



EXPORT CREDIT INSURANCE CORPORATION OF SOUTH AFRICA SOC LTD

APPLICATION OF KING IV PRINCIPLES

The Export Credit Insurance Corporation of South Africa SOC Ltd (“ECIC”) endorses the principles contained in the King IV Report on Corporate Governance for South Africa (“King IV”). The ECIC’s Board of Directors (“ECIC’s Board”) is of the view that the ECIC complied in all respects with at least 16 Principles as provided in King IV, for the financial year commencing 1 April 2023 to 31 March 2024.

A summary of the King IV principles adopted are explained below, including the summarised responses thereto as per the ECIC’s 2023/24 records.

PRINCIPLE	DESCRIPTION	SUMMARISED RESPONSE
1.	<p>The Board should set the tone and lead ethically and effectively.</p> <p>Members of the Board should individually and collectively cultivate the following characteristics and exhibit them in their conduct:</p> <ul style="list-style-type: none"> a. Integrity; b. competence; c. responsibility; d. accountability; e. fairness; and f. transparency. 	<p>APPLIED:</p> <p>The ECIC’s Board is the Governing Body (“GB”) and is committed to the good corporate governance principles as set forth in King IV, these being the overarching principles for an ethical foundation at ECIC. The ECIC Board subscribes to those generally accepted norms of conduct that find application in society.</p> <p>ECIC has adopted a Code of Ethics and Standards for Conduct which applies to all directors to ensure that ECIC maintains the highest level of integrity and ethical conduct.</p>

2.	The Board should ensure that the Corporation's ethics is managed effectively.	<p>APPLIED:</p> <p>In terms of the Board Charter, the ECIC's Board discharges its role and responsibilities with due regard to the values that support the ECIC's name and brand. In providing the required leadership, in terms of establishing and maintaining an ethical culture within the organisation, and to ensure that ethics is managed effectively, the ECIC's Board applies the governance principles contained in King IV and continues to entrench the recommended practices through the ECIC's governance processes and procedures.</p>
3.	The Board should ensure that the Corporation is a responsible corporate citizen.	<p>APPLIED:</p> <p>The Board has delegated to the Social, Ethics and Transformation Committee the responsibility for monitoring and reporting on social, ethical, transformation, sustainability practices and matters relating to ESG compliance to ensure that the ECIC is a good corporate citizenship.</p> <p>Progress in terms of agreed commitments and deadlines are reported quarterly.</p>
4.	The Board should lead the value creation process by appreciating that strategy, risk and opportunity, performance and sustainable development are inseparable elements.	<p>APPLIED.</p> <p>Progress against the adopted Corporate Plan is monitored on a continuous basis. The ECIC's Board exercises ongoing oversight of the implementation of the strategy and operational plans by management against agreed performance measures and targets.</p>
5.	The Board should ensure that reports and other disclosures enable stakeholders to make an informed assessment of the performance of the Corporation and its ability to create value in a sustainable manner.	<p>APPLIED.</p> <p>The ECIC's Board ensures that the integrated annual report provides an accurate, complete and integrated representation of the ECIC, including financial performance, corporate governance, risk management and sustainability. Management have implemented controls to enable the verification and safeguarding of the integrity of the integrated annual report. Some of these controls include, among others, the review and consideration of the financial statements by the Audit Committee and a process to ensure that independence and competence of the Corporation's external auditors.</p>

6.	The Board should serve as the focal point and custodian of corporate governance in the Corporation.	<p>APPLIED:</p> <p>The ECIC's Board is available for management and meets regularly to fulfil its duties and responsibilities in line with the King IV, the Companies Act and other regulatory and legislative prescripts as well as the adopted Board Charter and Cycle of Agenda Items/Workplan.</p>
7.	The Board should ensure that in its composition it comprises a balance of the skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities	<p>APPLIED:</p> <p>The ECIC's Board is assisted by the Human Resources and Remuneration Committee ("HR REMCO"), which is tasked with considering the composition, balance of expertise, experience, diversity, independence and knowledge of the ECIC's Board to determine their effectiveness to discharge their duties as Board members. The Code of Conduct for Board members is incorporated in the Board Charter and highlights that members shall maintain objectivity and act ethically, in the best interests of ECIC and its stakeholders, in a manner consistent with the values of the business.</p>
8.	The Board should consider creating additional governing structures to assist with the balancing of power and the effective discharge of responsibilities, but without abdicating accountability.	<p>APPLIED:</p> <p>The ECIC's Board has constituted the Audit Committee, the Risk Committee, HR REMCO, Finance, Insurance and Investments Committee and the Social, Ethics and Transformation Committee to assist it with the discharge of its corporate governance responsibilities. The terms of reference of committees are reviewed at least annually and the committees are appropriately constituted considering the relevant legislation and objectives of ECIC. Applicable corporate governance and committee reports are included in the integrated annual report.</p>
9.	The Board should ensure that the performance evaluations of the Board, its structures, its Chairperson and members, the CEO and Company Secretary or corporate governance professional result in continued improved performance and effectiveness.	<p>APPLIED:</p> <p>The conduct of the Board, Committees, individual directors and Company Secretary are evaluated and reviewed at least annually. In-house assessments are conducted, and external independent assessments take place every two years. Areas for improvement and committed corrective action are monitored by the ECIC's Board on a continuous basis.</p>
10.	The Board should ensure that the appointment of and delegation to, competent executive management contributes to an affective arrangement by which authority and responsibilities are exercised.	<p>APPLIED.:</p> <p>Formal performance assessments of senior management are conducted annually through the HR REMCO in order to ensure that management exercise the necessary authority and responsibilities.</p>

