AN EXPLORATORY STUDY OF KING IV™: THE EFFECT OF PRINCIPLE FOUR AND ITS PRACTICES IN ACHIEVING GOOD PERFORMANCE BY SELECTED JSE-LISTED COMPANIES

A dissertation in partial fulfilment of the requirements for the Degree of

MASTER OF BUSINESS ADMINISTRATION

in the

RHODES BUSINESS SCHOOL

by

John Rohlandt

19R7097

May 2022

Supervisor: **Professor Owen Skae**

DECLARATION

Name: John Rohlandt

Student number: 19R7097

Degree: Master of Business Administration

Title: An exploratory study of King IV™: The effect of principle four and its practices in achieving good performance by selected JSE-listed companies

I declare that the dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references. I am aware of the penalties for plagiarism.

Date: 10 March 2022

Signature:

ACKNOWLEDGEMENTS

I would like to acknowledge the following people, who all had a critical role in helping me execute the dissertation successfully:

Professor Owen Skae, for his guidance, motivation, and support throughout my three-year research journey. Professor Skae is exceptionally knowledgeable in the field of corporate governance and this research could not have been completed to this standard without his expert opinion.

Caylin Rohlandt and James Rohlandt, for their continuous sacrifices throughout my MBA journey. You have shown me love and support throughout this daunting academic challenge and I cannot thank you enough for enabling me to pursue my studies. This would not have been possible without you.

My parents and family for all their guidance, direction, support, and assistance throughout my academic career. My late grandparents who assisted in raising and nurturing me during the earlier years of my life.

ABSTRACT

The research conducted for the dissertation entitled “An exploratory study of King IV™: The effect of principle four and its practices in achieving good performance by selected JSE-listed companies”, aimed to determine whether principle four, namely the creation of value, and the application by an organisation of the recommended practices as set out in King IV™, contribute to the achievement of good performance. The research outlined the background to the research by describing the history of the development of corporate governance internationally and in South Africa, dating back to 1932 and culminating with the King IV™ report. It described the problem statement, defined the aims and objectives of the study, and demonstrated that the significance of the study lies in its exploration of the relationship between the King IV™ practices and good performance. The research also provided a review of the related literature, describing the theoretical background for the research, which includes the conceptual framework and propositions of the research. The research was situated in the post-positivist paradigm, the methodology was qualitative, and the method adopted was a theory-based evaluation, based on a deductive thematic analysis with pattern matching. From a detailed reading of the integrated reports and the King IV™ compliance registers of the fifteen selected listed companies for the years 2017 to 2019, hits and misses in relation to the six capitals and the eight associated practices were recorded. From this, the resulting descriptive statistics were calculated and set out in the form of tables, and a regression analysis was used to support the findings. The research revealed, based on the descriptive statistics data that there is a moderate relationship between good performance and the application of the eight practices set out in King IV™, that contribute to the achievement of good performance. It was, therefore, concluded that the adoption of corporate governance principles and practices has an effect on performance, although it may not be significant. It is also concluded that the application of the practices in terms of principle four as set out in King IV™ is achieving its intended outcome - the creation of value. The research also concluded that good performance constitutes more than just a company performing financially and that all companies need to comply with the requirements of King IV™, as the Code is designed to guide organisations in achieving good corporate governance. Governance principles and practices should be adopted in a way that does not unduly constrain them and is appropriate to a company’s particular circumstances. Complying with corporate governance principles and implementing the recommended practices might not guarantee positive outcomes (good performance), but it will guide the board of directors in the pursuit of ethical and effective leadership, and that of sustainable development in order to meet the needs of all stakeholders.

Keywords: Corporate Governance, Good Performance, King IV, Practices, Principles, Value Creation

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LIST OF ABBREVIATIONS

ATM	Automated Teller Machine
Avg.	Average
CAGR	Compound Annual Growth Rate
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
EVA	Economic Value Added
HE	Headline Earnings
IT	Information Technology
KPI	Key Performance Indicator
JSE	Johannesburg Stock Exchange (JSE)
NAV	Net Asset Value
No.	Number
OEE	Overall Equipment Effectiveness
ROA	Return on Assets
ROE	Return on Equity
SOEs	State-Owned Enterprises
TBL	Triple Bottom Line
UK	United Kingdom
KPI	Key Performance Indicator

CHAPTER 1: INTRODUCTION

1.1 Introduction

In this chapter, the background to the research, the problem statement, the research aim, as well as the goals of the research, are presented and discussed. The chapter also identifies the importance of the study and concludes with an outline of the chapters.

1.2 Background

Dating back to the last decade of the 20th century, businesses often represented a once-off trading venture, typically having one or a small number of active owners, rather than a company that focused on continuity with a large number of shareholders (Wixley, Everingham and Louw, 2019). The Industrial Revolution brought about a change in business, and the need for large amounts of capital to be raised, which led to the emergence of "incorporated" enterprises (Wixley, Everingham and Louw, 2019). The advantage of this was that it allowed a large number of shareholders to buy and sell shares of a company without affecting its continuity, making it possible to raise a considerable amount of capital for a company (Wixley, Everingham and Louw, 2019). The participation in the company's growth by shareholders through the buying and selling of shares gave rise to limited liability (Hayes, 2021). This meant that the shareholders' private assets would not be at risk if the company failed, as their liability is limited to the amount invested in the company (Hayes, 2021). Due to the complexity of the change in these business arrangements, sound and ethical corporate governance became critical, and therefore corporate governance was incorporated into company legislation (Wixley, Everingham and Louw, 2019).

The definition of corporate governance as it appears in the Cadbury Report, which is considered to be the first official corporate governance code, reads as follows: "Corporate governance is the system by which companies are directed and controlled" (Cadbury, 1992, p.14). This definition was used as a working definition in the first King Report (King I) on Corporate Governance in South Africa; however, it has since been reformulated in the fourth King Report (King IV^{TM}) to focus on ethical and effective leadership. The definition as formulated in King IV^{TM} can be seen in the sections to follow. The earlier definition implies that the responsibility for corporate governance in publicly owned companies lies with the boards of directors and that corporate governance is also concerned with the structures and processes of management, decision making, and control in companies (Wixley, Everingham and Louw, 2019).

The issues that corporate governance aims to address have been evident since the seminal research of Berle and Means (1932), which explained the separation of ownership and control in organisations and the problems that this separation caused. An agency problem, where the shareholders of companies became separated from the control of directors (also referred to as management or agents), ultimately led to the responsibility for control shifting to the company's directors (Rossouw, Watt and Malan, 2002). The problem created by this situation was that directors of companies could take advantage of their control function, which became detrimental to the shareholders (Rossouw, Watt and Malan, 2002). It is based on this that the concept of stewardship was required, where the role of an auditor became someone who would check that proper stewardship by directors had taken place (Wixley, Everingham and Louw, 2019).

Corporate governance measures were first introduced to ensure that companies are controlled in a way that serves the interests of all their shareholders (Rossouw, Watt and Malan, 2002). The notion of accountability was also introduced, which meant that the board of directors were not only accountable for the interests of the shareholders, but also became accountable for the interests of all contracted stakeholders of the company, such as employees, suppliers, and customers (Rossouw, Watt and Malan, 2002). It is based on this that corporate governance codes have been developed by various organisations, internationally and domestically, as corporate misconduct and improper governance is increasingly becoming a major concern (Ricart, Rodríguez and Sánchez, 2004).

1.2.1 Corporate Governance in South Africa

The history of South Africa includes more than four decades of apartheid (West, 2006). Due to the oppressive political environment of apartheid, between 1961 and 1994 South Africa was virtually excluded from the global economy by the United Nations (Vaughn and Ryan, 2006). To be excluded from the global economy meant that South Africa was subject to economic and trade sanctions by the United Nations, which aimed to suppress the country's economic growth and development (Vaughn and Ryan, 2006). Malherbe and Segal (2001) state that by the late 1980s, many of South Africa's corporations became directionless, unfocused, and managed by complacent managers. Malherbe and Segal (2001) further state that these companies were sustained differently to companies operating in developed countries and they believed that this was primarily due to the isolation that South Africa found itself in. Political isolation, financial sanctions, and tariffs meant that companies in South Africa could not participate in the international capital market, keeping international organisations out of the domestic market (Malherbe and Segal, 2001). Corporate practices and laws and regulations in South Africa also fell considerably behind international standards (Vaughn and Ryan, 2006).

Apartheid in South Africa ended in 1994, after the first democratic elections were held in the country (Malherbe and Segal, 2001). The end of apartheid meant that South Africa was finally able to re-enter the global economy, which enabled the country to form and expand business relationships with international organisations. This, however, revealed opportunities and posed immense challenges for South Africa (Vaughn and Ryan, 2006). When foreign investors returned to South Africa, they expected a radical transformation in corporate governance structures and corporate governance practices from South African companies in exchange for capital investment, which was not going to be an easy task (Vaughn and Ryan, 2006). Ultimately, foreign investors wanted assurance that these companies would apply the highest standards of accountability, transparency, and fairness, and that corporate governance underpins this business transformation (Vaughn and Ryan, 2006).

The reform of corporate governance in South African companies, for both the public and private sectors, has also been challenged by constitutional and labour legislation to improve corporate governance policies and standards, which could contribute to a sustained increase in productivity and economic growth for South Africa (Vaughn and Ryan, 2006). In response to this, South Africa started to develop and implement three innovative corporate governance transformation initiatives: the King Report on Corporate Governance, the Insider Trading Act, No. 135 of 1998, and revised Johannesburg Stock Exchange (JSE) listing requirements (Vaughn and Ryan, 2006). Due to the nature of the present research, this report only focuses on the King Report on Corporate Governance and the revised JSE listing requirements, as listed companies must apply all the King Code principles and they only need to explain the practices the JSE has made mandatory (South African Institute of Chartered Accountants, 2020).

The increasing international and domestic interest in corporate governance, together with the increased pressure for corporate governance reform in South Africa by foreign investors and constitutional and labour legislation, gave rise to the formation of the King Committee in South Africa, which is named after its chair, former Judge Mervyn King (Rossouw, Watt and Malan, 2002). Together with the Institute of Directors in Southern Africa, the King Committee published a definitive document on corporate governance in South Africa, known as the King Report on Corporate Governance (Rossouw, Watt and Malan, 2002). Ramalho (2019) states that the corporate governance journey in South Africa commenced when the first report on corporate governance, King I, was released in 1994. Various versions of the code followed in succession after the first release, with King II being introduced in 2002, King III in 2009, and the final amendment to date being King IV^{TM}, which was introduced in 2016. The present research is based on King IV^{TM}, as it is the most recent amendment of the code.

1.2.2 The King IV Report on Corporate Governance

The King Committee was motivated to draft King IV^{TM} because of the increasing international and domestic interest in corporate governance and regulatory developments, and to ensure that King IV^{TM} becomes accessible to more organisations and entities, as opposed to King III, which was mainly applied by listed companies (Esser and Delport, 2018). According to the Institute of Directors Southern Africa and the King Committee (2016), the emerging issues and corporate governance developments have since been addressed in King IV^{TM}. The King IV^{TM} summary guide released in 2016 confirms that the Code has been revised to ensure that organisations and entities comply with international governance codes and best practices (KPMG, 2016). It also states that King IV^{TM} has moved towards a process of integrated thinking and has considered specific corporate governance developments in relation to effective governing bodies (also referred to as "the board of directors"), new compliance requirements, governance structures, emerging risks and opportunities, ethics, and new reporting and disclosure requirements (KPMG, 2016).

King IV^{TM} defines corporate governance as "the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes: ethical culture, good performance, effective control, and legitimacy" (Institute of Directors Southern Africa and the King Committee, 2016, p.20). King IV^{TM} continues by defining ethical leadership as "the anticipation and prevention of the negative consequences of the organisation's activities and outputs on the economy, society, and the environment, which is represented by the following characteristics, namely: integrity, competence, responsibility, accountability, fairness, and transparency" (Institute of Directors Southern Africa and the King Committee, 2016, p.20). Effective leadership is described as a result-driven approach, focused on achieving the organisation's strategic objectives and its positive outcomes (Institute of Directors Southern Africa and the King Committee, 2016).

Like its predecessors, the foundation of King IV^{TM} is based on ethical and effective leadership, which is underpinned by good governance principles (Institute of Directors Southern Africa and the King Committee, 2016). Therefore, the distinctive features of King IV^{TM} include: (1) it focuses on accountable leadership and positive outcomes, instead of a system based on mindless compliance (Ramalho, 2019); (2) it aims to follow a qualitative application regime rather than a quantitative one (Esser and Delport, 2018); (3) it integrates sustainable development into its model, ensuring that the concept is holistically applied to all areas of the organisation, instead of treating it as an *ad hoc* concept (Ramalho, 2019); (4) it is applicable to various organisations and entities, rather than just listed or larger companies; and (5) it is shaped around a social value system that harnesses broad public support (Ramalho, 2019).

Esser and Delport (2018) state that main aim of the King Code is to create holistic value across the organisation for all its stakeholders. The Institute of Directors Southern Africa and the King Committee (2016) further state that King IV^{TM} provides a model for how governance should be approached, and its objectives are to ensure:

- that corporate governance forms an integral part of the organisation and delivers the governance outcomes of ethical culture, good performance, effective control, and legitimacy;
- that King IV^{TM} is accessible and suited for implementation for various sectors and organisation types;
- that corporate governance is understood and implemented in an integrated manner;
- transparency and significant reporting to stakeholders; and
- that corporate governance is concerned with ethical consciousness and conduct.

According to Ramalho (2019), the changes to King IV^{TM}, compared to its predecessors, were made to ensure that the King Code contributes to creating sustainable organisational value, and it illustrates the value of corporate governance through three building blocks, namely, governance outcomes, principles, and recommended practices. Outcomes are the positive effects that an organisation could realise if the principles are achieved (Institute of Directors Southern Africa and the King Committee, 2016, p.36). Principles represent the aspirations of an organisation's journey in achieving good corporate governance and are fundamental in guiding the organisation in achieving the application of governance practices (Institute of Directors Southern Africa and the King Committee, 2016). Practices that are associated with a particular principle recommend what needs to be done to support and give effect to the aspiration that is articulated by the principle (Institute of Directors Southern Africa and the King Committee, 2016). These practices, therefore, represent the road that an organisation needs to travel in order to achieve good corporate governance, which varies for every organisation, depending on the size, complexity, and the impact of the organisation (Ramalho, 2019). The Institute of Directors Southern Africa and the King Committee (2016) further state that an essential change in King IV^{TM} is that it has moved away from "apply or explain" to "apply and explain". Thus, governance outcomes could be realised through the application of principles, where it is necessary to explain how practices have been implemented to give effect to the principles. The explanation of the practices should be provided in the form of a narrative account and the detail should be guided by materiality to give shareholders sufficient information in order to make an informed assessment of the corporate governance level of an organisation (Esser and Delport, 2018).

The recommended practices in King IV^{TM} guide how the board of directors should exercise their governance roles and responsibilities in the context of each principle. The Institute of Directors Southern Africa and the King Committee (2016, p.21) set out the following roles and responsibilities of the board:

- steering and setting the strategic direction;
- approving the policy and planning that gives effect to the strategy;
- oversight of the implementation and execution of the company's strategy by directors; and
- ensuring accountability through reporting and disclosure.

Generally, the achievement of principles must be present and demonstrated through the practices, thus making it more difficult for an organisation to comply with King IV^{TM} than the preceding versions of the Code. According to Esser and Delport (2018), if practices are inadequate to give effect to the principle, the board of directors should intervene by putting in corrective measures and developing mitigation strategies to attain the principle's aspiration. King IV^{TM} imposes a change in mindset for the organisation and all of its stakeholders. Like many other corporate governance codes, King IV^{TM} is a "soft law", thus its primary emphasis is based on how governance must be applied rather than what must be applied (Esser and Delport, 2018). The notion of a "soft law", such as King IV^{TM}, ensures that the board of directors act in best interest of the organisation (Ramalho, 2019). This will ensure that the organisation's survival will be sustained into the future, as its foundation is underpinned by promoting the responsibility of an organisation to participate and contribute towards sustainable development.

1.3 Problem Statement

Corporate collapses and scandals, and the global financial crisis, have over the years created a particular interest in the field of corporate governance (Ricart, Rodríguez and Sánchez, 2004). In 2002, two major global themes influenced a shift in the conceptual domain of corporate governance: the Enron, WorldCom, and Adelphia financial scandals, and the weakening stock market (Ocasio and Joseph, 2005). Corporate scandals in South Africa, like the Steinhoff and Tongaat Hulett debacles in 2017 and 2018, respectively, have further contributed to the realisation of the importance and effect of a functioning corporate governance system. In addition, there has also been a growing interest in corporate governance research over the years, which is evident from the empirical studies that tested the relationship between corporate governance and organisational performance. The research problem, therefore, addressed in this dissertation is to critically evaluate whether principle four of King IV^{TM}, and its recommended practices, is achieving its intended outcome.

1.4 Research Aim

The research aims to determine whether principle four, namely the creation of value, and its recommend practices as set out in King IV^{TM}, contribute to the achievement of good performance by an organisation.

