of the Fund's values, culture, processes, functions and organisational structure. The business is structured in such a manner that ensures that the Fund's values and ethics remain embedded in all its business processes. The board and dedicated management team are fully committed to complying with all applicable legislation, the King Code of Governance, the JSE Listings Requirements, the JSE Debt Listings Requirements and any other regulatory obligations. External service providers, including the Manager and the property managers, are held to the highest standards, and these have been incorporated into the relevant SLAs.</p> <p>More details in the integrated report pages 33 to 37.</p>
7	<p>The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p> <p>The board believes that diversity in terms of a broad range of skills, experience, background and outlook is required for it to be effective. While non-executive appointments are based on merit and overall suitability for the role, the nominations committee is mindful of all aspects of diversity when making recommendations for appointment to the board. The members of the board contribute a range of skills, including international business and operational experience, knowledge and understanding of the regulatory environment and the economics of the sectors in which the Fund operates. The board is independent of the Manager and promotes the interests of the Fund's stakeholders. The balance between executive and non-executive members is such that there is a clear division of responsibility to ensure a balance of power, such that no one individual or group can dominate board processes or have unfettered powers of decision-making.</p>
8	<p>The governing body should ensure that its arrangement for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.</p> <p>To achieve its objectives, the board delegates some of its duties and functions to various board committees, or to executive management, without abdicating its own responsibilities. The board has formally defined and documented, by way of terms of reference, the authority it has delegated to the board committees.</p> <p>For more details, refer to the integrated report pages 77 to 78.</p>
9	<p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.</p> <p>The performance of the board, its committees and individual directors, are evaluated on an annual basis against recognised standards of corporate governance and covers all areas of the board's processes and responsibilities.</p>
10	<p>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p> <p>The role of the Chair and Joint Chief Executive Officers are distinct and separate, with a clear division of responsibilities, and the board has approved the powers delegated to them.</p>

KING IV CHECKLIST CONTINUED

Principle number	Status
Governance functional areas	
11	<p>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p> <p>The board recognises its responsibility for the overall risk and control framework and the ongoing review of its effectiveness. With the assistance of the audit and risk committee, the board reviews and monitors risks and controls regularly for relevance and likelihood of occurrence. During the review process, the board evaluates and agrees on the nature and extent of the risks that the Fund should be willing to take in pursuit of its strategic objectives. More details in the integrated report on pages 40 to 45.</p>
12	<p>The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p> <p>The Fund relies fully on the information and technology processes implemented by the Manager as part of the Investec Group. The audit and risk committee includes information and technology risk as an agenda item at its meetings and regularly receive feedback from the dedicated IT team and the Investec Group IT team with regards to new processes and actions to mitigate risk. The Fund leverages off the broader Investec Group for IT infrastructure and security but has a dedicated team responsible for systems to enhance the operational capability of the Fund.</p>
13	<p>The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p> <p>The board and the Manager are committed to upholding all the applicable legislation, regulations and best practice, including their disclosure and transparency requirements. The Fund's compliance with these requirements is continuously monitored, in particular with the Companies Act, No. 71 of 2008, as amended, the King Code of Corporate Governance, the Property Sector Charter, the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, the Real Estate Investment Trust legislation and the Competition Act, No. 89 of 1998.</p>
14	<p>The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium and long-term.</p> <p>The Fund does not have employees of its own. The Manager falls in line with the employment and remuneration process of the Investec Group. The Fund's nominations committee is responsible for the remuneration policy for non-executive and has input into the remuneration of its executive directors. The remuneration paid to the executive directors for their services is determined with reference to a number of factors set out in the integrated report on page 83.</p>
15	<p>The governing body should ensure that assurance services and functions assure an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p> <p>The board delegates to the audit and risk committee the responsibility for overseeing the arrangements for assurance services and functions. Specific attention is given to the reports received from both the external and internal auditors. Despite the delegation, the board reviews and ensures the application of the combined assurance model so that, taken as a whole, the various providers of assurance support the objectives for assurance.</p>
Stakeholder relationships	
16	<p>In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p> <p>Building trust and credibility among stakeholders is vital to good business. The Fund considers and takes into account the needs of all stakeholders in its operations. Identifying, engaging and building relationships with stakeholders, not only with clients but with the communities in which they operate, is an important strategic objective of the Fund.</p>