

Analysis of the application of the 75 corporate governance principles as recommended in the King III Report

		Status	Comments
1. Ethical leadership and corporate citizenship			
1.1	The board should provide effective leadership based on an ethical foundation	Applied	
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
1.3	The board should ensure that the company's ethics are managed effectively	Applied	
2. Boards and directors			
2.1	The board should act as the focal point for and custodian of corporate governance	Applied	
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	
2.3	The board should provide effective leadership based on an ethical foundation	Applied	
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
2.5	The board should ensure that the company's ethics are managed effectively	Applied	
2.6	The board should ensure that the company has an effective and independent audit committee	Applied	
2.7	The board should be responsible for the governance of risk	Applied	
2.8	The board should be responsible for information technology (IT) governance	Applied	
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	Assisted by the group's legal compliance programme.
2.10	The board should ensure that there is an effective risk-based internal audit	Applied	
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Applied	
2.12	The board should ensure the integrity of the company's integrated report	Applied	
2.13	The board should report on the effectiveness of the company's system of internal controls	Applied	
2.14	The board and its directors should act in the best interests of the company	Applied	

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2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Not applicable	
2.16	The board should elect a chair of the board who is an independent non-executive director. The chief executive of the company should not also fulfil the role of chair of the board	Explained	The chief executive and chair roles are separate. The chair is a non-executive director. The board appointed a lead independent non-executive director to act when the chair is conflicted.
2.17	The board should appoint the chief executive and establish a framework for the delegation of authority	Applied	
2.18	The board should comprise a balance of power; with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied	King III recommends that all board committees, with the exception of the risk committee, should comprise only non-executive directors, the majority of whom should be independent. Given the responsibilities of the social and ethics committee and that this committee will perform the duties of all Naspers's South African subsidiaries, the board is of the opinion that it is more appropriate to include executive directors and the chief executives of its South African subsidiaries in the composition of the committee. The committee is chaired by an independent non-executive director.
2.19	Directors should be appointed through a formal process	Applied	
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Applied	
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Applied	
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied	
2.24	A governance framework should be agreed between the group and its subsidiary boards	Applied	
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Applied	
2.27	Shareholders should approve the company's remuneration policy	Applied	

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		Status	Comments
3. Audit committees			
3.1	The board should ensure that the company has an effective and independent audit committee	Applied	
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	Applied	
3.3	The audit committee should be chaired by an independent non-executive director	Applied	
3.4	The audit committee should oversee integrated reporting	Applied	
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied	
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied	
3.7	The audit committee should be responsible for overseeing the internal audit	Applied	
3.8	The audit committee should be an integral component of the risk management process	Applied	
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied	
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	Applied	
4. The governance of risk			
4.1	The board should be responsible for the governance of risk	Applied	
4.2	The board should determine the levels of risk tolerance	Applied	
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Applied	
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Applied	

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4.5	The board should ensure that risk assessments are performed on a continual basis	Applied	
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied	
4.7	The board should ensure that management considers and implements appropriate risk responses	Applied	
4.8	The board should ensure continual risk monitoring by management	Applied	
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Applied	
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied	
5. The governance of information technology			
5.1	The board should be responsible for information technology (IT) governance	Applied	
5.2	IT should be aligned with the performance and sustainability objectives of the company	Applied	
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	Applied	
5.4	The board should monitor and evaluate significant IT investments and expenditure	Applied	
5.5	IT should form an integral part of the company's risk management	Applied	
5.6	The board should ensure that information assets are managed effectively	Applied	
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	Applied	

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		Status	Comments
6. Compliance with laws, rules, codes and standards			
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	Assisted by the group's legal compliance programme.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Applied	<p>King III provides that directors should have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business. The company does not interpret these provisions to mean the board should have legal expertise in all spheres in which the company operates or be familiar with all laws applicable to the company and its various businesses, nor is it practical to do so, since Naspers operates in some 120 countries and in several subsectors of these economies.</p> <p>However, the Naspers board does ensure adequate structures and systems are in place and populated with people of sufficient competence for group compliance with the relevant laws. The board further manages corporate governance via its audit and risk committees, which monitor the proper operation of such structures and systems and report to the board.</p>
6.3	Compliance risk should form an integral part of the company's risk management process	Applied	
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Applied	
7. Internal audit			
7.1	The board should ensure that there is an effective risk-based internal audit	Applied	
7.2	Internal audit should follow a risk-based approach to its plan	Applied	
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Applied	
7.4	The audit committee should be responsible for overseeing internal audit	Applied	
7.5	Internal audit should be strategically positioned to achieve its objectives	Applied	

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		Status	Comments
8. Governing stakeholder relationships			
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	Applied	
8.2	The board should delegate to management to proactively deal with stakeholder relationships	Applied	
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied	
8.4	Companies should ensure the equitable treatment of shareholders	Applied	
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Applied	
9. Integrated reporting and disclosure			
9.1	The board should ensure the integrity of the company's integrated report	Applied	
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Applied	
9.3	Sustainability reporting and disclosure should be independently assured	Explained	The financial information extracted from the audited Naspers Limited consolidated annual financial statements for the year ended 31 March 2017 has been correctly quoted in this integrated annual report. Refer to page 44 for PricewaterhouseCoopers Inc.'s (PwC) report. In terms of the non-IFRS financial information contained in the integrated report, management engaged PwC to perform certain agreed-upon procedures to review the information and agree whether it's consistent with underlying support provided by management, and in certain cases where applicable, complies with and is calculated in terms of the industry accepted norm. The South African broad-based black economic empowerment information was verified by EmpowerLogic (Naspers and MultiChoice) and AQRate Verification Services (Media24).