1.5 Objectives of the Research

The objectives of the research include:

1. to describe what constitutes good performance;
2. to determine to what extent the application of principles and practices affect good performance of selected listed South African companies; and consequently,
3. to conclude whether that application of the practices in terms of principle four as set out in King IV^{TM} is achieving the intended outcome, namely the creation of value.

1.6 Significance of the Study

The literature testing the relationship between different corporate governance mechanisms and organisational performance is extensive and has yielded mixed results over the years (Shank, Hill and Stang, 2013). There is, however, currently no academic research that explores the relationship between the principles and practices, as set out in King IV^{TM}, and good performance. Limited academic research has also been carried out in relation to King IV^{TM} itself. The present research aims to address the gaps in the literature and will investigate the effect of the application of principle four and its recommended practices in the achievement of good performance by listed South African companies. This research will, therefore, contribute to the body of knowledge on corporate governance, more specifically relating to King IV^{TM}.

1.7 Outline of the Chapters

The outline of the chapters in this dissertation is as follows:

Chapter 1 provided a brief introduction to the research topic of corporate governance. It also described the contextual background to corporate governance in South Africa and the King IV^{TM} Report on Corporate Governance. This chapter further presented the problem statement, the research aim, the objectives of the research, and demonstrated the importance of the study. Chapter 2 elaborates on the conceptual framework and propositions on which the research is based. This chapter also provides the necessary theoretical background for the research, dealing with literature on stakeholder theory, value creation, governance outcomes, core purpose and values, strategy, performance management, board oversight, enterprise risk management, and the concept of a going concern. In Chapter 3, the research methodology adopted for the research is discussed, in order to explain the research process. Chapter 4 focuses on data analysis and the results obtained from the research. Chapter 5 incorporates the recommendations and provides a conclusion.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the literature that will place the research problem identified in Chapter 1 into context. It also describes the theoretical background of the research. A comprehensive search of related literature was undertaken to identify the body of potentially relevant literature to provide an understanding of the research topic and its development.

The chapter presents the conceptual framework and propositions on which the research is based. This chapter starts by describing stakeholder theory, which is the theory underpinning the research. It further describes good performance and provides an overview of principle four and its recommended practices. It also presents literature dealing with value creation, governance outcomes, core purpose and values, strategy, performance management, board oversight, enterprise risk management, and the going concern concept.

2.2 Stakeholder Theory

The theoretical perspective that underpins the present research is stakeholder theory. Jones, Harrison and Felps (2018) state that stakeholder theory has enabled researchers and the management of organisations to understand the relationship between stakeholders and the organisation, and the performance outcomes of these relationships. Harrison and Wicks (2013) note that stakeholder theory is based on the central premise of well-managed interests of all stakeholders, which will create value for an organisation along several dimensions and enable it to achieve good performance. According to Heath and Norman (2004), stakeholders of the organisation include, but are not limited to, shareholders, directors, customers, suppliers, employees, trade unions, government, and the communities from which the organisation draws its resources. Therefore, it includes all the groups or individuals that can be significantly affected by business activities, outcomes, and whose actions affect the creation of sustainable value for the organisation (Institute of Directors Southern Africa and the King Committee, 2016).

King IV^{TM} follows an inclusive stakeholder-centric approach, meaning that the board of directors needs to consider all stakeholders and serve the best interest of the organisation, which creates value for the organisation over time (Institute of Directors Southern Africa and the King Committee, 2016). The justification for stakeholder theory comes from outcome two, legitimacy, and principle sixteen, which states that the role the board of directors should adopt is a stakeholder-inclusive approach that balances the needs of all stakeholders in the best interests of the organisation (Institute of Directors Southern Africa and the King Committee, 2016). Therefore, the emphasis of this research is placed on all the organisation's stakeholders in the value creation process. The organisation needs to consider all the stakeholders in the value creation process with which it interacts and on which it depends. Based on this, the present research has drawn on stakeholder theory, as organisations should prioritise all stakeholders' interests and ensure that all the sources of value creation are considered, going beyond the conventional financial and regulatory aspects of corporate governance, where the value created for an organisation is directly linked to the value it creates for others through a wide range of activities, interactions, and relationships (International Integrated Reporting Council, 2013). This means that if value creation is not mutually beneficial for all stakeholders; the organisation could potentially lose shareholders, customers, resources, and its legitimacy (Freudenreich, Lüdeke-Freund and Schaltegger, 2019). The concept of shared value supports this, as it is based on identifying and expanding the connections between economic and societal progress through value principles. Porter and Kramer (2011, p.4) define shared value as “creating economic value in a way that also creates value for society by addressing its needs and challenges”. Porter and Kramer (2011) further confirm that these are the policies and operating practices that will create a competitive advantage for organisations and are focused on advancing economic and societal conditions in communities within which the organisation operates. Therefore, this creates stakeholder value, which ensures that the organisation creates business opportunities and mitigates any risk associated with its business activities (Lazlo, 2008). This is achieved by engaging stakeholders and addressing stakeholder issues created through the business environment (Lazlo, 2008).

This research further recognises that stakeholder theory is a holistic term for a genre of theories that assist an organisation (the board of directors and management) to understand the relationship between the organisation and its stakeholders, and the performance outcomes that could be achieved as a result of these relationships (Jones, Harrison and Felps, 2018). Integrating stakeholder considerations into the strategy, operations, opportunities, and risk mitigation strategies will ensure that the organisation achieves its strategic objectives. Stakeholder theory assumes that good performance of organisations is dependent on the contributions of many different stakeholders (Deloitte, 2016). These stakeholders all have a stake in the company and can choose how to prioritize their stakes based on the information they receive from the organisation (Deloitte, 2016). It is the responsibility of the board of directors and the management of the organisation to balance all these various stakeholder interests (Deloitte, 2016). Therefore, corporate governance is required to make the voice of all stakeholders heard and to ensure that the information provided in terms of the organisation’s operational performance is disclosed equally to all stakeholders (Deloitte, 2016).

2.3 Good Performance, Principle Four and its Recommended Practices

The governance outcome of good performance guides the present research. King IV™ defines good performance as “an organisation achieving its strategic objectives, and positive outcomes in terms of its effects on the capitals it uses and effects and on the triple context in which it operates” (Institute of Directors Southern Africa, 2016, p.12). Principles four and five of King IV™ are associated with good performance; however, the present research concentrates on principle four, as it focuses on the responsibilities of the governing body in the achievement of good performance, whereas principle five addresses reporting that enables informed assessments to be made in relation to performance. King IV™ defines principle four as follows: "the governing body should appreciate that an organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process." (Institute of Directors Southern Africa and the King Committee, 2016, p.47).

King IV™ recommends eight practices associated with principle four (Institute of Directors Southern Africa and the King Committee, 2016, p.47). In terms of these practices, the governing body should:

- steer and set the direction for the realisation of the core purpose and values through the organisation's strategy (practice one);
- delegate to management the formulation and development of the organisation's short, medium, and long-term strategy (practice two);
- approve the organisation's strategy as formulated and developed by management and constructively challenge timelines and parameters, risks and opportunities, legitimacy of material stakeholders, and the transformation of the capitals (practice three);
- approve policies and plans developed by management to give effect to the approved strategy, including key performance measures and targets (practice four);
- delegate to management the responsibility to implement and execute the approved policies and operational plans (practice five);
- exercise ongoing oversight of the implementation of strategy and operational plans against agreed performance measures and targets (practice six);
- continually assess and respond to the negative consequences of its activities and outputs on the triple context and capitals (practice seven); and
- be alert to the organisation's general viability, solvency, and liquidity (practice eight).

2.4 Conceptual Framework

According to Pearse (2019), a conceptual framework is a graphical or narrative explanation of the main concepts to be researched. Pearse (2019) further suggests that the conceptual framework should include the key factors and variables of the research and presume the interrelationships among them. Therefore, the conceptual framework is a theory-based collection of principles that are relevant to the present research. The conceptual framework also increases the understanding of the key focus areas to be researched and can serve as a basis for making analytical generalisations when and as required during the research process (Pearse, 2019).

2.4.1 Conceptual Framework and Propositions

The governance outcome of good performance, principle four and its recommended practices, which were adopted from King IV™, were used to develop the conceptual framework for the research. The conceptual framework for the research is presented in Figure 1.

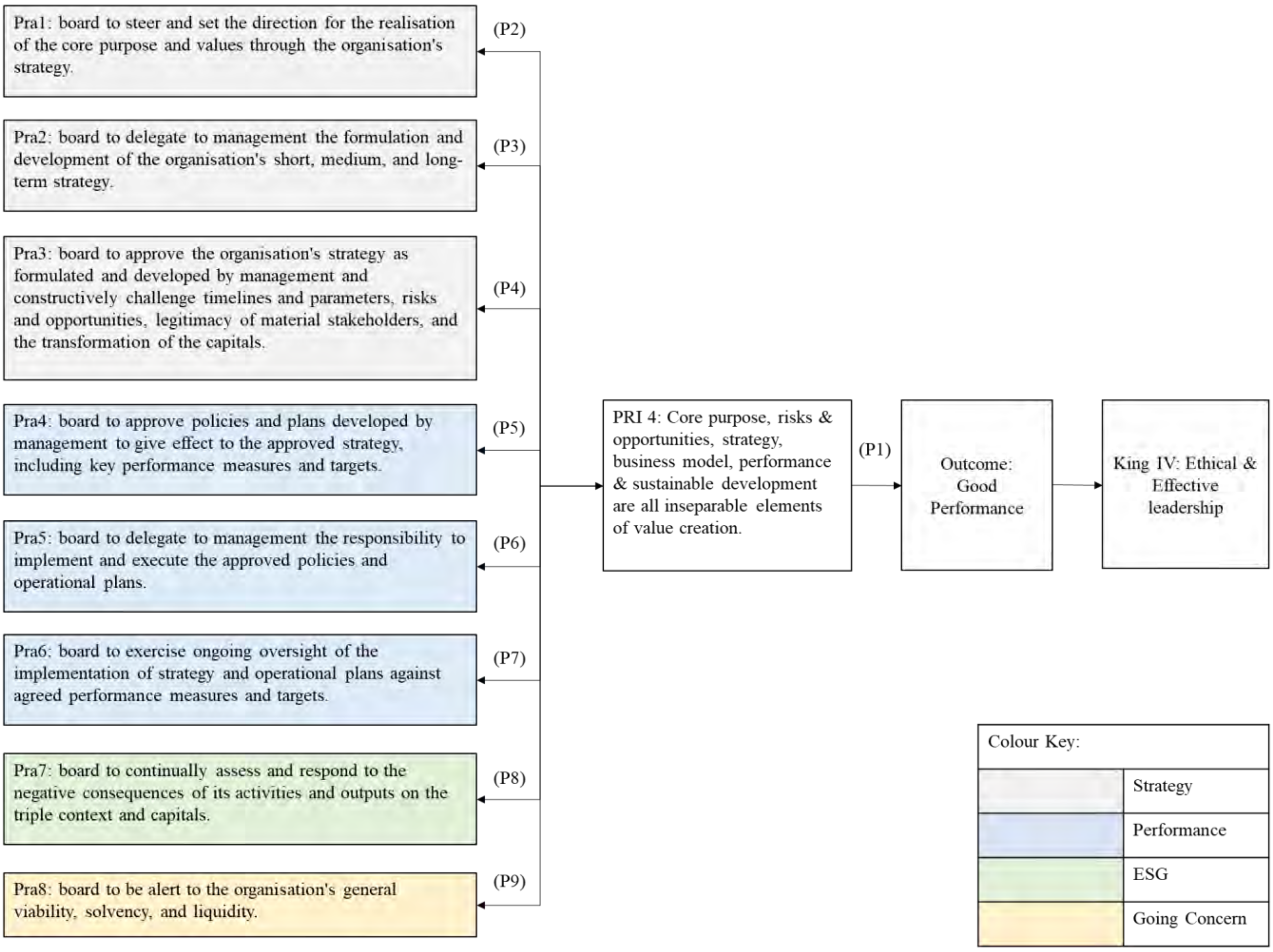

Figure 1: Conceptual Framework and Propositions

Source: Institute of Directors Southern Africa and the King Committee (2016)

The research propositions that were developed for the research are highlighted in the conceptual framework as P1 – P9. These propositions emerged from the apparent relationship between the outcome of good performance, principle four and the practices as recommended in King IV™. The propositions in the conceptual framework were also categorised as strategy, performance, environmental, social, and governance (ESG), and going concern. A colour code was used to identify the propositions that were relevant to a particular category, as represented in Figure 1.

Table 1 below presents the propositions on which this research is based.

Table 1: Propositions for the Research

Propositions:
Proposition one (P1): Good performance is achieved by an organisation meeting its strategic objectives and the positive outcomes in terms of the six capitals, by aspiring to achieve principle four (the creation of value) and applying the recommended practices.
Proposition two (P2): The board of directors should steer and set the direction for the realisation of the core purpose and values through the organisation's strategy.
Proposition three (P3): The board of directors should delegate to management the formulation and development of the organisation's short, medium, and long-term strategy.
Proposition four (P4): The board of directors should approve the organisation's strategy as formulated and developed by management, and constructively challenge timelines and parameters, risks and opportunities, legitimacy of material stakeholders, and the transformation of the capitals.
Proposition five (P5): The board of directors should approve policies and plans developed by management to give effect to the approved strategy, including key performance measures and targets.
Proposition six (P6): The board of directors should delegate to management the responsibility to implement and execute the approved policies and operational plans.
Proposition seven (P7): The board of directors should exercise ongoing oversight of the implementation of strategy and operational plans against agreed performance measures and targets.
Proposition eight (P8): The board of directors should continually assess and respond to the negative consequences of its activities and outputs on the triple context and capitals.
Proposition nine (P9): The board of directors should be alert to the organisation's general viability, solvency, and liquidity.

Source: Institute of Directors Southern Africa and the King Committee (2016).

2.5 Value Creation

Principal four is aimed at creating sustainable value for the organisation through the value creation process. Generally, the term "value" is associated with the financial performance of an organisation and attracts the interest of investors (De Villiers and Sharma, 2020). According to the International Integrated Reporting Council (2013e, p.1) in their background paper on value creation: "Value is created through an organisation's business model, which takes inputs from the capitals and transforms them through business activities and interactions to produce outputs and outcomes that, over the short, medium and long term, create or destroy value for the organisation, its stakeholders, society and the environment". Value is, therefore, created by organisations transforming the different capitals through a wide range of interactions, business activities, and outputs to satisfy a wide range of stakeholders with which the organisation interacts and on which it depends (International Integrated Reporting Council, 2013). Therefore, value creation is connected through the alignment of inseparable elements, which include, but are not limited to, business practices, the company's strategy (short, medium, and long term), the company's core purpose, governance practices, risks and opportunities, sustainability goals, and through the engagement of multiple stakeholders (International Integrated Reporting Council, 2013).

Enterprise value creation becomes a fundamental concept in the pursuit of creating sustained value for an organisation (Good Governance Academy, 2021). Sustainable development is the underpinning philosophy of King IV™, and it consists of various elements, namely: integrated thinking, corporate citizenship, stakeholder inclusivity, and that an organisation must function as an integral part of society (Institute of Directors Southern Africa, 2016). Sustainable development strengthens the relationship between the practices and the principles to create sustained value for the organisation. It requires organisations to interact and respond to the challenges and opportunities of the triple context (people, planet, and profit) in which the organisation operates and in terms of the capitals it uses and affects (Institute of Directors Southern Africa, 2016). Therefore, sustainable development is an integrated approach that focuses on the triple context and all six capitals of the value creation process (Institute of Directors Southern Africa, 2016).

According to the International Integrated Reporting Council (2013b), in their background paper dealing with capitals, an organisation depends on various forms of capital to achieve sustained value. The background paper further states that these capitals are inputs that can be increased, decreased, or transformed through the various organisational activities, where they are enhanced, consumed, modified, or affected by those activities. The International Integrated Reporting Council (2013) also states that the overall stock of capitals is not fixed over time and that there is always a constant flow between and within the capitals as they are increased, decreased, or transformed. This means that if an organisation improves, for example, its natural capital, the organisation could also realise increased financial returns as a result.

The International Integrated Reporting Council (2013) has identified six categories of capital, which form the basis for an organisation's value creation: financial, manufactured, intellectual, human, social and relationship, and natural capital.

The value creation process is presented in Figure 2.

