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INVESTMENTS



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ARC Investments assessed the application of the principles set out in the King IV Code, which is shown below together with key actions envisaged to achieve application, where gaps exist.

		Principle	Comments
1	Applied	The governing body should lead ethically and effectively.	The Directors, overseen by the Chairperson, hold each other accountable for decision-making and ethical behaviour. The Company has adopted the UBI Group Code of Ethics which is referenced and applied in all day-to-day and Board activities.
2	Applied	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board is responsible for the monitoring and governance of the Code of Ethics of ARC Investments. The Board's commitment to ethical practices guides and informs the interaction with all stakeholders. This is underpinned in the Board Charter .
3	Applied	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board monitors ARC Investments' performance as a responsible corporate citizen. This performance is comprehensively disclosed in the Integrated Annual Report.
4	Applied	The governing body should appreciate that the organisation's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The Board recognises the links between these factors and the Company's strategy (page 16 of the Integrated Annual Report) and business model (page 8) demonstrates an integrated approach to value creation and preservation (page 11) through identifying material matters and the opportunities they present, risk mitigation (page 72), sustainability and corporate citizenship.
5	Applied	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.	This Integrated Annual Report provides a thorough overview of ARC Investments and an assessment of the Company's performance against its objectives (pages 30-33). The interim and full-year reports are supplemented by quarterly performance reviews and regular updates on strategic developments. In addition, the 30 June 2022 Audited Annual Financial Statements of the Company were opined on by the external auditors who expressed an unmodified opinion.
6	Applied	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board is the focal point and custodian of corporate governance of ARC Investments. Its role and responsibilities and the way that it executes its duties and decision-making are discussed on page 60. Further aspects of governance are addressed through the established Board Committees.
7	Applied	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.	The Board and Committees consider on a bi-annual basis their composition in terms of the balance of skills, experience, diversity, independence and knowledge and whether this enables them to effectively discharge their role and responsibilities. Through the self-assessment of the Board and its Committees, the knowledge and skill set is evaluated and improved where required. Where necessary, subject matter experts are available for matters requiring specialised guidance. The skills and expertise of the Board and Committees are disclosed in the Stewardship section of the Integrated Annual Report (pages 56-69) Diversity policy Nominations and Remuneration policy
8	Applied	The governing body should ensure that its arrangements for delegation within its structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	The Board and its Committees comply with the applicable requirements of the King Code. There is a clear balance of power to ensure that no individuals have undue decision-making powers. The Company's Delegation of Authority Policy ensures that authority is appropriately delegated to meet the Board's various responsibilities. Delegation of Authority
9	Applied	The governing body should ensure that the evaluation of its performance and that of its committees, its Chairperson and its members, support continued improvement in its performance and effectiveness.	Assessments of the performance of the Board, its Committees, the Chief Financial Officer and the Company Secretary are conducted bi-annually through an internal evaluation process (pages 60-65).

		Principle	Comments
10	Applied	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	The Board is satisfied that ARC Investments is appropriately resourced. Save for the Chief Financial Officer, ARC Investments does not employ any staff. Delegation of Authority
11	Applied	The governing body should govern the organisation's risk exposure in a way that supports the organisation in setting and achieving its strategic objectives.	The Audit and Risk Committee assists the Board with the governance of the Company's risk exposure. The Board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of the business. Risks are identified and managed within acceptable parameters. The Audit and Risk Committee identifies, assesses, mitigates and manages risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored. The risk management process is discussed in the Risk Report in the Integrated Annual Report and the most significant risks are disclosed (page 72 – also see Risk Management on https://arci.mu/governance/) Risk management policy
12	Applied	The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.	The Board, together with the Audit and Risk Committee, oversees the governance of information technology. The Board is aware of the importance of technology and information in relation to ARC Investments' strategy (page 65).
13	Applied	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.	The Board is assisted by the Company Secretary to monitor compliance with the various laws to which ARC Investments is subject (page 64).
14	Applied	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	The Board ensures that Directors are remunerated fairly, responsibly, transparently and in line with industry standards to promote the creation of value sustainably. Save for the Chief Financial Officer, ARC Investments does not employ any staff. All directors' remuneration is subject to approval by special resolution at the AGM. The remuneration policy and philosophy as well as the implementation report are disclosed on pages 73-76 of the Integrated Annual Report. AGM Notice Nominations and Remuneration policy
15	Applied	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.	The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. This responsibility is contained in the Board Charter and the Audit and Risk Committee Charter .
16	Applied	In the execution of its governance roles 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.	The Board takes a stakeholder-inclusive approach that aims to balance appropriately the legitimate and reasonable needs, interests and expectations of the Company's stakeholders. Stakeholder engagement including stakeholder priorities, our response to those as well as the risks and opportunities for each stakeholder are discussed on page 22 of the Integrated Annual Report, also see https://arci.mu/governance/ .
17	Applied	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.	The Board, through the Investment Committee Charter of the General Partner, the Company's Investment Guidelines and Valuation Policy ensures that the Company practices responsible investment to promote good governance and the creation of value by the companies in which the ARC Fund invests.