

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	

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		Status	Comments
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	
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 CEO 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 officer 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.

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		Status	Comments
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	
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	

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		Status	Comments
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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		Status	Comments
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 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	

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		Status	Comments
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	
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 130 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>

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		Status	Comments
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	
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	

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		Status	Comments
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 2016 has been correctly quoted in the integrated annual report. Refer to page 112 in the 2016 Naspers integrated annual report 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 (MultiChoice) and AQRate Verification Services (Media24).