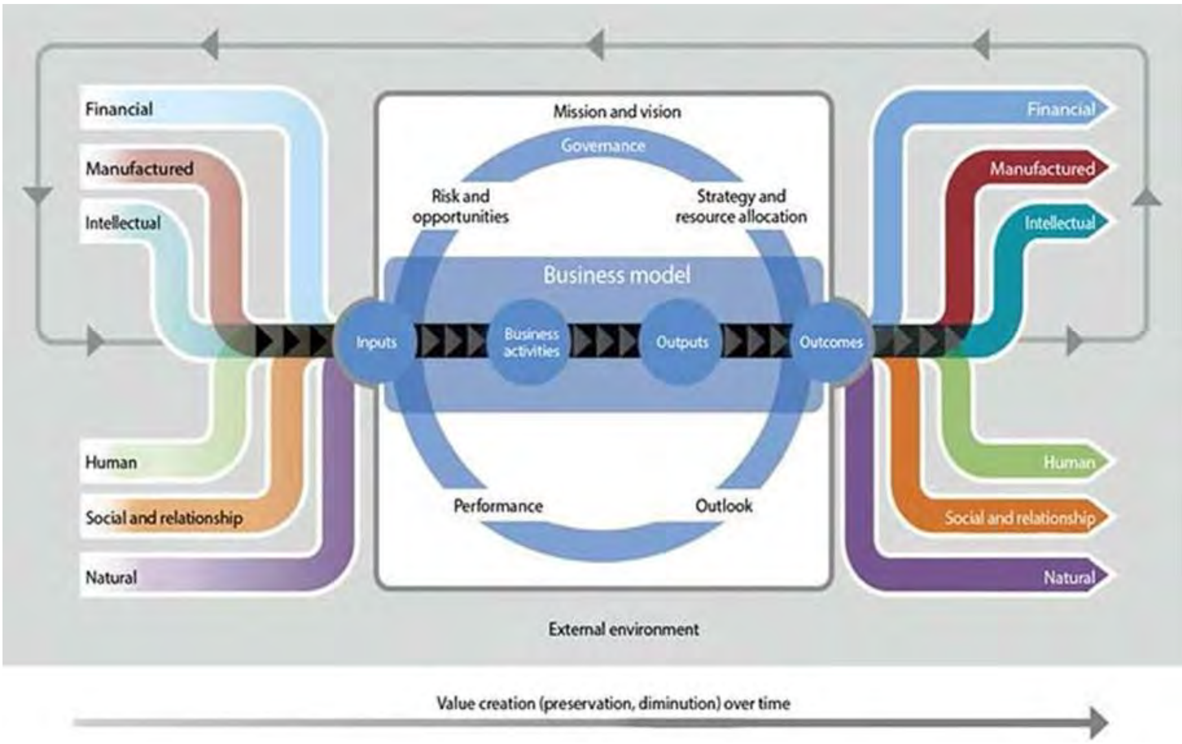

Figure 2: The Value Creation Process

Source: International Integrated Reporting Council (2013)

The six capitals as represented in Figure 2 is what all organisations depend on for their success, and they attempt to guide an organisation in creating value over the short, medium, and long term (International Integrated Reporting Council, 2013).

The International Integrated Reporting Council (2013) describes the six capitals as follows:

1. Financial capital is the funds that an organisation has obtained and made available through either operational cash generation, financing or investments, and the organisation can use that to produce goods or render a service.

2. Manufactured capital is the physical objects that the organisation uses in the production of goods or the rendering of a service. These include, but are not limited to, buildings, machinery and equipment, and infrastructure.

3. Intellectual capital includes all the knowledge-based intangibles that the organisation has at its disposal. This includes intellectual property, such as patents and copyrights, tacit knowledge, systems, procedures, and protocols.

4. Human capital refers to people's capabilities, competencies, motivation, and experience, that enable them to align, support and implement the organisation's governance framework, risk management, strategy, and ethical values.

5. Social and relationship capital is based on the ability to share information that aims to improve collective and individual well-being for all stakeholders. It strives to achieve this through the relationships that the organisation builds with the communities, groups of stakeholders and other key networks.

6. Natural capital is all the renewable and non-renewable environmental resources available to an organisation for the production of goods or the rendering of a service. It includes, but is not limited to, air, water, land, and minerals.

The concept on which the six capitals is based is clear. While economic returns are fundamental to the satisfaction of most stakeholders, other factors may be critical to understanding why some organisations create long term value and success while others do not (Harrison and Wicks, 2013). Therefore, the six capitals provide a holistic overview of a wide range of business activities that aim to create a range of different values for the organisation's stakeholders across the capitals (Montecalvo, Farneti and de Villiers, 2018). It is also essential for an organisation to disclose how it has created value through its business activities, which should be measured by the difference in the rate of change, whether positive or negative, of the six capitals (Flower, 2015). It is evident from Figure 2 that at the core of an organisation's business model is activities that aim to create a range of different values for stakeholders, which are achieved through the consumption or transformation of inputs into outputs, to generate valuable outcomes (International Integrated Reporting Council, 2013a). Figure 3 below presents a way of depicting the six capitals. Figure 3 also highlights that the capitals can either belong to the organisation or to a broader range of stakeholders that are affected by the organisation, such as society (International Integrated Reporting Council, 2013a). It reveals that the combination of costs between the organisation and the broader range of stakeholders (society) is referred to as the "sharing of costs", and the benefits experienced from the value created by the organisation through appropriate business practices and activities is represented by the "sharing of value" between society and the organisation (International Integrated Reporting Council, 2013a).

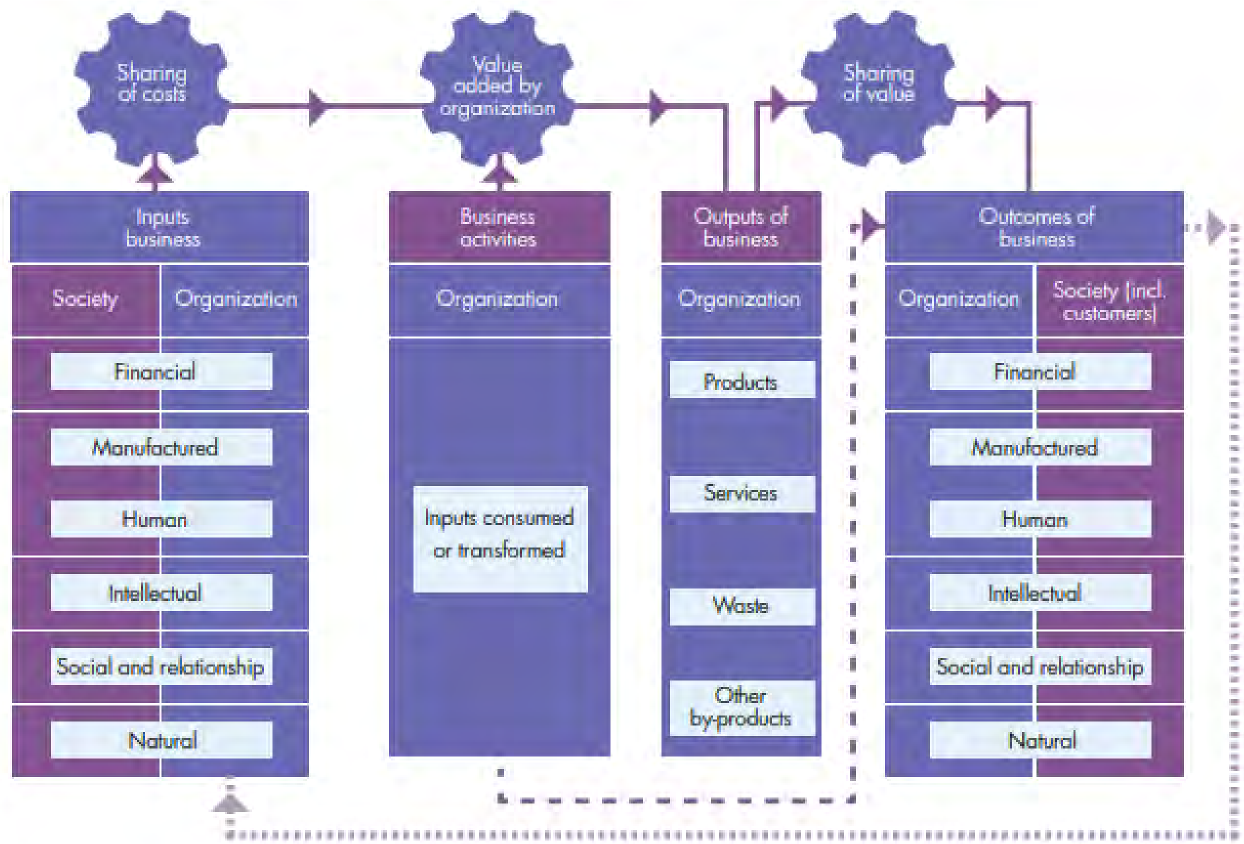

Figure 3: An organisation's interaction with internal and external capitals

Source: International Integrated Reporting Council (2013a).

It must also be noted that financial capital offers an important but limited perspective on value creation, especially when business activities and outcomes need to be quantified but restricts the ability of the board of directors to put actions in place that will increase the total value for all stakeholders (Harrison and Wicks, 2013). This means that value creation, therefore, extends beyond the quantification in terms of financial capital; although it is relevant, it cannot be assessed only according to the process of exchange in markets and through accounting concepts, where value is expressed in the statement of comprehensive income, balance sheet, and organisational growth (International Integrated Reporting Council, 2013e). Based on this, value should also be demonstrated through its qualitative aspects. The International Integrated Reporting Council (2013e) further states that this is achieved by creating utility value, which is expressed and realised through user consumption, and takes the view that the user or stakeholder's assessment of value is derived from three fundamental areas, namely: functional utility (what the product or service does), economic utility (how much it costs) and emotional utility (how it makes the user or consumer feel).

A way of assessing the qualitative value is through ESG criteria (Chen, 2020). According to Koller, Nuttall and Henisz (2019), a strong ESG proposition links to value creation in five fundamental ways, namely: (1) facilitating top-line growth, (2) reducing costs, (3) minimising regulatory and legal interventions, (4) increasing employee productivity, and (5) optimising investment and capital expenditures. These five links ensure that ESG is viewed systematically, but it is not an assurance that each link will apply to every aspect or context in which the organisation finds itself. However, all five should be considered, because the potential for value creation is too great for any to be left unexplored (Koller, Nuttall and Henisz, 2019). ESG, therefore, assists an organisation to penetrate new markets, expand into existing ones, drive consumer preference with more sustainable products, and achieve better access to resources through stronger government and community relations (Koller, Nuttall and Henisz, 2019). It also assists organisations to reduce costs and enables them to achieve greater strategic freedom, easing regulatory pressure by reducing the risk of adverse government action (Koller, Nuttall and Henisz, 2019). Lastly, ESG increases productivity by enhancing employee motivation and increasing organisations' investment returns by allocating capital to more sustainable opportunities such as renewable energy and waste reduction initiatives (Koller, Nuttall and Henisz, 2019).

2.6 Governance Outcomes

King IV™ defines governance outcomes as “the positive effects or benefits that could be realised for an organisation if the underlying principles are achieved” (Institute of Directors Southern Africa and the King Committee, 2016, p.36). Therefore, outcomes are the internal and external consequences, positive or negative, of the six capitals as a result of the organisation’s business activities and its outputs (International Integrated Reporting Council, 2013).

Figure 4 presents a practical example of how inputs are transformed to create outputs that will have a long-term impact on value creation (outcomes) for an organisation.

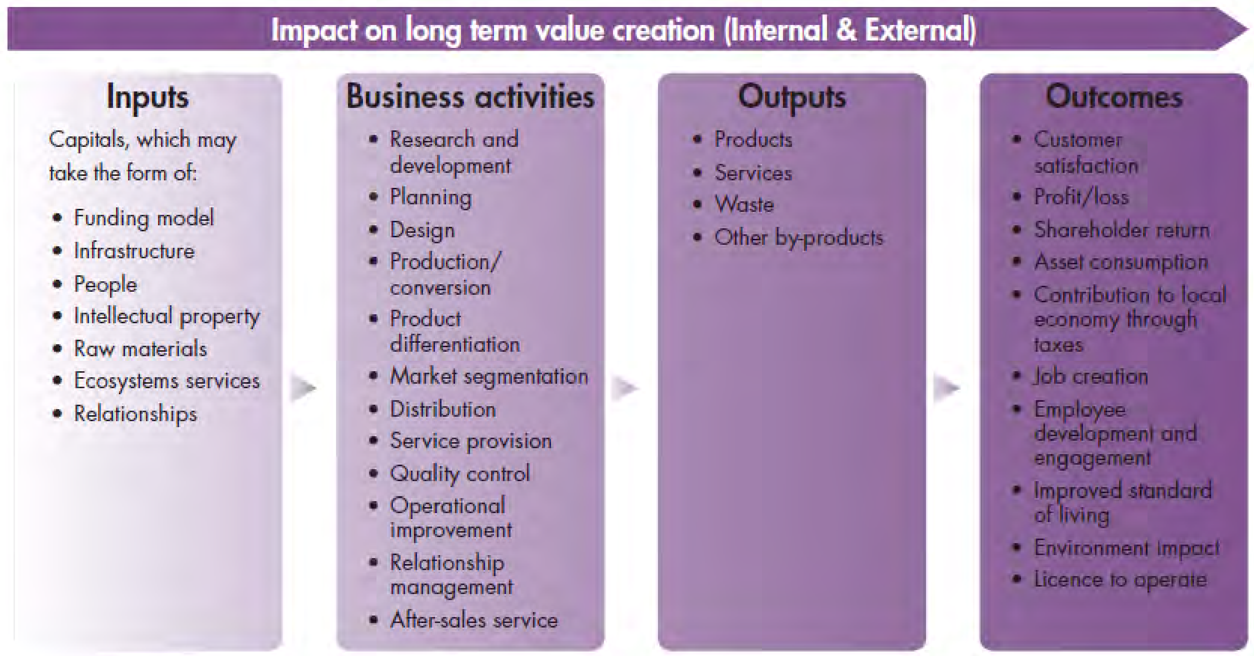

Figure 4: Business model disclosure

Source: International Integrated Reporting Council (2013a).

It is evident from Figure 4 that the outcomes that arise from the organisation's business activities, outputs, and the effect on the capitals, are fundamental elements for long-term value creation. It becomes imperative for organisations to assess targeted and desired outcomes against strategic objectives and actual performance results and depending on the outcome (positive or negative), could lead to changes in business activities, and potentially require the organisation's strategy to change depending on the severity of the outcome (International Integrated Reporting Council, 2013a). As noted, the outcomes can be internal and external. Table 2 presents examples of the internal and external outcomes that could be realised by an organisation.

Table 2: Examples of internal and external outcomes

Internal Outcomes	**External Outcomes**
Employee morale	Customer satisfaction
Revenue	Contribution to local economy
Cash Flow	Job creation
Profit and loss	Tax payments
Shareholder return	Environmental impact
Assets consumption	Brand loyalty
Employee development and engagement	Improved standard of living

Source: International Integrated Reporting Council (2013a).

As noted, governance outcomes can either have positive or negative consequences for an organisation. Positive outcomes are those that result in a net increase in the capitals, thereby creating value for an organisation and negative outcomes are those that result in a net decrease in the capitals, thereby reducing value for an organisation. The Institute of Directors Southern Africa and the King Committee (2016), state that good performance is the result of an organisation achieving its strategic objectives and positive outcomes in terms of the six capitals, which results in long-term value creation for the organisation. This also means that the board of directors should assess and be satisfied with the organisation's performance in a much broader context than only from a financial perspective to achieve the governance outcome of good performance. De Beer (2020) states that the majority of organisations succeed and fail based on their financial performance, as this has a direct impact on the organisation's bottom line. Some organisations that were once financially successful have failed to sustain their financial value because the organisation has failed to adhere to ethical business practices, compliance, and the activities related to, and that will improve the other capitals (De Beer, 2020).

The literature testing the relationship between corporate governance and organisational performance has generally dealt with the achievement of financial performance by an organisation. Financial measures such as return on assets (ROA), return on equity (ROE), and Tobin's Q, have been the predominant performance measures researched. Recently, alternative measures have been introduced to create sustained capital and good performance for an organisation (Gansbeke, 2021). These measures include investment, earnings quality, margin growth, quarterly management, and earnings per share growth (McKinsey Global Institute, 2017). It is also noted that the extent to which financial, environmental, social, and governance practices have impacted organisations in achieving governance outcomes is a topic that has not been extensively researched (Sarhan, Ntim and Al-Najjar, 2019). Generally, organisations that are long-term orientated and focused on sustainability realise positive outcomes and good performance in terms of revenue, net income, market capitalisation, and job creation (Gansbeke, 2021). Therefore, exploring the relationship between corporate governance and organisational performance is an important research topic that can only be addressed if the appropriate performance measures are in place (Dybvig and Warachka, 2016). The importance of good performance cannot be ignored in the context of achieving good corporate governance.

2.7 Core Purpose and Values

The core ideology defines the character of an organisation and is the primary reason for holding the organisation together, as it grows, decentralises, expands globally, and develops diversity (Collins and Porras, 1994). It consists of two distinct parts, namely: core purpose, a system of guiding principles, an organisation’s fundamental reason for existence, and core values, a system of guiding principles (Collins and Porras, 1994). According to practice one of King™, the role of the board of directors is to steer and set the direction for the realisation of the organisation's core purpose and values through its strategy.

2.7.1 Core Purpose

The core purpose of an organisation is the fundamental reason for its existence (Collins and Porras, 1994). It reflects the purpose of the organisation, exploring the deeper reasons for an organisation's existence beyond just that of making money, but by also considering its impact on the triple context in which it operates (Collins and Porras, 1994). However, this must not be confused with the goals and strategies of the organisation, as an organisation is expected to achieve its goal or complete a strategy but can never fulfil its purpose because it serves as a guiding mechanism to inspire organisation to change and do better (Collins and Porras, 1994). "The very fact that purpose can never be fully realised means that an organisation can never stop stimulating change and progress in order to live more fully to its purpose" (Collins and Porras, 1994, p.486).

