



NSRI KING IV CODE™ DISCLOSURE SUMMARY

The table below provides a brief summary and guidance on NSRI's application of the King IV™ principles, with references to the sections in the Integrated Annual Report 2017. Go to www.nsri.org for the Integrated Annual Report 2017.

PRINCIPLES	NARRATIVE	CROSS REFERENCE
<p>PRINCIPLE 1. The governing body should lead ethically and effectively.</p>	<p>The Board has adopted The King IV Code of Corporate Governance for the organisation. The NSRI code of ethics, the Board Charter and fiduciary duty as Company Directors ensure that the NSRI is effectively managed and controlled by an ethical Board based on integrity and good faith who serve in the best interest of all stakeholders. The values that we live by are the love for the sea and we combine this love with our commitment to serve others. Our vision is Saving Lives, Changing Lives, Creating Futures and the very nature of our values and vision, we consider the natural environment and society for the preservation of future generations.</p>	<p>King IV Register</p> <p><u>Integrated Report:</u> About This Report Values We Live By</p>
<p>PRINCIPLE 2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>NSRI is a values driven organisation and, together with our volunteers and staff, we revisit our values at regular intervals. We carefully guard our reputation and show commitment to the highest ethical standards that has sustained our service over the past 51 years. As an institute we do not tolerate discrimination, harassment or bullying. Members are expected to adhere to specific standards to further the objectives of the NSRI in the best interests of stakeholders.</p>	<p>King IV Register</p> <p><u>Integrated Report:</u> Our Company Structure and Governance Our People Message from the Chairman</p>
<p>PRINCIPLE 3. The governing body should ensure that the organisation is and is seen to be a good corporate citizen.</p>	<p>The Board is the focal point of the Institute's corporate governance system and is ultimately accountable and responsible for the performance and affairs of the Institute. The Board, through the Board Committees and Executive Management oversight ensures that the organisation's responsible corporate citizenship efforts include compliance with the Constitution of South Africa, laws, leading standards, and adherence to its own codes of conduct and policies.</p>	<p>King IV Register</p> <p><u>Integrated Report:</u> About This Report Values We Live By</p>
<p>PRINCIPLE 4. The governing body should appreciate that organisation's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value creation process.</p>	<p>The NSRI Board has the responsibility for steering the strategic objectives and policies of the Institute to deliver long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. In approving the strategy of the Institute, the Board recognises the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of the Institute stakeholders, building lasting relationships while maintaining an appropriate stakeholder communication framework governing communication, relationships for long term-value creation.</p>	<p>King IV Register</p> <p><u>Integrated Report:</u> Our Business Model and Capitals How We Aim For Excellence The Environment We Operate In Report from Our CEO</p>
<p>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 it's short, medium and long term prospects.</p>	<p>The NSRI annual Integrated Report is a report that aims to provide a balanced, accurate and accessible assessment of the NSRI's strategy and operations. The Board has satisfied itself that the report complies with legal requirements as an NPC and NPO and legitimate and reasonable information needs of material stakeholders, by demonstrating NSRI's ability to create value and demonstrate the short, medium and long-term prospects of the Institute.</p>	<p>Integrated Report</p>



