MUNICIPAL GRATUITY FUND
14 Bedfordview Office Park, 3 Riley Road, Bedfordview, 2007
Private Bag X1190, Bedfordview, 2008
Tel: (011) 450-1224/5 • *Fax:* 086 682 9178 / 086 678 7733 / 086 675 8586
Website: www.mymgf.co.za • *FSCA* Reg. No: 12/8/29256/2

KING V: DISCLOSURE FRAMEWORK

MUNICIPAL GRATUITY FUND
REPORTING PERIOD: 1 MARCH 2026 TO 28 FEBRUARY 2027

King V applies to the governing body of a retirement fund (the Board), as a framework for ethical leadership, improving trust and corporate governance, and is seen as complementary to existing legislation like the Pension Funds Act.

The Fund can confirm that it complies with the following thirteen principles as tabled below.

PRINCIPLES	EXPLANATIONS AND DISCLOSURES
Principle 1 - Leadership: The governing body leads ethically and effectively as the focal point of corporate governance in the fund.	The Fund has a Code of Conduct which is signed by each Board Member. Section 7D of the Pension Funds Act sets out the duties of the Board. The Board operates in the best interests of its members with each decision.
Principle 2 – Ethics: The board governs the ethics of the fund in a way that enables an ethical culture and responsible corporate citizenship.	The Fund has a gift policy and gift register which the Board strictly adheres to. As part of its corporate citizenship responsibility the Board has adopted an Investment Policy Statement which complies with Regulation 28. The life stage model was designed to obtain long-term sustainable investment returns for its members.
Principle 3 - Strategy, performance and sustainable value creation: The board ensures that the fund's purpose, strategy and business model support performance that creates sustainable value within the fund's economic, social and environmental context.	The Fund has an Investment Policy Statement with specific return objectives per portfolio to render a net replacement ratio of at least 75% for members with 35 years and more service. The risk benefits are constantly monitored by the Actuary. The disability benefits were improved to the advantage of all members. The funeral benefit is also constantly improved if possible. SLA's or contracts are in place with all service providers who are all reputable.
Principle 4 – Reporting: The board ensures that external reports issued by the fund enable stakeholders to make informed assessments of how the organisation	The Fund's administrator and investment consultant provides monthly reports to the Board. The Annual Financial Statements and 3-yearly Actuarial Statutory Valuation is submitted to the FSCA within the timelines. The annual form 39 with the details of the direct home loans granted prior to July 2007 is submitted to the National Credit Regulator (NCR).

creates, preserves and erodes value within its economic, social and environmental context over the short, medium and long term.	The Fund also publishes an Annual Report which is distributed to members and available on the Fund's website together with the monthly returns, news flashes and member booklet.
Principle 5 - Composition of the board: The board ensures that its composition is balanced with respect to the mix of competencies, diversity and independence that enables it to discharge its obligations objectively and effectively.	The Board consists of eleven board members of which three are independent board members. Two board members are female. The Board is diverse in terms of its qualifications and experience. The board members are elected at the Annual Meeting by means of nomination and secret ballot process. After each Annual Meeting the Chairperson is elected from amongst the ranks of the board members. The Board at each meeting discloses any conflict of interest and is aware of the confidentiality of the agenda.
Principle 6 - Committees of the board: The board ensures that arrangements for delegation to committees and individuals within its own structures promote the objective and effective discharge of their obligations.	The Fund does not have different committees as the full Board acts as the Audit Committee, Remuneration and the Risk Committee. The Executive Committee acts as the Investment Committee who report to the Board who ultimately approve all investment decisions. The 37C death distribution process is delegated to the staff of the Fund, but the Board remains accountable.
Principle 7 – Appointment and delegation to management: The board ensures that the appointment of and delegation to management promote operational effectiveness and that the respective roles and decision-making powers of the board and management are clearly defined.	The Fund's Principal Officer (PO) also holds the position as the CEO, which is the norm in the Industry. Succession planning to replace the PO/CEO is regularly discussed at Board level and agreed upon. The administration and investment management have been outsourced to reputable service providers with proper SLA's and contracts in place. The Board remains accountable. The Fund has eight (8) Executive Committee Meeting and eight (8) Board Meetings annually, which ensures effective management of the Fund.
Principle 8 – Risk: The board governs risk in a way that enables the fund to sustain and optimise its strategy and objectives.	The Fund has a formal Risk Policy and Risk Register, which covers risks in all areas including administration, investments, legislation, political, compliance, economic and social risks. Annual cyber risk presentations are made by service providers.
Principle 9 – Compliance: The board governs compliance with applicable laws and adopted policies, non-binding rules, codes and standards in a way that promotes ethics and responsible corporate citizenship.	The Board is satisfied that the Fund complies with, but not limited to only, the following legislation Pension Funds Act, Income Tax Act, Maintenance Act, Divorce Act etc. In addition to legislation, it also complies with the Conduct Standards issued by the FSCA, as well as with the Rules of the Fund and the Investment Policy Statement.

Principle 10 - Data, information and technology: The board governs data, information and technology in a way that enables the fund to sustain and optimise its strategy and objectives.	The Board is satisfied that all service providers are POPIA compliant and all data sent externally is password protected. The service providers have sufficient disaster recovery systems and cyber security in place, together with the confirmation of fidelity cover.
Principle 11 – Remuneration: The board ensures that the Fund remunerates fairly, responsibly and transparently to promote sustainable value creation by the fund within its economic, social and environmental context.	The Board is satisfied that it has a Remuneration Policy in place. The salaries of staff members are benchmarked against the Industry every three years. Fees paid to service providers are negotiated and if possible, no performance fees are paid.
Principle 12 – Assurance: The board ensures that assurance functions and services promote an effective internal control environment and safeguard the integrity of external reports issued by the fund.	The Board has appointed an auditor to provide an internal audit function on the system processes of the administrator who, on a quarterly basis, reports to the Board. The Board is satisfied that the reporting provided by the Actuary and External Auditors provides assurance that the Fund is managed within the Rules of the Fund and applicable legislation. The Investment Reports provide information on the investment returns and benchmarks.
Principle 13 – Stakeholders: The board adopts a stakeholder-inclusive approach in the execution of its duties in the long-term best interests of the fund within its economic, social and environmental context.	The Board is satisfied that members are kept up to date with any changes in the Fund. Members have access to the administrator's website whereby they can view their benefit statement and update their beneficiaries. Bi-annual benefit statements are provided to members. All relevant documentation is available to members on the Fund's website.

Approved by the Board at its meeting on 18 March 2026 and will be reviewed annually.

Chairperson