2.7.2 Core Values

The core values of the organisation are essential and enduring and are viewed as guiding principles that have intrinsic value and importance for the organisation and its stakeholders (Collins and Porras, 1994). An organisation needs to identify and define the core values that are central to its existence, and by so doing the organisation needs to be aware that its strategy will change as the market conditions or macroeconomic environment change, however, the core values should remain the same (Collins and Porras, 1994).

2.8 Strategy

2.8.1 Introduction

Strategy is defined as the "the setting of the organisation's short, medium and long-term direction towards realising its core purpose and values." (Institute of Directors Southern Africa and the King Committee, 2016, p.17). Porter (1996, p.3) also referred to strategy as "performing different activities to those performed by rivals or performing the same activities differently." Therefore, the strategy of the organisation needs to be aligned with the activities by means of which leaders of the organisation establish the social, economic, or environmental objectives, define the domain(s) of action, and how they intend to navigate or compete within the chosen domain(s) to achieve the required performance results. This means that an organisation's strategy should determine how it intends to achieve its strategic objectives and how the organisation plans to mitigate or manage risks and maximise opportunities to create long-term value (International Integrated Reporting Council, 2013). Referring to principle four of King IV^{TM}, where strategy is one of the inseparable elements of the value creation process, with this principle, the King Code clearly establishes that the responsibility of the board of directors should be to steer the organisation strategically in line with its core purposes and values by approving and monitoring the short, medium and long-term strategy, while focusing on mitigating or managing risks and maximizing opportunities (Institute of Directors Southern Africa and the King Committee, 2016).

Strategy formulation is the process of using knowledge to determine the intended direction of an organisation and the steps to reach the strategic objectives that have been set out (Cote, 2020). An organisation's strategy should be formulated and determined in the following way: (1) determine the organisation's core purpose; (2) determine and consider current events; (3) consider the information and knowledge you have about the organisation; (4) set and formulate the strategy and effectively communicate goals (strategic plan); and (5) continuously reassess the organisation's strategy to adapt to challenges and potential opportunities (Cote, 2020).

Therefore, the strategy of the organisation needs to be formulated and executed so that the needs of the organisation and its stakeholders are met today, while sustaining and enhancing the six capitals. As the world moves away from siloed to integrated thinking, organisations need to have a more holistic view of the way they consider strategy (Institute of Directors Southern Africa and the King Committee, 2016). The International Integrated Reporting Council (2013, p.2), defines integrated thinking as, "the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects." Integrated thinking is dependent on the elements of corporate citizenship, stakeholder inclusivity, and that an organisation must function as an integral part of society. Therefore, the focus of an organisation's strategy does not only consider the business activities of transforming inputs into outputs but needs to include the effect on the outcomes, as the impacts of these can be critical to the natural environment and society (Institute of Directors Southern Africa and the King Committee, 2016).

2.8.2 Strategic Involvement of the Board of Directors

The recommended practices associated with the strategic involvement of the board of directors in relation to the organisation's strategy, are practices one, two, three, four, five, and six. Eisenstein (2019) states that the board's role in strategic planning is to identify priorities, to set strategic objectives and goals, find resources, allocate funds to support the relevant decisions, and monitor the execution of the strategic plan against Key Performance Indicators (KPIs) and targets. From these recommended practices, it is evident that the organisation's strategy is a key focus area for the board of directors, as six of the eight recommended practices are underpinned by strategy. The board's primary responsibilities in terms of strategy are to provide strategic direction, based on which management will formulate and develop the strategy, approve policies and operational plans that will give effect to the strategy, and provide informed oversight of implementation and performance (Institute of Directors Southern Africa and the King Committee, 2016). Therefore, the literature on the strategic involvement of the board cannot be ignored in the context of an organisation aiming to achieve good corporate governance, because it ensures a more systematic approach to corporate governance.

Seminal research conducted by Clendenin (1972), where the author explored the role of board effectiveness in relation to practices and functions, revealed that one of the most essential functions of the board is the determination of strategy, and that the board must have an active role in approving or rejecting management proposals of the organisation's strategy. The seminal research presented by Clendenin (1972) on the board of directors' active role in strategy is evident in practice one and three of King IV^{TM}, which recommends that the board of directors is required to set the strategic direction for the organisation, and that they should approve the strategy formulated and developed by management. Over the years, authors' views supported those of Clendenin (1972), where Zahra (1990), Stiles (2001), and Hendry et al. (2010) all suggest that the board of directors' role in the strategic process is essential, as it ensures that the strategic direction of the organisation is set and steered in the correct direction through various oversight and monitoring activities. Empirical research conducted by Zhu, Wang and Bart (2016) concluded that a board's involvement in strategy positively affects an organisation's performance. Similarly, Judge and Talaulicar (2017) suggest that one of the primary responsibilities of the board of directors is to set the strategic direction of the organisation and to delegate and approve management's proposed strategy, as this allows the board of directors to be sufficiently involved and it enables management to bring their expertise into the formulation and implementation of the organisation's strategy to ensure long-term survival for the organisation. Based on these perspectives, strategy is viewed as the responsibility of both management and the board of directors. The strategic involvement of the board, including its oversight function, can add a different perspective to strategy formulation, risk management, and overall execution that could potentially result in improved performance for an organisation (Barroso-Castro, Villegas-Perinan and Dominguez, 2017).

From the literature presented, it is evident that the strategic involvement of the board of directors has been a widely researched topic. The literature suggests that the board of directors needs to have an active role in approving the organisation's strategy (Barroso-Castro, Villegas-Perinan and Dominguez, 2016). An active board of directors, on which the present research is based, ensures that the board develops a sense of independence relating to the activities of the organisation that will shape the strategic direction, and conducts reviews necessary to evaluate the effectiveness and efficiency of the organisation's value system (Barroso-Castro, Villegas-Perinan and Dominguez, 2016). Since the outcomes of the organisation must be assessed according to their impact on the six capitals, it is essential for the board of directors to consider and analyse the full sequence of activities and events from inputs to outcomes in the value creation process (Institute of Directors Southern Africa and the King Committee, 2016). This will ensure that the board of directors is accountable and is responsible for the outcomes of its business activities and products, as an outcome that is contrary to what society expects is inconsistent with good corporate citizenship (Institute of Directors Southern Africa and the King Committee, 2016). This leads to damage to the organisation’s reputation, together with the trust in which it is held, and the confidence that all stakeholders have in it (Institute of Directors Southern Africa and the King Committee, 2016). As a result, the organisation’s operational legitimacy can be threatened, which will result in a negative impact on the value of the organisation (Institute of Directors Southern Africa and the King Committee, 2016).

2.9 Organisational Performance

2.9.1 Introduction

Miller, Washburn, and Glick (2013) state that organisational performance is one of the most prominent business and organisational research concepts. Enhancing organisational performance should be the primary focus for every organisation, as its potential success and survival depend on it (Almatrooshi, Singh and Farouk, 2016).

The International Integrated Reporting Council (2013, p.33) defines performance as “an organisation’s achievements relative to its strategic objectives, and its outcomes in terms of its effects on the capitals.” This means that an organisation’s performance is determined by the ability to effectively implement strategies to achieve its organisational objectives (Almatrooshi, Singh and Farouk, 2016).

The recommended practices that are associated with organisational performance are practice four, five, six, and seven. These practices are based on performance management of the strategic objectives by the board of directors, which is achieved by reviewing the agreed key performance indicators and targets, and by being able to assess the outcomes of these and respond, if required.

2.9.2 Performance Management

For an organisation to succeed at enhancing its performance, it needs to establish what they will measure, how they will measure it, how they intend to use it to enhance organisational performance, and how they will report the results (Aras and Crowther, 2008). Performance management, therefore, becomes essential for an organisation to succeed and enhance its performance, as strategic objectives are set, and a clear direction is provided (Valmohammadi and Ahmadi, 2015).

Performance management is defined by Bititci, Cocca and Ates (2016, p.1572) as an "iterative closed-loop process in which performance measures are used to manage and improve organisational performance through continuous adaptation to the changing operating environment". Bititci, Cocca and Ates (2016) explain that the process of performance management starts with developing a strategy, followed by identifying strategic objectives and the development of action plans to achieve those objectives, which are measured using key performance indicators (KPIs) that are monitored and reviewed by the board of directors. The view of the Institute of Directors Southern Africa and the King Committee (2016) confirms this and states that an organisation's strategic objectives should be approved by the board of directors, together with KPIs and targets to give effect to the approved strategy. Van Looy and Shafagatova (2016) suggest that every organisation should have its own unique KPIs, which should be derived from the organisation's strategy, strategic objectives, mission, and vision. Van Looy and Shafagatova (2016) further recommend that organisations should combine financial and non-financial performance indicators to ensure that the organisation sustains its performance over time. King (2016) further states that KPIs should measure the outcomes on the six capitals, and if an organisation has created positive outcomes in terms of these capitals, the organisation will create value for all its stakeholders.

A review of performance assesses the extent to which an organisation is currently delivering in terms of the outcomes of the six capitals, and it presents opportunities to deliver better organisational results in the future (King, 2016). It, therefore, becomes imperative for organisations to set up measurement and monitoring systems to provide accurate information on performance so that effective decisions can be made by the board of directors and management (International Integrated Reporting Council, 2013). The variances of performance from measuring and monitoring the strategic objectives of the organisation will enable management to act and address the variances appropriately, and if necessary, the board of directors should make amendments to the organisation's strategy (King, 2016).

Measuring the performance of an organisation against the strategic objectives of the outcomes on the six capitals facilitates accountability and serves as a basis for determining performance bonuses, incentives, compliance, or non-compliance, and for the identification of risks and related opportunities (King, 2016).

The KPIs that are used to measure the achievement of strategic objectives are quantifiable and are generally written as a statement of intent that is specific, measurable, achievable, relevant, and time-bound (King, 2016). Table 3 presents examples of KPIs that can be used to measure the strategic objectives of the six capitals.

Table 3: Examples of Key Performance Indicators for the six capitals

Capital	**Key Performance Indicators**
Financial	• Revenue growth • Return on investment
Manufactured	• Capacity utilisation • Overall equipment effectiveness
Human	• Total percentage of employees absent • Total investment in training
Intellectual	• Number of new products developed • Number of tests conducted with new technology
Social and relationship	• Total social investment • Number of social projects and initiatives
Natural	• Energy consumption per energy source • Amount of waste generated and recycled waste

Source: International Integrated Reporting Council (2013b).

These performance measures highlight the positive and negative outcomes related to the six capitals (King, 2016). It also becomes imperative for the organisation to continually assess and respond to the negative consequences of its outputs and business activities by ensuring that positive outcomes are achieved and integrated into the strategic objectives of the organisation, on the basis that the organisation’s ability to create value for itself depends on its ability to create value for others (King, 2016).

2.9.3 The Integrated Report

The board of directors are also responsible for ensuring that ethical and effective leadership is practised during the preparation of the organisation's integrated report (International Integrated Reporting Council, 2013). In relation to performance, an integrated report aims to determine the extent to which an organisation has achieved its strategic objectives for the period under review and what the organisation's outcomes have contributed to the capitals it uses and affects (International Integrated Reporting Council, 2013). It includes both qualitative and quantitative information about performance in relation to strategy, risks and opportunities, effects on the capitals, how the organisation has responded to key stakeholders, the linkages between past and current performance, targets, the KPIs that combine financial measures with the other capitals, and a narrative that explains the causal relationship of financial implications on the other capitals (International Integrated Reporting Council, 2013). If an organisation manages to successfully prepare its integrated report in an ethical and effective manner, it will enable stakeholders to make informed assessments in relation to its performance. Based on this, performance management becomes essential for the organisation to succeed and enhance organisational performance, as strategic objectives are set and a clear direction is provided (Valmohammadi and Ahmadi, 2015).

2.9.4 Corporate Governance and Organisational Performance

Empirical research that tested the relationship between corporate governance and organisational performance over the years has been extensive and has yielded mixed results (Shank, Hill and Stang, 2013). Most of the empirical research has generally been based on establishing whether corporate governance affects an organisation's performance positively or negatively from a financial perspective (Al-ahdala, Alsamhib, Tabashc and Farhan, 2020).

Empirical research was conducted by Bhagat and Bolton (2008) to determine how corporate governance is measured and to test the relationship between corporate governance and organisational performance. Bhagat and Bolton (2008) were able to demonstrate a positive correlation between corporate governance and organisational performance by measuring the Gompers, Ishii and Metrick (2003) "G" index and the Bebchuk, Cohen, and Ferrell (2009) "E" index, the stock ownership of board members, and CEO-Chair separation. Similarly, a study conducted by Ntim (2013) on the relationship between an integrated corporate governance index and financial performance in listed South African organisations found a positive link between corporate governance practices and Tobin's Q, which indicates that better governed South African organisations are associated with better financial performance. Tshipa and Mokoaleli-Mokoteli (2015), from their study of 137 JSE listed companies between 2002-2011, conclude that organisations that comply with the King Code and those organisations that are better governed outperform those organisations that, from a financial perspective, are poorly governed. Recent empirical research conducted by Arora and Sharma (2016), Nazir and Afza (2018), Dash and Raithatha (2019), and Enache and Hussainey (2020) also conclude that corporate governance has a significant effect on an organisation’s performance, which supports the contention that corporate governance has a positive effect on organisational performance.

Contrasting findings in literature include an empirical study conducted by Shahwan (2015) on the quality of corporate governance practices and the effect on an organisation's financial performance in the context of emerging markets, that concludes that the implementation of corporate governance practices does not affect an organisation's financial performance. Akbar et al. (2016) also concluded that compliance with corporate governance codes and regulations are not a determinant of an organisation’s performance. Similarly, Buallay, Hamdan and Zureigat (2017) indicate that the adoption of corporate governance principles and practices has no significant impact on operational and financial performance, measured using ROA, ROE, and Tobin's Q.

It is evident from the literature presented that the effect of corporate governance principles and practices on organisational performance remains inconclusive, based on the mixed results. Therefore, this research aims to clarify the ambiguous relationship between corporate governance and organisational performance. The limited academic research carried out in relation to King IV™ itself also presents an opportunity to contribute to literature. Although there have been no empirical studies carried out testing the relationship between King IV™ and good performance, organisations should aim to comply with the recommendations of King IV™ and should not view it as a liability, but as a guiding mechanism that is based on ethics, which could allow an organisation to achieve better performance results in the long term (Dzingai and Fakoya, 2017). In support of this view, Skae (2020) states that King IV™ is a guiding mechanism for how corporate governance should be conducted in South Africa. Skae (2020) further states that King IV™ is a self-regulatory code that is increasingly becoming part of legislation and case law due to the implications of its principles, recommended practices, and outcomes. Therefore, complying with corporate governance principles and implementing the recommended practices might not guarantee positive outcomes (good performance); however, an organisation should strive to comply with King IV™ to ensure that ethical and effective leadership is carried out by the board of directors in the pursuit of sustainable development and to meet the needs of all stakeholders (Dzingai and Fakoya, 2017).

2.10 Board Oversight

Strategic decisions are imperative for an organisation's success and the board of directors have a vital role to uphold in the process (PWC, 2017). It, therefore, becomes the responsibility of the board of directors to carry out an oversight function across the organisation focusing on strategy, enterprise risk management, operational performance, and regulatory compliance (Deloitte, 2013). The oversight function of the board of directors is evident in practices six and seven of King IV™. The King Code recommends in these practices that the board of directors should exercise oversight of the organisation's strategy and operational plans, and that they should assess the negative consequences of the organisation's activities, outputs, and outcomes (Institute of Directors Southern Africa and the King Committee, 2016).

Seminal research conducted by Fama and Jensen (1983) focused on the monitoring by the board of directors of management's performance in achieving the organisation's strategic objectives. Fama and Jensen (1983) suggest that one of the board of directors' primary responsibilities is to monitor managerial actions and performance, as it acts as a control mechanism to avoid managerial self-interest and could potentially increase an organisation's performance, therefore creating long-term value for all stakeholders. The primary monitoring tool of the board of directors is board meetings. According to Aktan et al. (2018), frequent board meetings offer monitoring and advisory support to the management of the organisation.

Empirical research testing the relationship between board oversight and its effects on organisational performance has revealed opposing views. Several of these empirical studies have also demonstrated that the board of directors tend to neglect corporate governance in times of success, therefore, they seem to be less active and, in most instances, allow the management of the organisation to have too much independence and freedom (Deloitte, 2016). Brick and Chidambaran (2010), in their six-year study on the determinants of board monitoring activity and its impact on creating value, found that monitoring by the board of directors affects value creation positively, as represented by Tobin's Q. However, the authors conclude that board monitoring does not improve the organisation's ROA because the main contribution of the board's monitoring function is to identify investment opportunities instead of improving current performance. A study conducted by Faleye, Hoitash and Hoitash (2011) on the effects of the intensity of board monitoring and their ability to perform monitoring and advising duties, found that organisations with boards that monitor intensively experience significantly lower performance results. Similarly, studying the relationship between corporate governance mechanisms and company performance as measured by economic value added (EVA), ROA, and Tobin's Q, Harvey Pamburai, Chamisa, Abdulla and Smith (2015) conclude that organisations that have fewer board meetings appear to perform better than those organisations that have frequent board meetings and, therefore, the frequency of board meetings is negatively and significantly related to both ROA and Tobin's Q. More recently, empirical research conducted by Mayur and Saravanan (2017), Aktan et al. (2018), Birindelli et al. (2018), and Singla and Singh (2019) conclude that board meetings and board independence, which are the independent variables of board oversight, have no significant effect on an organisation's performance.

