

MW Asset Rentals (RF) Limited

Compliance with King IV

The Company endeavours at all times to apply the principles of the King Code of Governance Principles for SA (King IV) in such a way that these requirements are met. For the period under review the board indicated that it was satisfied with the way in which the Company applied the recommendations of King IV, or put alternative measures in place where necessary.

King IV Code of corporate governance report

Primary governance roles and responsibility	Principles	Status	Commentary
Leadership, ethics and corporate citizenship			
Leadership	1 The governing body should lead ethically and effectively	Applied	The Company has a board charter which serves as a guide to the directors in the performance of their duties in accordance with the principles of good corporate governance. The charter requires that a board evaluation of the directors will be conducted every two years. The Board meets twice a year to consider the Company's strategy, financial performance, etc. Directors' personal interests are disclosed before every board meeting.
Organisational ethics	2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	Applied	The Company is a ring-fenced special purpose securitisation vehicle. The Company does not have employees and its functions have been outsourced to Merchant West Proprietary Limited who has conducted their functions in terms of a code of ethics.
Responsible corporate citizenship	3 The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen	Applied	The board sets the direction for good corporate citizenship, including compliance with the Constitution, laws, standards and own policies and procedures.
Strategy, performance and reporting			
Strategy and performance	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	Applied	The Company is a ring-fenced special purpose securitisation vehicle. The strategy, direction and functions of the Company are driven by legal agreements that govern the securitisation scheme. Any changes to the strategy or functions undertaken by the Company are discussed and approved by the directors. The Board ensures that the financial statements, which include the independent auditor's report, are available to stakeholders to make informed assessments of the Company's performance. Investor reports are made available to stakeholders on a quarterly basis through a SENS announcement on the JSE website.
Reporting	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	Applied	

Governing, structures and delegation				
Primary role and responsibilities of the governing body	6	The governing body should serve as the focal point and custodian of corporate governance in the organisation	Applied	The Board displays adequate alignment to the King IV objectives, in terms of oversight functions and monitoring as well as roles and responsibilities as outlined in the board charter. Board and Audit Committee charters are aligned with King IV.
Composition of the governing body	7	For the governing body to effectively achieve its governance roles and responsibilities in an objective manner, it needs to comprise the appropriate balance of knowledge, skills, experience, diversity and independence	Applied	The board membership and composition are aligned to the King IV principles. Three of the four directors are independent, non- executive directors. The directors have extensive experience and serve on a number of boards. Strong engagement takes place at board meetings. Directors have been briefed on securitisation risks and relevant laws affecting the industry. The Company does not have employees and its functions have been outsourced to Merchant West Proprietary Limited.
Governing, structures and delegation (continued)				
Committees of the governing body	8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties	Applied	The Company has an effective Audit Committee. The chairperson of the Audit Committee is an independent non-executive director. The Audit Committee comprises further of two non-executive directors of which one is the chairperson of the Board. As the Company is a ring-fenced special purpose securitisation vehicle, it is deemed acceptable that there are only three members of which one is the chairperson of the Board.
Evaluations of the performance of the governing body	9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	Not Applied	The formal evaluation of the Board is work in progress.
Appointment and delegation to management	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	Applied	The Company does not have employees and its functions have been outsourced to Merchant West Proprietary Limited. The board oversees that the outsourced functions are led by competent and appropriately authorised individuals and are adequately resourced.
Governance functional areas				
Risk governance	11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	Applied	The Company is a ring-fenced special purpose securitisation vehicle. All its functions have been outsourced to Merchant West Proprietary Limited. The strategic objectives are dictated by the documentation governing the Lease Receivables Backed Notes Programme.

Technology and Information governance	12	The governing body should govern technology and information in a way that supports the organisation settling and achieving its strategic objectives	Applied	The Company is a ring-fenced special purpose securitisation vehicle. All its functions have been outsourced to Merchant West Proprietary Limited, that has conducted its operations in terms of a formal IT risk framework.
Compliance governance	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	Applied	The Company is a ring-fenced special purpose securitisation vehicle. All its functions have been outsourced to Merchant West Proprietary Limited, that operates in terms of formal compliance policies. The Company is required to have a Social and Ethics Committee which was established.
Remuneration governance	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	Applied	The Company has no employees and does not remunerate its directors individually. Director fees are paid to TMF Corporate Services (South Africa) Proprietary Limited ("TMF") who provide three independent, non-executive directors to the Company. The directors' fees paid to TMF are agreed at inception of the Securitisation transaction and are market related. These fees are disclosed in the Company's financial statements. The executive director is paid by Merchant West Proprietary Limited.
Assurance	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	Applied	The Company is a ring-fenced special purpose securitisation vehicle. All its functions have been outsourced to Merchant West Proprietary Limited. The Company has an audit committee which meets twice a year and has oversight of the Company's financial reporting and controls. Merchant West Proprietary Limited appointed RSM Consulting as internal auditor to the Group.
Stakeholder relationships				
Stakeholders		In the 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 interests of the organisation over time	Applied	The Company publishes quarterly investor reports through a SENS announcement on the JSE's website. The disclosure of interests of material stakeholders are included in the published investor reports.
Institutional investors		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.	N/A	The Company is not an institutional investor organisation.