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<p>PRINCIPLE 6. The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>The Institute maintains strong governance principles guided by King IV and implemented through a Board consisting of six independent non- executive directors, four executive directors and two appointed non-executive directors. The Board is explicitly responsible for the stewardship of the Institute and to promote ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and practices, and the Institute's own governing documents and codes of conduct.</p>	<p>King IV Register <u>Integrated Report:</u> Being Accountable</p>
<p>PRINCIPLE 7. 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 NSRI Memorandum of Incorporation sets out the procedure for the nomination and appointment of Directors to the Board of the Institute. The members in AGM are responsible for election of non-executive directors to the Board and the Board in turn is responsible for the appointment of executive directors. The Governing Board is responsible to ensure the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities is attained.</p>	<p>King IV Register <u>Integrated Report:</u> Being Accountable Governance Structure</p>
<p>PRINCIPLE 8. The governing body should ensure that its arrangements for delegation within in its own structures promote independent judgement, and assist with balance of power and the effective discharge of duties.</p>	<p>The Board is authorised to form any other Board committees to facilitate efficient decision-making to assist the Board in the execution of its duties, powers and authorities. As such the following Committees have been established: Human Capital Committee, Investment Committee, Risk Committee, Operational Committee, Awards Committee and Audit Committee. Delegating authority to Board committees or management does not in any way mitigate or dissipate the obligation on the Board to discharge its duties and responsibilities.</p>	<p>King IV Register <u>Integrated Report:</u> Board Committees and Attendance</p>
<p>PRINCIPLE 9. The governing body should ensure that the evaluation of its own performance and that of its committees, it's chair and its' individual members support continued improvement of performance and effectiveness.</p>	<p>The Board annually evaluates its own performance as a whole along with that of the Chairperson. This is completed by a questionnaire and Directors complete their answers anonymously. The Governing Body's view is that the majority of the Directors are independent non-executives and the questionnaire is effective in evaluating the Chairperson. The responses of the questionnaire of the evaluation is collected and collated by the Company Secretary who then tables the results to the Board.</p>	<p>King IV Register <u>Integrated Report:</u> Board Evaluation</p>
<p>PRINCIPLE 10. 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 Chief Executive Officer has delegated authority from the Board regarding the responsibility and custodianship for day-to-day risk management. This mandate authorises the Chief Executive Officer to command required resources, internal and external, to ensure that risks are managed effectively within the Institute.</p>	<p>King IV Register <u>Integrated Report:</u> Governance Structure</p>
<p>PRINCIPLE 11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>The Board assumes responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation that encompassed both the opportunities and associated risks to be considered when developing strategy for the NSRI. The Board has approved the Principal Risk Framework that articulates and gives effect to its set direction on risk.</p>	<p>King IV Register <u>Integrated Report:</u> Risk Internal Audit</p>



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<p>PRINCIPLE 12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>The Board approves policy that articulates and gives effect to its set direction on the employment of technology and information with an establishment of a subcommittee, the ICT Steering Committee, to track new developments in technology. The ICT Steering Committee meets quarterly to review ICT Strategy and implementation against operational plans and management is responsible for implementation through the in-house and service provider capacity.</p>	<p>King IV Register <u>Integrated Report:</u> IT Governance Our Technology</p>
<p>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.</p>	<p>The Board is responsible for the stewardship of the Institute and in discharging its obligations assumes responsibility for monitoring management's implementation of Board plans and strategies to promote ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and practices, and the Institute's own governing documents and codes of conduct. The Board is assisted in achieving compliance by the Operational Committee, Audit Committee, Human Resource Committee, Investment Committee and the Risk Committee.</p>	<p>King IV Register <u>Integrated Report:</u> Compliance</p>
<p>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 short, medium and long term.</p>	<p>The Board assumes responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis. The independent non-executive directors and Board committee members receive no remuneration. Executive directors are entitled to such remuneration as is agreed to from time to time by the Human Capital committee within the remuneration structure created through job evaluation by external analysts.</p>	<p>King IV Register <u>Integrated Report:</u> Remuneration</p>
<p>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.</p>	<p>The Board assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions to enable an effective internal control environment. These controls include the Board, Board Committees, Executive Management and operations and compliance controls. The Board satisfies itself that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that, taken as a whole, these support the objectives for assurance as described in the Integrated Report and Financial Statements.</p>	<p>King IV Register <u>Integrated Report:</u> Compliance Audit Committee Internal Audit</p>
<p>PRINCIPLE 16. In 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 interest of the organisation over time.</p>	<p>Regular communication, engagement and feedback is a cornerstone of building relationships with our stakeholders. The Governing Board assumes responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the organisation. Maintaining stakeholder and donor loyalty depends on our relationship capital and the NSRI Board through the Management and communication touch points try to ensure that stakeholders feel part of, and integral to, every rescue and initiative through current and frequent communication.</p>	<p>King IV Register <u>Integrated Report:</u> Engaging Our Stakeholders Our Purpose Our Funders Our People Our Beneficiaries Our Board</p>