In contrast to the literature presented above, empirical research conducted by Siciliano (2008) concluded that the board of directors' involvement in monitoring strategy implementation has a significant impact on an organisation's financial performance, but further suggests that this may be unique to organisations that are closely regulated. Similarly, the findings of Salim, Arjomandi and Seufert (2016), in their investigation of the effects of corporate governance and organisational performance, also conclude that board and committee meetings are positively related to an organisation's performance, represented by a strong correlation, suggesting that these organisations performed better than others. In a recent study by Kouaib, Mhiri and Jarboui (2020), the authors found that increasing the frequency of board meetings improves efficiency in terms of communication between the board of directors and management, which provides them with more time to develop and focus on the organisation's strategy and make the best decisions to improve performance.

2.11 Enterprise Risk Management

Risk management was historically viewed from a single perspective, where organisations only focused on specific events that could be quantified (Fraser and Simkins, 2016). The concept of traditional risk management has evolved into an enterprise risk management approach, where risks are managed as a portfolio across the organisation (Fraser and Simkins, 2016).

Enterprise risk management (ERM) is defined as "the culture, capabilities, and practices, integrated with strategy-setting and performance that organisations rely on to manage risk in creating, preserving, and realising value" (COSO: 2017, p.3). Therefore, ERM is a holistic process that manages all risks in an integrated manner by controlling and coordinating risks across the organisation (Berry-Stölzle and Xu, 2018). These risks are generally managed by the CEO and overseen by the board of directors and risk committees, which can be done by either focusing on one risk at a time or all risks viewed together (Nocco, 2006). These risks include, but are not limited to financial risk, business risk, and market risk.

The recommended practice associated with principle four that relates to the board of directors and ERM within an organisation is practice seven. This practice suggests that the board of directors needs to assess and respond to the organisation's risks and opportunities in relation to the triple context and the six capitals that the organisation uses and affects. Adopting an ERM framework enables the board of directors to focus on managing risks in relation to the triple context and the six capitals, which covers all aspects of the organisation (Anderson and Frigo, 2020). Therefore, the board of directors needs to understand the context in which the organisation finds itself; this will enable them to manage the risks effectively and demonstrate how the organisation can overcome any other obstacles that may arise (Anderson and Frigo, 2020). Based on this, ERM is expected to create value for the organisation by improving performance management, improving the risk-adjusted decision-making process, enhancing board oversight, improving the organisation's capital efficiency, and creating an environment where a higher level of strategic planning can be adopted (Callahan and Soileau, 2017).

ERM has been widely researched over the years, especially in relation to organisational performance. Empirical research conducted by Hoyt and Liebenberg (2011) found a positive relationship between value and the use of ERM. Similarly, Callahan and Soileau (2017) found that if an organisation adopts an ERM framework, this will have a positive effect on organisational performance, is likely to improve the management of cash flow, and enhance the organisation's market performance. According to Ames, Hines and Sankara (2018), organisations either adopt risk oversight by managing risks at the board level or by delegating risk management activities to a risk or audit committee. Anderson and Frigo (2020) found that an oversight role by the board is key to successful ERM and helps an organisation to create value. Anderson and Frigo (2020) further state that the board's oversight role should focus on strategy and the risks associated with this, while monitoring management's performance in achieving the strategic objectives, to create sustained value. This argument confirms the COSO (2017) ERM framework, which advocates a more comprehensive perspective on critical risks by involving the entire board of directors, thereby improving strategy and risk management integration.

2.12 Going Concern

Going concern is a term used for an organisation that has the necessary resources available in order to operate indefinitely, and it also refers to an organisation's ability to raise enough financial capital to avoid bankruptcy and liquidation (Kenton, 2021). The concept of a going concern is evident in practice eight of King IV™, where the board of directors need to be alert to the organisation's general viability, solvency, and liquidity. Viability relates to an organisation's ability to remain profitable in the long term, solvency is a long-term measure of financial stability, and liquidity indicates when an organisation has short-term cash flow problems, where they generally sell assets to raise capital (Murray, 2020). This means that, in order for an organisation to operate indefinitely into the future, it needs to ensure that it remains viable in the long term and that it also remains solvent by ensuring that it meets its long-term debt obligations to accomplish expansion and growth (Kenton, 2021).

Effective internal control, which is carried out by the board of directors and management, and the organisation's ability to indefinitely operate as a going concern, are fundamental to good corporate governance (Reinecke, 1996). The King Code recommends that the board of directors should report on whether the organisation will continue as a going concern, and if not, to ensure that they disclose and explain the reason why it will not (Reinecke, 1996). Therefore, as part of their oversight on performance, the board of directors need to be alert to the organisation's viability in relation to the effect it has on the six capitals, its solvency and liquidity, and the organisation's status as a going concern (Institute of Directors Southern Africa and the King Committee, 2016).

2.13 Conclusion

This chapter reviewed the literature related to stakeholder theory, which is the underpinning theory of the present research. In addition to this, the conceptual framework and propositions for the research were also presented. This was followed by a review of the literature on value creation, governance outcomes, core purpose and values, strategy, performance management, board oversight, enterprise risk management, and the concept of a going concern.

Chapter 3 describes the research methodology and research design adopted to address the problem statement and the research objectives as set out in Chapter 1.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the research methodology adopted to address the aim and the objectives of the research as set out in Chapter 1. It provides the plan of how the research will be carried out and describes the research methods and techniques adopted to address the problem and the goals of the research. The ethical considerations and quality criteria relating to the research are also outlined.

In Chapter 1 it was stated that the aim of the research is to determine whether the principles and practices set out in King IV^{TM} contribute to the achievement of good performance by an organisation. The research objectives set out in Chapter 1 were:

1. to describe what constitutes good performance;
2. to determine to what extent the application of principles and practices affect good performance of selected listed South African companies; and consequently,
3. to conclude whether that application of the practices in terms of principle four as set out in King IV^{TM} is achieving the intended outcome, namely the creation of value.

According to Kothari (2004), a research methodology is a systematic way to address the research problem. It considers and explains the logic behind the research methods and techniques, and, therefore, it may be understood as a science of studying how research should be conducted (Kothari, 2004). It is not only necessary for the researcher to know the research methods and techniques related to the research, but to also know the methodology, which comprises all the steps carried out by the researcher while studying the research problem (Kothari, 2004).

3.2 Research Paradigm

The research is situated within a social context and adopts a post-positivist philosophy. Creswell (2014) views a post-positivist philosophy as deterministic, in which probable causes determine the effects or outcomes and also suggests that post-positivism represents the thinking after positivism, challenging the traditional notion of the absolute and objective truth of knowledge in the social sciences. According to Henderson (2011, p.342), "post-positivism provides another paradigm that can move positivism from a narrow perspective into a more encompassing way to examine real world problems".

Creswell (2014) further states that a problem studied by post-positivists reflects the need to identify and assess the causes that influence outcomes. Post-positivists take the position that bias is undesired but inevitable, and therefore the researcher must work to try to correct it (Dorsey and Collier, 2018). Additionally, researchers in this paradigm normally believe in multiple perspectives from participants rather than a single reality (Creswell, 2014). According to Kankam (2019), post-positivism relies on multiple methods for capturing as much of reality as possible.

3.3 Research Design

3.3.1 Introduction

Research design refers to the entire research process from conceptualising a problem, establishing the research aim, objectives, determining how data will be collected, analysed, interpreted, and writing the report (Creswell, 2007). Therefore, research design is a logical plan that links the data to the initial aim and objectives of the research (Yin, 2003). Based on this, the five components of the research design process that are important for it to be carried out successfully include establishing the research aim, objectives, conceptual framework, propositions, units of analysis, linking data to the propositions, and the criteria for interpreting the findings (Yin, 2003).

3.3.2 Methodology

The methodology to be applied in this research is qualitative. A qualitative approach is coherent and consistent with the post-positivist paradigm in which the research is situated (Guba and Lincoln, 1994). One of the earlier definitions of qualitative research that still remains relevant today, was presented by Maanen (1979, p.520), where the author described qualitative research as an "an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world". According to Mohajan (2018), the goal of qualitative research is to broaden the understanding of a particular phenomenon or program by describing and interpreting the issues systematically from the viewpoint of the subject or population being studied. Therefore, rather than only determining the cause and effect in relation to a certain subject or population, the researcher also takes the view of understanding the phenomenon or program (Merriam, 2009). Based on this, the qualitative approach is relevant to this research as it aims to broaden the understanding in relation to the application of principle four of King IV™, and its recommended practices, and the effect on value creation for all stakeholders of the company.

According to Bansal, Smith and Vaara (2018), qualitative data includes words or visuals that can be digitised, synthesised, and even counted, but it requires the data to be interpreted correctly so that patterns and insights can be determined. Qualitative research does not include statistical analysis but only words in the presentation of analysis of a particular phenomenon or program (Bryman and Bell, 2011). Therefore, the data analysis will follow a deductive thematic approach. This will be discussed in more detail in the sections to follow.

3.3.3 Population and Sample

The population for the research was South African companies listed on the Johannesburg Stock Exchange (JSE), from which the sample was selected. Purposive sampling was used to select the fifteen companies to be studied in the research. The following parameters were used as a guideline for selection, namely: (1) JSE-listed companies that are good corporate citizens and those less so, which is based on ESG performance ratings. Generally, ESG ratings are a measure of a company's commitment to corporate social responsibility (CSR) and ESG standards (Hayes, 2020). ESG ratings are a numerical representation of a company's performance in terms of environmental, social, and governance issues (Farnham, 2021). However, it is essential to note that ESG ratings are based on the information available to the agency tabulating the results. Therefore, ESG ratings are as much about perception as reality (Farnham, 2021). This means that companies must be seen doing good, and there must be public knowledge of what was done to achieve a higher rating (Farnham, 2021). A rating of 30 means that the company is not performing well, a rating of 50 is considered average, and a rating of 70 or higher means that the company is performing well in terms of the measurement criteria (Chen, 2020). (2) JSE-listed companies that have delivered the highest and lowest returns for their shareholders, are measured in terms of share performance, and ranked according to their compound annual growth rate (CAGR) for a five-year period (Sunday Times, 2019). The rationale for the companies to be analysed is presented in Table 4.

Table 4 presents the fifteen companies selected for analysis, which are Capitec Bank Holdings Limited, RMB Holdings Limited, Woolworths Holdings Limited, Discovery Holdings Limited, Naspers Limited, Distell Group Limited, Tiger Brands Limited, Nedbank Group Limited, Steinhoff International Holdings Limited, Tongaat Hulett Limited, Barloworld Limited, Famous Brands Limited, AVI Limited, Gold Fields Limited, and Clicks Group Limited. These fifteen companies were the only ones selected for the research because they were represented in most of the ESG and CAGR result categories, as presented in Table 4.

Table 4: JSE-listed companies ESG ratings and CAGR results for a five-year period

ESG Rating: / CAGR:	30-50	50 - 60	70+
Good (>10%)	Capitec Bank Holdings Ltd (48) (40,9%)	Clicks Group Ltd. (56) (25,9%) Naspers Ltd (50) (21,6%) Gold Fields Ltd. (62) (13,8%)	AVI Ltd. (70) (11,9%)
Average (5%-10%)	RMB Holdings Limited (48) (9,9%)	Nedbank Group Ltd. (65) (4,9%)	Barloworld Ltd. (70) (5,6%)
Poor (<5%)	Famous Brands Ltd. (46) (-2,9%)	Discovery Holdings Ltd. (53) (4,6%) Tiger Brands Ltd. (58) (-2,7%) Woolworths Holdings Ltd. (61) (-3,3%)	Distell Group Ltd. (70) (1,9%)
No Rating (not in Top 100)	Steinhoff International Holdings Ltd (49) (NA)	Tongaat Hulett Ltd. (64) (NA)	

Source: CSR Hub (2021) and Sunday Times (2019)

In Table 4, ESG category criteria ratings are displayed in the top row and CAGR category criteria ratings are displayed in the furthermost left column. It is also evident that each company has two figures next to their name, these are the respective ESG and CAGR ratings for that company. For example, for Capitec Bank Holdings Limited (48) (40.9%), the number 48 is the ESG rating and the 40.9% is the CAGR rating.

3.3.4 Research Method

This research aims to test an established theory using a deductive approach. According to Woiceshyn and Daellenbach (2018) a deductive approach consists of moving from the general to the particular, meaning that the research process moves from the base theory to revising the theory after the data has been analysed. The research method that was adopted for this research is a theory-based evaluation. According to Weiss (1997) a theory-based evaluation helps to provide an understanding of why a program works or fails to work. The evaluation needs to systematically address the core, as knowing the outcomes is effectively not enough to do program improvement or policy revision (Weiss, 1997). Since the research is based on King IV^{TM}, a theory-based evaluation is coherent with the nature of the research because it aims to evaluate whether application of the King Code is achieving its intended purpose. A theory-based evaluation will also assist the researcher to address the core of the King Code.

3.3.5 Units of Analysis

The units of analysis are the selected companies. Good performance of the selected companies was measured against the strategic objectives and its effect on the six capitals, namely: financial, manufactured, intellectual, human, social and relationship, and natural capital (International Integrated Reporting Council, 2013). The qualitative information includes the explanation of performance against KPIs, targets, the previous year's performance, or what was done to improve the capital (King, 2016).

3.3.6 Data Collection Techniques

The data collection technique was by way of a document analysis and data was collected and extracted from the integrated reports and King IV™ compliance registers (if available) of the selected companies for the 2017, 2018, and 2019 financial years, respectively. The statements contained in these documents were recorded on an Excel spreadsheet for each company (refer to Appendix B to Appendix R at the end of the report).

3.3.7 Data Analysis

In qualitative research the data are analysed and interpreted using a deductive thematic analysis, with pattern matching. The process of analysis, as illustrated by Pearse (2019), that was adopted for the research includes: (1) Summarizing and "matching" data to propositions; and (2) Keeping a record of hits and misses. Propositions were developed from the conceptual framework that is based on the research objectives, principle four of the King IV™, and its recommended practices. Seventy sets of documents of the sample of fifteen companies were closely studied and analysed. The qualitative data, consisting of statements in the integrated reports and other documents of the sample of selected companies, were recorded, summarised, analysed, and interpreted using deductive thematic analysis, together with descriptive statistics, and a regression analysis to strengthen the findings of the descriptive statistics.

Table 5 below, provides a description for how proposition one of the research was measured in relation to the six capitals for the respective years of review.

Table 5: Description of how the six capitals were measured for each company

Company	Financial	Manufactured	Intellectual	Human	Social	Natural	Total
Barloworld	Revenue, operating profit, HEPS, return on capital, and free cash flow	Return on net operating assets, net debt to equity ratio, brand representation, and operational footprint	Business processes, worldwide code of conduct, governance framework, and business system.	Number of employees, work-related fatalities, employee training, and development	Corporate social investment, B-BEE rating, and employee volunteers	Water usage, use of non-renewable energy, and GHG emissions	21
Distell	Revenue, EBITDA, operating profit, and HEPS	Capacity expansion	Knowledge, systems, protocols, and intellectual property	Number of employees.	Corporate social investment	Electricity, water usage, and GHG emissions	14
Clicks	Revenue, HEPS, ROE, and dividend	Stores opened, pharmacies opened, distribution centres, and capital investment	ClubCard loyalty membership and private label brands	Training and development, and permanent employees	Socio-economic projects	Recycling	14
Naspers	Revenue, operating profit, and earnings per share	Technological developments and capital investment	Innovation and product development	Number of employees	Corporate social investment	GHG emissions and reducing environmental impact	10

Company	Financial	Manufactured	Intellectual	Human	Social	Natural	Total
Gold Fields	Revenue, cash flow, cost of sales, HEPS, and net debt	Capital investment, number of mines opened	Technological developments	Training and development, fatal incidents, and total recordable injury frequency	Corporate social investment	GHG emissions and mining waste	14
Nedbank	Dividends, HEPS, cost to income, NAV, ROE, and share price	IT systems, ATMs, digital outlets, and branches	Brand performance, IT, and technology	Training and development	Corporate social investment	Carbon footprint, water and paper consumption, waste to landfill, and recycling	19
Discovery	HEPS, embedded value, return on capital, and normalised profit	New products launched and business growth	Vitality active rewards, wellness programmes.	Employee turnover, employee engagement, training, and development	Corporate social investment	Waste recycling, energy consumption, GHG emissions, and water usage.	16
Tiger Brands	Operating margin, HEPS, operating income, cash from operations, and revenue	Number of facilities and capital expenditure	Innovation as a percentage of revenue, marketing investment, and brand	Training and development	Corporate social investment	GHG emissions and water consumption	14

Company	Financial	Manufactured	Intellectual	Human	Social	Natural	Total
Woolworths	Turnover, operating, and HEPS	Capital investments into stores	Brand	Training and development	Corporate social investment	Water, electricity, solar power generation, waste diverted from landfill, and GHG emissions	12
Tongaat Hulett	Revenue, operating profit, HEPS, and dividends	Production, capacity, and land conversion	Registered patents, registered trademarks, and registered domains	Training and development	Corporate social investment	GHG emissions	13
Capitec Bank	Revenue, operating profit, ROE, and dividends	Branches, ATMs, and banking app clients	No measure in place	Learning intervention, number of employees attending courses, and the number of completed distance learning initiatives	Corporate social investment	Recycled paper and tins, electronic equipment, electricity consumed, and GHG emissions	17
RMB	Intrinsic value, net income, HEPS, normalised earnings, and dividends	RMB footprint	RMB Brand	Training and development	Corporate social investment	GHG emissions	10

Company	Financial	Manufactured	Intellectual	Human	Social	Natural	Total
Famous Brands	Revenue, operating profit, and HEPS	Total number of restaurants	Franchise workshops, brand and product training, restaurant management training, and other ad-hoc training	Number of employees	Corporate social investment	Recycling and GHG emissions	11
Steinhoff	No measures in place	No measures in place	No measures in place	No measures in place	No measures in place	No measures in place	0
AVI	Revenue, operating profit, cash from operations, HEPS, and dividends	No measures in place	No measures in place	Training and development	Corporate social investment	Municipal water consumption, purchased electricity, and GHG emissions	12

Legend:
HEPS – Headline earnings per share
B-BEE – Broad-based black economic empowerment
GHG – Greenhouse gases
EBITDA – Earnings before interest, taxes, depreciation, and amortization
ROE – Return on equity
NAV – Net asset value
IT – Information technology
ATMs – Automated teller machine

Source: Own Formulation

For each capital, each company's measurables were recorded. It is appreciated that each company's measurables for the six capitals will not be the same. This could be due to the type of industry, the strategic focus of the organisation, and the position that the company finds itself in. In relation to the explanation and measurement of the King IV™ practices and referring to the conceptual framework in Figure 1, strategy, performance, ESG, and going concern were rated according to these categories.