11.	The Board should govern risk and opportunity in a way that supports the Corporation in defining core purpose and to set and achieve strategic objectives.	<p>APPLIED:</p> <p>The responsibility for the risk management function, specifically implementing risk management processes, is that of management. The ECIC's Board has assigned oversight of the ECIC's risk management function to the Risk Committee. The ECIC's Board ensures that there is effective communication and coordination of its oversight activities to enable the Committee to be informed of all significant actual or potential risks that may impact the ECIC.</p>
12.	The Board should govern technology and information in a way that supports the Corporation in defining core purpose and to set and achieve strategic objectives.	<p>APPLIED:</p> <p>Given the nature of the ECIC's business, the focus of ICT governance is on the mitigation of risks relating to loss or destruction of information and relating to business continuity.</p> <p>Management is responsible for the monitoring, implementation and rectification of ICT related matters and issues, which responsibility is overseen by the Risk Committee. The ECIC's Board has implemented a formal ICT governance framework that is appropriate and that allows for oversight in respect to ICT governance.</p>
13.	The Board should govern compliance with laws and ensure consideration of adherence to non-binding rules, codes and standards.	<p>APPLIED:</p> <p>The ECIC's Board is responsible for ECIC's compliance with applicable laws, rules, codes and standards. Compliance is primarily monitored by the Social, Ethics and Transformation Committee, Risk Committee and Audit Committee, where applicable. The main areas of focus are covered in the report of the Social, Ethics and Transformation Committee included in the integrated annual report.</p>
14.	The Board should ensure that the Corporation remunerates fairly, responsibly and transparently to promote the creation of value in a sustainable manner.	<p>APPLIED:</p> <p>The remuneration policies and practises aim to create value for the ECIC over the long term. The HR REMCO assists the ECIC's Board in its responsibility for setting and administering remuneration policies. The ECIC management provides full disclosure of each individual executive as well as independent non-executive director's remuneration in the integrated annual report. The ECIC's remuneration policy and implementation report is presented to the shareholder for a non-binding advisory vote at each Annual General Meeting.</p>

15.	The Board should ensure that assurance results in an adequate and effective control environment and integrity of reports for better decision-making.	<p>APPLIED.</p> <p>Management conducts an annual review of the ECIC's internal controls and report their findings to the Risk and Audit Committees. This review covers financial, operational and compliance controls, as well as a review of the risk management policies and procedures of the ECIC. The internal audit function is outsourced and reports to the Audit Committee by way of quarterly audit report reviews. In its consideration of the integrated annual report, the Audit Committee considers any factors that may influence management to present an incomplete or misleading picture of the ECIC's position, performance and sustainability. The Audit Committee is responsible for the evaluation of significant judgments and reporting decisions made by management affecting the integrated annual report, including changes in accounting policies, decisions requiring a major element of judgement and the clarity and completeness of the proposed financial and sustainability disclosures.</p>
16.	As part of its decision-making in the best interest of the Corporation, the Board should ensure that a stakeholder-inclusive approach is adopted, which considers and balances their legitimate and reasonable needs, interest and expectations.	<p>APPLIED.</p> <p>To act in the best interests of the ECIC, the ECIC's Board understands its responsibility to all stakeholders and therefore considers, as far as possible, the legitimate interest and expectations of its stakeholders as part of its decision-making. The Board understands that relationships with stakeholders can only be built and maintained if management provides complete, timely, relevant, accurate, honest and accessible information. Regular communication between stakeholders and the ECIC, including managing the expectations and commitments between the parties remain vital to the relationship.</p> <p>Management has approved and adopted a stakeholder engagement plan for managing the ECIC's relationships with all relevant stakeholders to contribute towards sustainability and promote enhanced levels of corporate governance.</p>
17.	The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests.	<p>APPLIED</p> <p>(To the extent there is shareholding in Afreximbank, such investment needs to be well positioned and categorised in line with the prescripts of King IV).</p> <p>The ECIC also monitors the Fund Managers' adherence to responsible investment practices in terms of CRISA 2.</p>