
King IV application statement

The Zarclear Holdings board is committed to transparency, accountability, integrity, respect, competence, responsibility and fairness. Directors endorse and practise the principles and recommendations of the King IV Code. Here we detail how, in the financial year to 31 March 2019, Group leadership applied the code's principles.

PRINCIPLE 1:
The governing body shall lead ethically and effectively
Adherence level: High

The restructured board has an appropriate mix of experience and skills to lead effectively and has communicated transparently and regularly with stakeholders.

A code of ethics and conduct is widely communicated within the Group and its content and applicability are considered annually by the social, ethics and transformation committee. To enable board effectiveness, the board and each of its sub-committees, adopted augmented board and committee charters, setting out responsibilities with closer alignment to King IV principles.

PRINCIPLE 2:
The governing body shall govern the ethics of the organisation in a way that supports the establishment of an ethical culture
Adherence level: High

The social, ethics and transformation committee is formally tasked with reviewing ethics codes and practices within the Group including the Group Code of Ethics, Treating Customers Fairly Policy, Anti Bribery and Corruption Policy, Whistleblowing Policy and Gifts and Hospitality Policy. In particular the committee's charter requires it to review Company strategies, practices and investment decisions to ensure that they comply with the code of ethics and the high ethical standards expected by the board.

PRINCIPLE 3:
The governing body shall ensure that the organisation is and is seen to be a responsible corporate citizen
Adherence level: High

The Company's revised investment strategy entails investments which have at their heart social responsibility. A stakeholder performance accountability framework was drafted and adopted by the board during the year to further the Company's responsible corporate citizenship objectives.

PRINCIPLE 4:
The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance, and sustainable development are all inseparable elements of the value creation process.
Adherence level: High

Directors believe that the new business model entails a more integrated strategy which has at its centre the effective management of risks and opportunities and that this strategy will support sustainable development for the Group, its stakeholders and for society.

PRINCIPLE 5:
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
Adherence level: High

For its 2019 integrated report the board engaged the services of a multi-award winning integrated-reporting specialist.

PRINCIPLE 6:
The governing body should serve as the focal point and custodian of corporate governance in the organisation
Adherence level: High

This principle is clearly and explicitly enshrined in the board charter.

PRINCIPLE 7
The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively
Adherence level: High

The new board comprises skilled individuals with an appropriately diverse range of experience and abilities, and a high degree of independence. At the time of annual reporting (July 2019) the board comprised one-third female directors, while 50% of directors were black.

PRINCIPLE 8
The governing body should ensure that the arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.
Adherence level: High

Directors are confident that the composition of, and delegation to, sub-committee is both appropriate and proportionate to the Company's size and complexity. Directors believe that the responsibilities detailed in committee charters foster independent judgement and a robust balance of power

PRINCIPLE 9:

The governing body should ensure that the evaluation of its performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

Adherence level: High

Annual assessments are conducted by the board, of its chairperson, its sub-committees and their chairs, the CEO and the Company Secretary as well as by the Audit and Risk Committee of the CFO and the Finance Division and the Chief Audit Executive and the Audit Function. The findings are discussed candidly with a view to further on-going improvement.

PRINCIPLE 10:

The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effectiveness of authority and responsibilities

Adherence level: High

The Board has ultimate and overall responsibility for Zarclear and defines, oversees and is accountable for the governance arrangements within Zarclear that ensure effective and prudent management of the Company. The board delegates the execution and implementation of board strategy delegated to management through clearly defined lines of responsibility

PRINCIPLE 11:

The governing body should govern risk in a way that supports the organisation in setting and achieving the strategic objectives

Adherence level: High

In the year the board adopted a new, COSO ERM 2017-aligned, enterprise risk framework. This framework underpins, the Group's strategic objectives.

PRINCIPLE 12:

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

Adherence level: High

The new operating entities are focused on financial market and regulatory infrastructure, with the enterprise risk management framework elevating the importance of emerging risks, including cyber, information and technology risk, in the risk deliberations of management and the board.

PRINCIPLE 13:

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

Adherence level: High

Compliance risk is effectively addressed through the new enterprise risk management framework. Compliance is a key function of the operations and strategy of the Group's main operating entities. As such, compliance governance is a continuing board focus.

PRINCIPLE 14:

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

Adherence level: High

The 2019 integrated report contains a remuneration report which substantially progresses remuneration disclosure. This report clearly articulates that remuneration paid to Group's employees is both fair and modest, yet commensurate to the workloads of the individuals concerned. Directors are mindful that remuneration levels may need to be revisited as strategy evolves.

PRINCIPLE 15:

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports

Adherence level: High

In the 2019 financial year the audit and risk committee resolved that the Group required the replacement of the Group external auditors and a new internal audit function. At the time of annual reporting, BDO was appointed as the external auditors of the Company, with proposals having been received from internal audit providers, for consideration by the Audit and Risk Committee, for final approval by the board.

PRINCIPLE 16:

In the execution of the 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

Adherence level: High

A detailed Performance Accountability to Stakeholder Policy was adopted by the new board in 2019 while, at the time of annual reporting, new policies on B-BBEE, corporate social investment and sustainability were compiled for consideration by the Social, Ethics and Transformation Committee, and final approval by the Board.

PRINCIPLE 17:

The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests

Adherence level: High

The disposal of certain investment holdings in the 2019 financial year improved the stability of the Group's investment portfolio, increasing directors' ability to ensure responsible investment, in line with the Company's code of ethics.