For the research propositions, a record of hits and misses were developed for each company. Table 6 below presents the rating criteria that were applied to the data collected.

Table 6: Performance rating criteria

Rating Criteria	Performance Rating
Good Performance	3
Average Performance	2
No Data Available	1
Poor Performance	0

Source: Own Formulation

In Table 6, good performance refers to a company achieving positive performance results in terms of the six capitals relative to their previous year's performance, and the company's explanation of how the King IV™ practices were demonstrated. It is based on this that good performance was given a rating of three. An average performance, with a rating of two, refers to a company achieving equivalent performance results relative to their previous year's performance, which means that the company's performance was neither better nor worse. If no data could be found in the integrated report or any other published company document regarding performance of the six capitals and the explanation of how the King IV™ practices were demonstrated, a rating score of one was given. This is because no decision could be made as to whether the company has or has not performed well. If a company did not perform well against their previous year's performance a rating of zero was assigned. If integrated reports or any published company document was removed by the company, a rating of zero was given.

Once each company was assigned a rating in terms of the measurement criteria, an average rating for the data was calculated and a performance percentage was calculated. Table 7 and Table 8 provide examples of how this was calculated for the capitals and King IV^{TM} practices.

Table 7: Data analysis calculation for each capital

Capitals	**Year**	**Description of Performance**	**Dividends**	**Cost to Income**	**NAV**	**ROE**	**Share Price**	**HE**	**Avg.**	**%P1**
Financial	2017	Distributed dividends up 7.1%, cost-to-income ratio no data, NAV per share up by 7.3%, ROE of 16.4%, down from 18.1%, share price up by 7.5%, and headline earnings up by 2.1%.	3	1	3	0	3	3	2.17	72%

Source: Own Formulation

Table 8: Data analysis calculation for each practice

<table>
<tr><td>Year</td><td colspan="10">Propositions</td></tr>
<tr><td rowspan="2"></td><td colspan="3">`</td><td colspan="3">Performance</td><td>ESG</td><td>Going Concern</td><td colspan="2"></td></tr>
<tr><td>P2</td><td>P3</td><td>P4</td><td>P5</td><td>P6</td><td>P7</td><td>P8</td><td>P9</td><td>Avg.</td><td>%P2 – P9</td></tr>
<tr><td>2017</td><td colspan="3">3</td><td colspan="3">3</td><td>3</td><td>3</td><td>3</td><td>100%</td></tr>
</table>

Source: Own Formulation

In Table 7 and Table 8, an average rating was calculated by adding up each rating and dividing this total by the number of measurements. For example, referring to Table 7, an average of 2.17 was calculated as follows: (3+1+3+0+3+3)/6 = 2.17 rounded up.

3.3.8 Quality Criteria

The quality criteria used to evaluate the validity and reliability of the research are credibility, transferability, dependability, and confirmability (Korstjens and Moser, 2018). The credibility of the research was achieved by persistent observation, and transferability was promoted by describing the context in which the research was carried out (Korstjens and Moser, 2018). To ensure the dependability and confirmability of the research, an audit trail was maintained (Korstjens and Moser, 2018). Notes regarding decisions made during the research process, reflective thoughts, sampling, the research materials adopted, the emergence of the findings, and information about the data management were provided to ensure transparency of the research path (Korstjens and Moser, 2018).

3.3.9 Ethical Considerations

Because the organisation's integrated reports and other documents being analysed and reviewed are publicly available, no application for ethical approval was required for the research. An ethics application form was submitted to the ethics representative of the Rhodes Business School for noting and filing purposes.

3.4 Conclusion

In this chapter, information was provided regarding the research methodology and design that will enable the evaluation of the adequacy and outcomes of the research. The research paradigm was identified as post-positivist and the research methodology as qualitative. The theoretical basis for the research was also described, and the scope of the research was based on the fifteen JSE-listed companies selected for review. The theory-based evaluation approach was identified as the research method to be adopted for the research. The data were collected by reviewing the selected organisations' integrated reports, corporate governance reports, sustainability reports, and King IV™ compliance statements (if available) for the 2017, 2018, and 2019 financial years. Additional data were also collected by reviewing media and other related reports. The data were analysed using deductive thematic analysis with pattern matching. No ethical considerations applied to the research due to the organisation's reports being publicly available. Finally, the chapter described the quality criteria adopted for the research (credibility, transferability, dependability, and confirmability) to ensure its validity and reliability.

Chapter 4 presents the data, its analysis, the research findings, and their interpretation.

CHAPTER 4: RESEARCH FINDINGS

4.1 Introduction

In this chapter, the research findings are presented. It comprises the analysis, presentation, and interpretation of the data. The findings of the research also reflect the responses to the research propositions that were developed for the research, based on principle four and its recommended practices, as set out in King IV™.

4.2 Data Interpretation

In this section of the report, a brief overview is provided to explain how to interpret the data and what they represent. For the fifteen companies selected for analysis, a summary of the data was provided (refer to Appendix A at the end of the report). Data were extracted and summarised from the "raw" data collected (refer to Appendix B to Appendix R). For ease of reference, conditional formatting was applied to the data, which presents the findings according to a colour scale.

The colour scale used is presented in Figure 5 below.

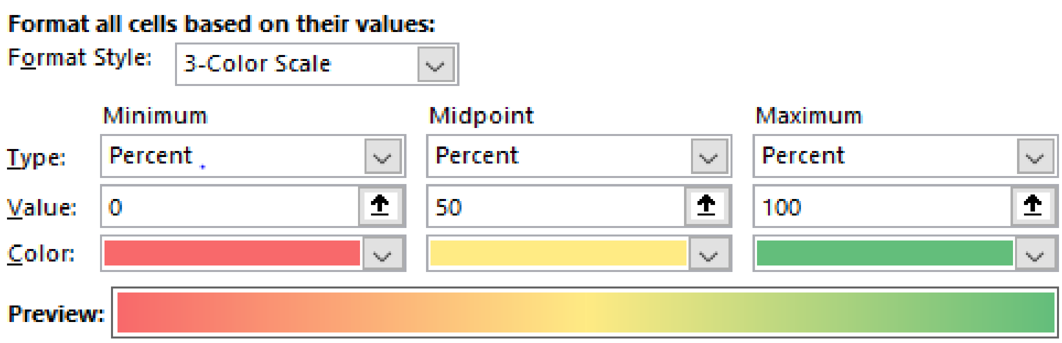

Figure 5: Graded colour scale

Source: Own Formulation

The results of the analysis of the data reflected in Appendix A are summarised in Table 9 and Table 10 below. The overall percentage achieved for the capitals is represented by %P1 and the overall percentage achieved for the King IV™ practices is represented by %P2 – P9. A rating of 0% - 49% means that the company did not perform well, a rating of 50% - 74% is considered average performance rating, and a performance rating of 75% or higher means that the company has achieved good performance.

4.3 Research Propositions

This section of the report interprets the data and discusses whether the application of the principles and practices of King IV™ affect good performance. This section also identifies and discusses the relationship between the propositions.

4.3.1 Relationship Between Propositions

The results of the data, which are summarised in Tables 9 and Table 10, reflect the relationship between the propositions. Table 9 presents the summary of the findings for each year under review: 2017, 2018, and 2019. Table 10 provides a combined summary for all three years under review.

Table 9: Summary of findings for 2017, 2018, and 2019.

Company	2017		2018		2019	
	% P1	% P2 - P9	% P1	% P2 - P9	% P1	% P2 - P9
Barloworld	55%	58%	60%	67%	50%	67%
Distell	69%	100%	94%	83%	94%	83%
Clicks	56%	100%	61%	83%	85%	100%
Naspers	72%	83%	61%	100%	75%	100%
Gold Fields	65%	67%	68%	67%	52%	67%
Nedbank	73%	100%	71%	100%	67%	83%
Discovery	75%	75%	74%	100%	62%	83%
Tiger Brands	62%	100%	70%	100%	65%	83%
Woolworths	64%	75%	69%	75%	74%	75%
Tongaat Hulett	72%	50%	78%	67%	65%	67%
Capitec Bank	68%	75%	45%	100%	68%	92%
Rand Merchant Bank	78%	100%	83%	100%	89%	100%
Famous Brands	72%	67%	46%	58%	54%	58%
Steinhoff	33%	58%	33%	33%	33%	33%
AVI	66%	58%	72%	67%	31%	67%

Source: Own Formulation

It is evident from Table 9 that for 2017, two out of the fifteen companies achieved good performance in terms of the capitals and nine out of the fifteen companies achieved good performance for the King IV™ practices. Interestingly, companies that achieved a good performance rating for applying and explaining the King IV™ practices did not always achieve good performance for the capitals. These companies are Distell, Clicks, Naspers, Nedbank, Tiger Brands, Woolworths, and Capitec Bank. Two companies, Discovery and Rand Merchant Bank performed well for both the capitals and the King IV™ practices. The remaining companies all achieved average ratings for the capitals and the King

IV^{TM} practices. In terms of this data, the companies that are seen as outliers are Steinhoff and Tongaat Hulett. The descriptive statistics, which comprised of a simple count of the companies that had an equivalent performance rating in terms of the six capitals and King IV^{TM} practices, showed that 46.6% (seven companies divided by a total of fifteen) of the total sample's performance in terms of the six capitals were influenced by applying and explaining the King IV^{TM} practices. Barloworld, Gold fields, Discovery, Tongaat Hulett, Rand Merchant Bank, Famous Brands, and AVI are examples of these companies. The descriptive statistics, therefore, suggest that there is a moderate positive relationship between the propositions.

The reason why Steinhoff and Tongaat are seen as outliers is because Steinhoff have removed their integrated reports due to their accounting irregularities and, therefore, no performance results could be obtained for the company. Since no performance results could be obtained for the company the legitimacy of the company's fifty-eight percent achievement for propositions two to nine needs to be questioned. Tongaat Hulett is also seen as an outlier because the company achieved an average performance of seventy-two percent in terms of the six capitals and the King IV^{TM} practices but had accounting irregularities from 2011 to 2018, which indicates that the legitimacy of the achievement of an average performance rating of seventy-two percent for the six capitals is questionable. The achievement of fifty percent for the King IV^{TM} practices shows that the company was poorly governed, and this could be the reason for the company's accounting irregularities.

To support the findings of the descriptive statistics, the data summarised in Table 9 for the year 2017 is further presented by a regression analysis, reflected below.

SUMMARY OUTPUT 2017

Regression Statistics	
Multiple R	0.285739
R Square	0.081647
Adjusted R Square	0.011004
Standard Error	0.110348
Observations	15

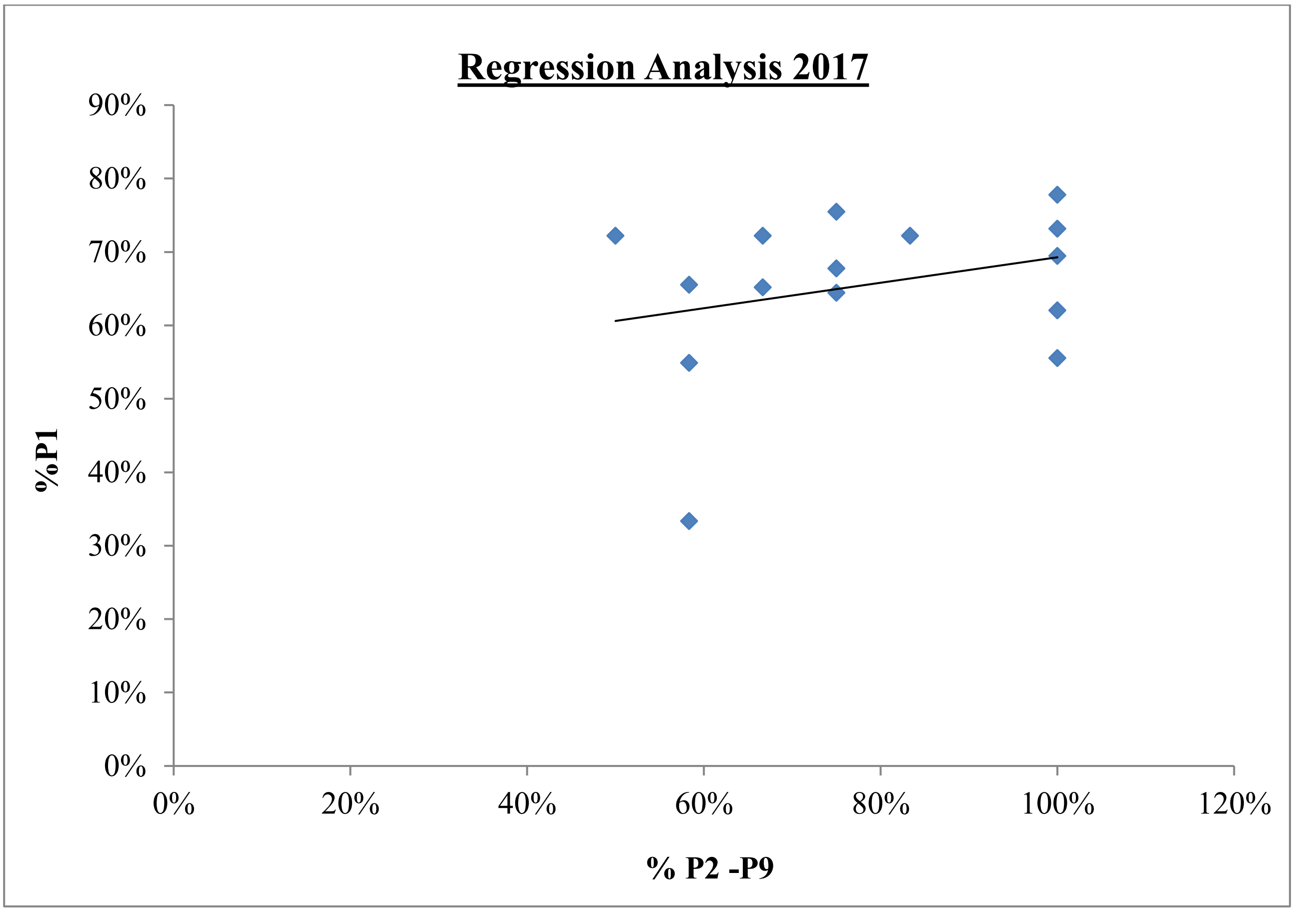

Figure 6: Regression analysis 2017

Source: Own Formulation

The regression analysis for 2017 represents a weak linear relationship between the propositions. The R squared value of 0.0816 suggests that the relationship between the propositions is weak, because for a correlation analysis, values close to 0 indicate a weak linear relationship and values close to 1 indicate a strong linear relationship (Nickolas, 2021). This means that for 2017, the application of the practices of King IV™ had virtually no effect on companies achieving good performance. There is, however, a noticeable difference between the descriptive statistics and regression analysis results, where the descriptive statistics show a moderate positive relationship, on average, and the regression analysis shows no relationship between the propositions. Since the descriptive statistics represent a count and percentage calculation of all the performance ratings that are relevant for each company, which is then expressed as an average for the group as a whole, the regression analysis takes each individual rating into account, and is likely to be more accurate.

For the year 2018, Table 9 shows that three out of the fifteen companies achieved good performance in terms of the capitals and nine out of the fifteen companies achieved good performance for the King IV™ practices, which is a similar result to that of 2017. Interestingly again, the companies that achieved a good performance rating for applying and explaining the King IV™ practices did not always achieve good performance for the capitals. These companies, which is similar to 2017 are Clicks, Naspers, Nedbank, Tiger Brands, Woolworths, and Capitec Bank. The companies that performed well for the capitals and the King IV™ practices are Distell and Rand Merchant Bank. Discovery almost achieved good performance, while the remaining companies all achieved average ratings for capitals and the King IV™ practices, except for Steinhoff which performed poorly. The descriptive statistics showed that 46.6% (seven companies divided by a total of fifteen) of the total sample's performance in terms of the six capitals was influenced by applying and explaining the King IV™ practices. Barloworld, Distell, Gold fields, Discovery, Rand Merchant Bank, Famous Brands, Steinhoff, and AVI are examples of these companies. The descriptive statistics, similar to that of 2017, suggest that there is a moderate positive relationship between the propositions.

In terms of this data, the companies that are seen as outliers again are Steinhoff and Tongaat Hulett. The reason why these companies are seen as outliers is because Steinhoff have removed their integrated reports due to their accounting irregularities and, therefore, no performance results could be obtained for the company. Tongaat Hulett is also seen as an outlier because the company achieved a good performance rating of seventy-eight percent in terms of the six capitals and a sixty-seven percent performance rating for the King IV™ practices, but the company had accounting irregularities from 2011 to 2018, which means that the legitimacy of the achievement of good performance for the six capitals is questionable.

To support the findings of the descriptive statistics, the data for 2018 is further presented by a regression analysis which can be seen below.

SUMMARY OUTPUT 2018

Regression Statistics	
Multiple R	0.454678
R Square	0.206732
Adjusted R Square	0.145712
Standard Error	0.144212
Observations	15

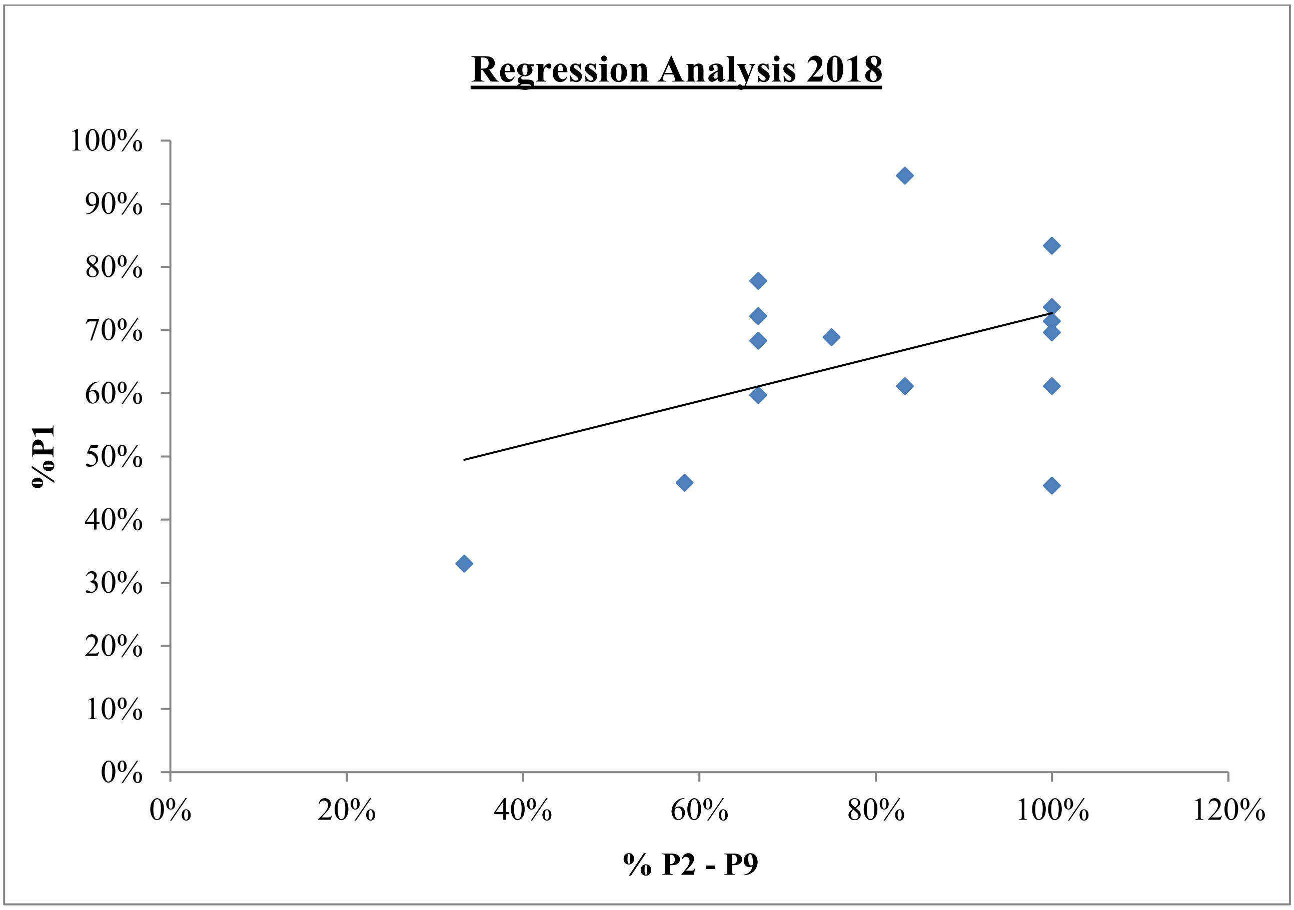

Figure 7: Regression analysis 2018

Source: Own Formulation

The regression analysis for 2018 represents a moderate linear relationship between the propositions. The R squared value of 0.2067 suggests that the relationship between the propositions is moderate, because for a correlation analysis, values over 0.7 indicate a strong linear relationship (Nickolas, 2021). This means that for 2018, there is some relationship between the application of the practices of King IV^{TM} and good performance, but the analysis is subject to a great deal of randomness affecting the variables. There is also a noticeable increase from the R squared value for 2017 to that of 2018, going from 0.0929 to 0.2067, which means the relationship between the propositions strengthened. The descriptive statistics and regression analysis results both showed a moderate positive relationship between the propositions.

For the year 2019, Table 9 shows that four out of the fifteen companies achieved good performance in terms of the capitals and nine out of the fifteen companies achieved good performance for the King IV^{TM} practices. Again, the companies that achieved a good performance rating for applying and explaining the King IV^{TM} practices did not always achieve good performance for the capitals. These companies are Nedbank, Discovery, Tiger Brands, and Capitec Bank. The companies that performed well for the capitals and the King IV^{TM} practices are Distell, Clicks, Naspers, and Rand Merchant

Bank. Woolworths almost achieved good performance for the capitals and did achieve good performance for the King IV™ practices. The remaining companies all achieved average ratings for capitals and the King IV™ practices, expect again for Steinhoff which performed poorly and is, therefore, the only outlier. The descriptive statistics showed that 66.6% (ten companies divided by a total of fifteen) of the total sample's performance in terms of the six capitals was influenced by applying and explaining the King IV™ practices. Barloworld, Distell, Clicks, Naspers, Gold fields, Woolworths, Tongaat Hulett, Rand Merchant Bank, Famous Brands, Steinhoff, and AVI are examples of these companies. The descriptive statistics for 2019, therefore, suggest that there is a strong positive relationship between the propositions.

To support the findings of the descriptive statistics for 2019, the data is again presented by a regression analysis, which can be seen below.

SUMMARY OUTPUT 2019

Regression Statistics	
Multiple R	0.783326
R Square	0.613600
Adjusted R Square	0.583877
Standard Error	0.118397
Observations	15

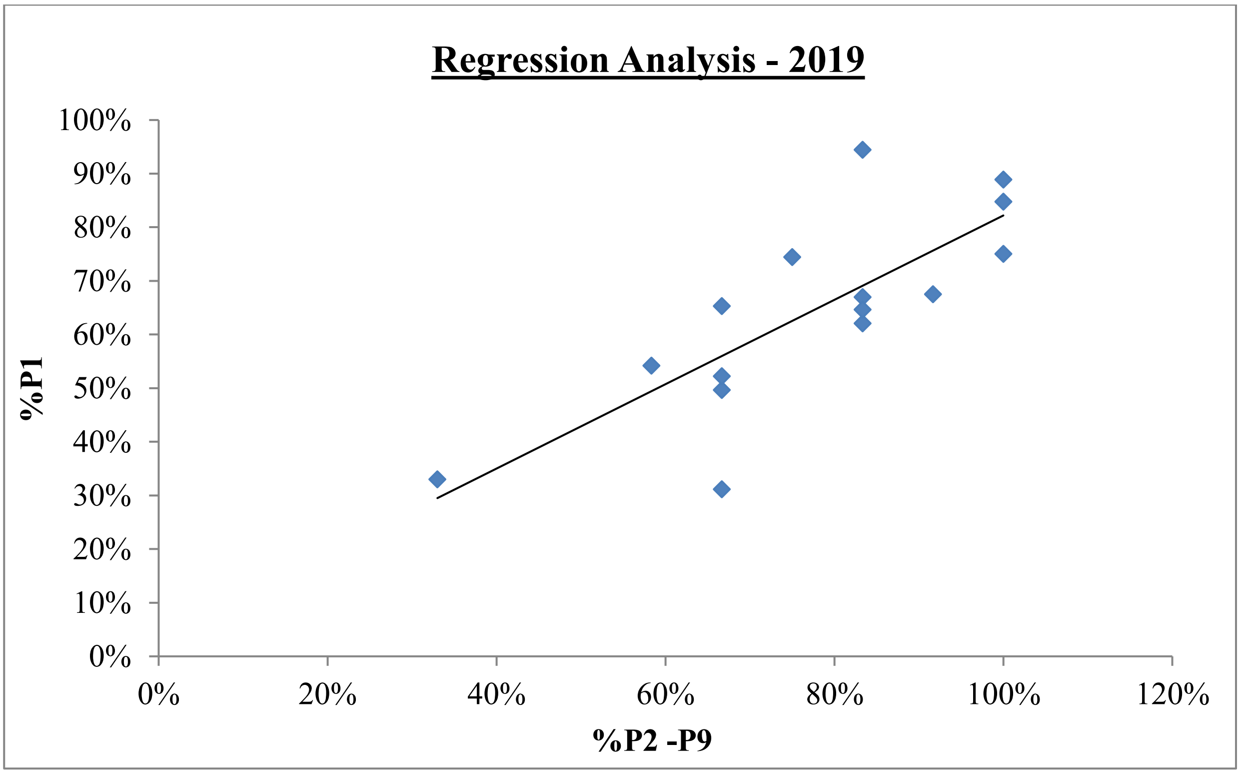

Figure 8: Regression analysis 2019

Source: Own Formulation

The regression analysis for 2019 represents a strong positive linear relationship between the propositions. The R squared value of 0.6136 suggests that the relationship between the propositions is strong, which means that for 2019, the application of the practices of King IV^{TM} had a strong effect on companies achieving good performance. This means that for 2019, there is a relationship between the practices of King IV^{TM} and good performance. Noticeably, the relationship again in fact strengthened in 2019 compared to 2018, with the R squared value increasing from 0.2067 in 2018 to 0.6136. The descriptive statistics and regression analysis results both showed a moderate positive relationship between the propositions.

Table 10: Summary of findings for 2017, 2018, and 2019

	2017/2018/2019	
Company	**% P1**	**% P2 - P9**
Barloworld	55%	64%
Distell	86%	89%
Clicks	67%	94%
Naspers	69%	94%
Gold Fields	62%	67%
Nedbank	70%	94%
Discovery	70%	86%
Tiger Brands	65%	94%
Woolworths	69%	75%
Tongaat Hulett	72%	61%
Capitec Bank	60%	89%
Rand Merchant Bank	83%	100%
Famous Brands	57%	61%
Steinhoff	33%	42%
AVI	56%	64%

Source: Own Formulation

Table 10 shows the summary of the results for all three years under review. Noticeably, two out of the fifteen companies performed well for proposition one which means these companies achieved good performance in terms of the six capitals, and one company, Steinhoff did not perform well. From Table 10 it is also clear that twelve out of the fifteen companies achieved an average performance for proposition one. Eight out of the fifteen companies performed well for propositions two to nine, which means these companies achieved good performance in terms of the King IV^{TM} practices. Again, Steinhoff was the only company that did not perform well for the King IV^{TM} practices. Five companies out of the fifteen had an average performance for both proposition one and propositions two to nine. The descriptive statistics show that 53.3% of the total sample's performance in terms of the six capitals was influenced by applying and explaining the King IV^{TM} practices for all three years under review. Therefore, the descriptive statistics suggests that there is a moderate positive relationship between the propositions.

To support the findings of the descriptive statistics, the consolidated data for all three years under review are again presented by a regression analysis, which can be seen below.

SUMMARY OUTPUT 2017/2018/2019

Regression Statistics	
Multiple R	0.743339
R Square	0.552642
Adjusted R Square	0.518230
Standard Error	0.008733
Observations	15

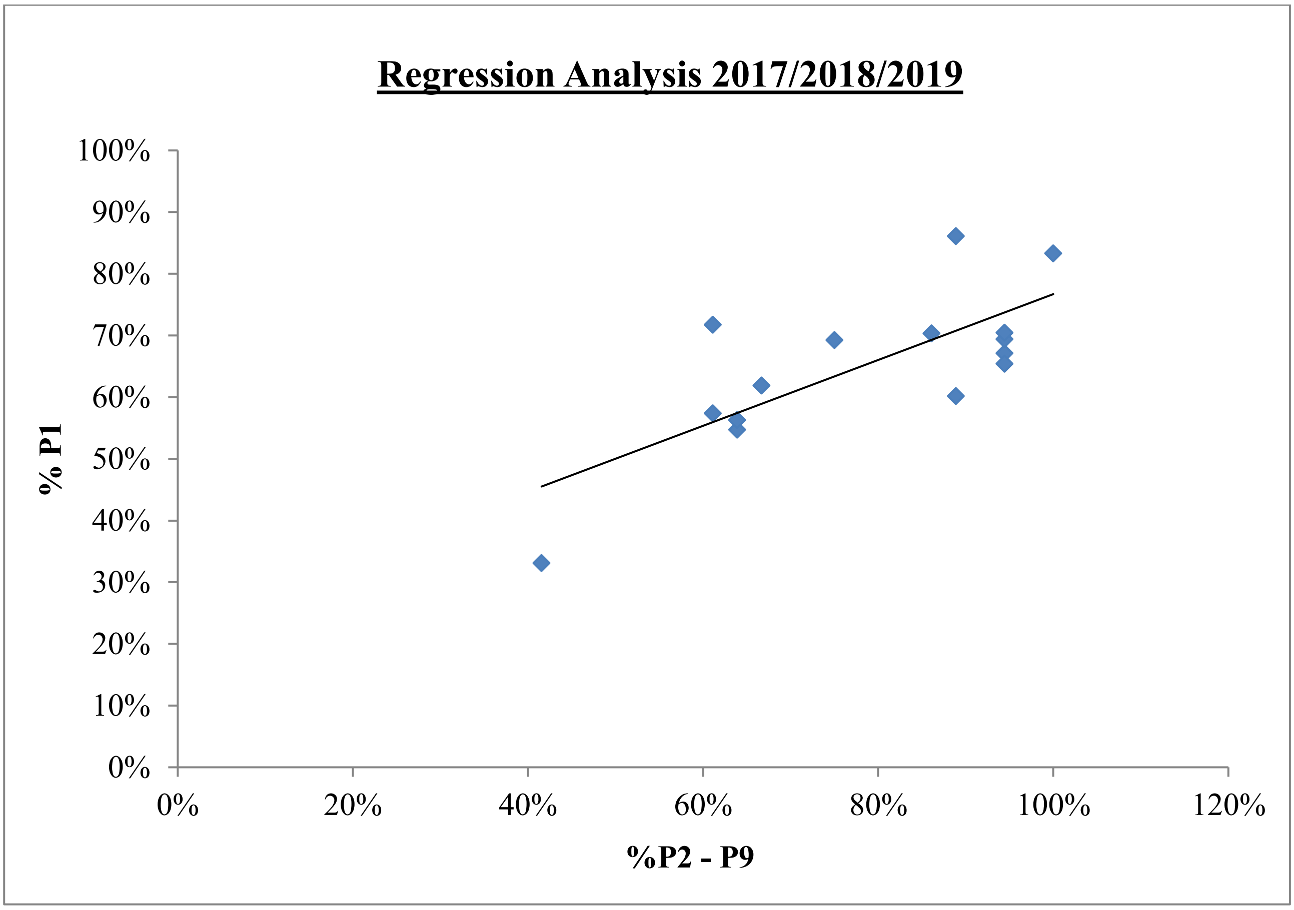

Figure 9: Regression analysis 2017,2018, and 2019

Source: Own Formulation

The regression analysis for all three years under review represents a moderate to strong linear relationship between the propositions. The R squared value of 0.5526 suggests that the relationship between the propositions is moderate. This means that for all three years under review, there is a relationship between application of the practices of King IV^{TM} and good performance. This means that, if companies applied and explained the King IV^{TM} it is most likely that these companies would have achieved good performance results in terms of the six capitals. There is almost no noticeable difference between the descriptive statistics and regression analysis results, they both show a moderate relationship between the propositions.

4.4 Conclusion

In this chapter, the research findings were presented. It comprised the analysis, presentation and interpretation of the data and the research findings. The findings of the research reflected the responses to the research propositions that were developed, based on principle four and its recommended practices, as set out in King IV^{TM}. The chapter also highlighted the analysis process and how the data was interpreted.

A moderate positive relationship between the propositions were revealed, based on the descriptive statistics over the three years. The regression analysis which was used for quality purposes yielded similar results. Therefore, based on the findings of the descriptive statistics it is concluded that the adoption of corporate governance principles and practices does have an effect, although not always necessarily significant, on the achievement of good performance by an organisation.

Chapter 5 presents the discussion of the research and its findings.

CHAPTER 5: DISCUSSION OF THE FINDINGS

5.1 Introduction

In this chapter, the research findings presented in Chapter 4 are discussed in more detail. The research findings also reflect the responses to the research propositions that were developed for the research, based on principle four and its recommended practices, as set out in King IV^{TM}. In so doing, this chapter addresses the problem statement, research aim, and objectives, in relation to the findings and literature.

The research aim was to determine whether principle four, namely the creation of value, and the recommended practices as set out in King IV^{TM}, contribute to the achievement of good performance by an organisation. The objectives of the research were as follows:

1. to describe what constitutes good performance;
2. to determine to what extent the application of principles and practices affect good performance of selected listed South African companies; and consequently,
3. to conclude whether that application of the practices in terms of principle four as set out in King IV^{TM} is achieving its intended outcome, namely the creation of value.

All three objectives are addressed in this chapter.

The propositions as set out in Chapter 2 were:

- Proposition one (P1): Good performance is achieved by an organisation meeting its strategic objectives and the positive outcomes in terms of the six capitals, by aspiring to achieve principle four (the creation of value) and applying the recommended practices.

- Proposition two (P2): The board of directors should steer and set the direction for the realisation of the core purpose and values through the organisation's strategy.

- Proposition three (P3): The board of directors should delegate to management the formulation and development of the organisation's short, medium, and long-term strategy.

- Proposition four (P4): The board of directors should approve the organisation's strategy as formulated and developed by management, and constructively challenge timelines and parameters, risks and opportunities, legitimacy of material stakeholders, and the transformation of the capitals.

- Proposition five (P5): The board of directors should approve policies and plans developed by management to give effect to the approved strategy, including key performance measures and targets.

- Proposition six (P6): The board of directors should delegate to management the responsibility to implement and execute the approved policies and operational plans.

- Proposition seven (P7): The board of directors should exercise ongoing oversight of the implementation of strategy and operational plans against agreed performance measures and targets.

- Proposition eight (P8): The board of directors should continually assess and respond to the negative consequences of its activities and outputs on the triple context and capitals.

- Proposition nine (P9): The board of directors should be alert to the organisation's general viability, solvency, and liquidity.

5.2 Discussion of the Findings

This section of the report firstly describes what constitutes good performance. Secondly, based on the descriptive statistics discussed in chapter 4, the extent to which the application of King IV™ practices by the sample of companies affects good performance. Lastly, a conclusion is made as to whether the application of the King IV™ practices is achieving the intended outcome of principle four, namely the creation of value.

5.2.1 Good Performance

Good performance is achieved when a company creates sustainable value by focusing on and improving all six capitals that it uses and affects, namely: financial, manufactured, intellectual, human, social and relationship, and natural capital. These six capitals provide a holistic overview of a wide range of business activities that aim to create a variety of different values for the organisation's stakeholders across the capitals. Therefore, good performance is achieved by the transformation of the six different capitals through a wide range of interactions, business activities, and outputs to satisfy a wide range of stakeholders. It is appreciated that each company's measurables for the six capitals will not be the same. This could be due to the type of industry, the strategic focus of the organisation, and the position that the company finds itself in. While it is understood that economic returns are fundamental to the satisfaction of most stakeholders, other factors may be critical in understanding why some organisations create long term value and success while others do not (Harrison and Wicks, 2013). The present research supports the view that sustainable development strengthens the relationship between the practices and the principles in creating sustained value, thus confirming the propositions of stakeholder theory, which requires organisations to interact and respond to the challenges and opportunities of the triple context (people, planet, and profit) in which they operate, and in terms of the capitals they use and affect. The research indicates that good performance constitutes more than just a company's financial performance.

5.2.2 Link between the King IV™ Practices and Good Performance

Based on an analysis of the relationship between the practices and good performance for 2017, the descriptive statistics reflected a moderate relationship between the propositions. The descriptive statistics indicated that 46.6% of the performance of the total sample in terms of the six capitals was influenced positively by the application and explanation of the King IV™ practices. To strengthen and support the findings of the descriptive statistics, a regression analysis was carried out. The R-squared value of 0.0816 reflected by the regression analysis for 2017 suggests that the relationship between the propositions is weak. For 2018, the descriptive statistics indicated that 46.6% of the performance of the total sample in terms of the six capitals was influenced positively by the application and explanation of the King IV™ practices. Therefore, similar to that of 2017, the results suggest that there is a moderate positive relationship between the propositions. For 2018, the R-squared value of 0.2067 suggests that the relationship between the propositions is moderate. This means that for 2018, there is some relationship between the practices of King IV™ and good performance. There is also a noticeable increase from the R-squared value of 2017 to that of 2018, from 0.0929 to 0.2067, which means the relationship between the propositions strengthened. The descriptive statistics findings for 2019 indicated that 66.6% of the performance of the total sample in terms of the six capitals was influenced by the application and explanation of the King IV™ practices. The descriptive statistics for 2019, therefore, suggest that there is a moderate positive relationship between the propositions. The regressions analysis results for 2019 support the findings of the descriptive statistics, where an R-squared value of 0.6136 suggests that the relationship between the propositions is moderate. Noticeably, the relationship again in fact strengthened in 2019 compared to

2018, with the R-squared value increasing from 0.2067 in 2018 to 0.6136. The descriptive statistics and regression analysis results both indicated a moderate positive relationship between the propositions. The combined findings for all three years under review also indicated that the application of the practices of King IV™ has a moderate effect on companies achieving good performance, as 53.3% of the performance of the total sample in terms of the six capitals was influenced by the application and explanation of the King IV™ practices. The results of the regression analysis with an R-squared value of 0.5526 suggests that the relationship between the propositions is also moderate. The regression analysis performed on the data for the three years individually and then in combination provide support for the findings of the descriptive statistics, except for 2017, where these results were significantly different. A reason for this could be because of the different measures used – in the case of the descriptive statistics, which comprised of a simple count of the companies that had an equivalent performance rating in terms of the six capitals and King IV™ practices, while the regression analysis was based on actual percentages.

A summary of the relationship between the propositions based on the descriptive statistics and regression analysis can be seen in Table 11 below.

Table 11: Summary of the relationship between the propositions

Year	Descriptive Statistics Results	Regression Analysis Results	Conclusion
2017	Moderate	Weak	Weak to Moderate
2018	Moderate	Moderate	Moderate
2019	Moderate	Moderate	Moderate
All	Moderate	Moderate	Moderate

Source: Own Formulation

Since a moderate positive relationship between the propositions was revealed, based on the descriptive statistics over the three years, the findings of the research conclude that the adoption of the King IV™ practices has an effect, although not always necessarily significant, on the achievement of good performance by an organisation. The research, therefore, supports the findings of Ntim (2013), Akbar et al. (2016) Buallay, Hamdan and Zureigat (2017), and Tshipa and Mokoaleli-Mokoteli (2015), where the authors also found a positive relationship between corporate governance and organisational performance.

King IV^{TM} became effective for the financial year commencing on or after the 1st of April 2017 and, therefore, companies needed to adjust and realign themselves to the requirements of the Code. It is thus to be expected that as companies become more familiar with the requirements of King IV^{TM}, it will result in an improvement in the application and reporting of the practices.

From the data presented it is evident that Tongaat Hulett and Steinhoff were outliers for all three years under review. The reason why Tongaat Hulett and Steinhoff were viewed as outliers is because both companies had accounting irregularities that skewed their performance results in relation to the six capitals. Since Steinhoff's annual integrated reports have been removed from their website due to the accounting irregularities, no performance results could be obtained. It appears that the board of directors of both Steinhoff and Tongaat Hulett clearly failed to exercise ethical leadership, a key component of good corporate governance. The ethical characteristics, as highlighted in King IV^{TM}, namely: integrity, competence, responsibility, accountability, fairness, and transparency, were also not reflected in the actions of the board of directors. Since the outcomes of the organisation must be assessed according to their impact on the six capitals, the board of directors is accountable and is responsible for the outcomes of its business activities, which is a requirement for good corporate governance. If this is not demonstrated by the board of directors, it can lead to damage to the organisation's reputation, erode the trust in which it is held, and the confidence that all stakeholders have in it, therefore, both Steinhoff and Tongaat Hulett's operational legitimacy came under threat due this.

Since the data indicates that a great deal of randomness affects the variables, it is acknowledged that there are many factors in the macro and micro environments that could possibly have affected these companies' performance results, other than the King IV^{TM} practices. The macro environment is a set of factors that influence business activities of companies. These include political, economic, sociocultural, technological, environmental, and legal factors. These factors are normally beyond the control of companies, but still influence the decisions made when determining and formulating the company's strategy (Bloomenthal, 2020). Certain industries are strongly influenced by these macro environmental factors, while other industries to a lesser extent. The micro environment factors that affect a company's performance include, but are not limited to, customers, competitors, suppliers, employees, and shareholders (Kokemuller, 2019); these factors are within the control of the organisation. For the purposes of this research, these macro and micro environmental factors were not considered, although it is acknowledged that these factors potentially do have a significant impact on the performance of a company, which may also contribute to and justify the poor and average performance results in terms of the six capitals for the companies reviewed.

Table 12 below provides a summary of the findings of this research for all three years under review. It indicates how the selected companies performed in relation to the measurement criteria used for the research.

Table 12: JSE-listed companies performance ratings for a three-year period (2017 – 2019)

Practices: / Six Capitals:	Poor Performance (0-49%)	Average Performance (50%-74%)	Good Performance (75%+)
Good Performance (75%+)			Distell Group Ltd. (86%) (89%) RMB Holdings Limited (83%) (100%)
Average Performance (50%-74%)		Barloworld Ltd. (55%) (64%) Gold Fields Ltd. (62%) (67%) Tongaat Hulett Ltd. (72%) (61%) Famous Brands Ltd. (57%) (61%) AVI Ltd. (56%) (64%)	Clicks Group Ltd. (67%) (94%) Naspers Ltd (69%) (94%) Nedbank Group Ltd. (70%) (94%) Discovery Holdings Ltd. (70%) (86%) Tiger Brands Ltd. (65%) (94%) Woolworths Holdings Ltd. (69%) (75%) Capitec Bank Holdings Ltd (60%) (89%)
Poor Performance (0-49%)	Steinhoff International Holdings Ltd (33%) (42%)		

Source: Own Formulation

It is acknowledged that Table 4 in Chapter 3, which was used to select the fifteen companies to be studied, cannot be directly compared to Table 12, as the measurements of performance were different. This is because the performance criteria for selection set out in in Table 4 were JSE-listed companies measured in terms of their share performance and ranked according to their CAGR for a five-year period, and those that are good corporate citizens and those less so, based on ESG performance ratings. The performance criteria in Table 12 relate to the same JSE-listed companies, however, the difference between the two sets of data is that Table 12 is based on performance in relation to the six capitals and the application and explanation of the King IV™ practices. It is also acknowledged that share performance is a measurement of financial capital and that ESG ratings are a numerical representation of a company's performance in terms of environmental, social, and governance issues, that were also measured in this research.

5.2.3 King IV^{TM} Achieving its Intended Outcome

The findings of the research also indicate that complying with the King IV^{TM} and better governed listed companies in South Africa outperform those organisations that are poorly governed. King IV^{TM} is a self-regulatory code intended only to guide organisations in achieving good corporate governance, even though it is a mandatory requirement for JSE listed companies to apply all the principles and explain the practices. King IV^{TM}, while it is a self-regulatory code designed to guide organisations in achieving good corporate governance, also guides companies on their road to good performance, without necessarily ensuring that companies achieve good performance. All companies should, however, aim to comply with King IV^{TM} and should not view it as a burden.

Governance principles and practices should be adopted in a way that does not unduly constrain them, and that is appropriate to a company's particular circumstances. No code or law can realistically prevent unethical business practices. Steinhoff and Tongaat Hulett are prime examples of this; if someone within the company wants to do wrong, they will do so by finding a loophole within these codes or laws. Therefore, both laws and codes can be circumvented by people who wish to do so and who feel no moral obligation to do the right thing. King IV^{TM} is underpinned by an ethical culture and an integrated thinking mindset. When these are practised by individuals within companies it reduces risk and it makes good business sense as it will improve the company's reputation, together with the trust in which it is held, and the confidence that all stakeholders have in it. The company's operational legitimacy will improve.

King IV^{TM} recognises that an ethical culture and behaviour and integrated thinking is ultimately a matter of choice and cannot be enforced in any way. The "apply and explain" approach that King IV^{TM} follows prompts the board of directors to apply the principles and to explain how practices have been implemented to give effect to these principles. This ensures that the board of directors are able to make decisions and implement ethical business practices with a great deal of flexibility. The board of directors needs to be held accountable for how they implement corporate governance and also for their actions that lead to corporate failure. Complying with corporate governance principles and implementing the recommended practices might not guarantee positive outcomes (good performance), however, an organisation should strive to comply with King IV^{TM} to ensure that ethical and effective leadership is provided by the board of directors in the pursuit of sustainable development and to meet the needs of all stakeholders. Based on this and the findings of the research it is concluded that that application of the practices in terms of principle four as set out in King IV^{TM} is achieving its intended outcome, the creation of value.

5.3 Conclusion

In this chapter, the research findings were discussed. This chapter addressed the problem statement, research aim, and objectives, in relation to the findings and literature. The findings of the research reflected the responses to the research propositions that were developed, based on principle four and its recommended practices, as set out in King IV™. The chapter revealed that a moderate relationship exists between the application of the recommended practices of principle four and the achievement of good performance, based on the data summarised in the form of descriptive statistics. It is, therefore, concluded that the adoption of corporate governance principles and practices has an effect on good performance, although it may not be significant. It is also concluded that that application of the practices in terms of principle four as set out in King IV™ is achieving its intended outcome, namely the creation of value. This chapter also compared the data used to select the sample of the companies to be studied with the larger data set involved in the research and concluded that the larger data set presented a more accurate assessment of the performance of the companies.

Chapter 6 summarises the outcome of the research, presents recommendations based on the findings, and presents a conclusion.

CHAPTER 6: CONCLUSION

This chapter presents an overview of the research and its findings. It refers to the aims and the propositions of the research and provides a summary of chapters one to four, linking each chapter to the aims and objectives of the research. The research delimitations, limitations, contribution of the research, and recommendations for further research are also presented.

6.1 Overview of the Research

The main aim of this research was to determine whether principle four, namely the creation of value, and the application of its recommend practices as set out in King IV^{TM}, contribute to the achievement of good performance by an organisation. The research propositions that were developed and tested for the research emerged from the relationship between the outcome of good performance, principle four and the practices as recommended in King IV^{TM}.

The chapters of the dissertation described the process of addressing the aim and goals, and findings of the research.

Chapter one outlined the background to the research by describing the history of the development of corporate governance internationally and in South Africa, dating back to 1932 and culminating with the King IV™ report. It described the problem statement, defined the aims and objectives of the study, and demonstrated that the significance of the study lies in its exploration of the relationship between the King IV™ practices and good performance.

Chapter two provided a review of the related literature, describing the theoretical background for the research. The appropriateness of stakeholder theory in underpinning the research was motivated, and the conceptual framework and propositions on which the research was based were set out. Other essential elements of the study were described, including the value creation process applying the six capitals, governance outcomes, and the core purpose and values of the company. The link between strategy and stakeholder theory and the involvement of the Board of Directors in achieving organisational performance was demonstrated, and performance management, board oversight, enterprise risk management, and the essential role of corporate governance in ensuring the long-term existence of an organisation as a going concern, were described. In reviewing the literature, the first research objective was confirmed: that good performance is the result of an organisation achieving its strategic objectives and positive outcomes in terms of the six capitals, which results in long-term value creation for the organisation.

Chapter three explained the research methodology adopted to address the aim and the objectives of the research. It described the plan of how the research would be carried out, enabling an evaluation of the adequacy of the research methodology in achieving the outcomes of the research. The research paradigm was identified as post-positivist and the research methodology as qualitative. The theoretical basis for the research was described, and the scope of the research was described as being based on the fifteen JSE-listed companies selected for review. A theory-based evaluation approach was identified as the research method adopted for the research. The data were identified as data that would emerge from a review of the selected organisations' integrated reports, corporate governance reports, sustainability reports, and King IV compliance statements (where available) for the 2017, 2018, and 2019 financial years. Deductive thematic analysis of the data, with pattern matching, was indicated as the analysis method. Finally, the chapter described the quality criteria to be adopted for the research (credibility, transferability, dependability, and confirmability) to ensure its validity and reliability.

Chapter four consisted of the analysis, presentation, and interpretation of the data. The research dealt with propositions one to nine, based on principle four and its recommended practices, as set out in King IV™. The chapter highlighted the analysis process and how the data were interpreted. From a detailed reading of the integrated reports and King IV™ compliance reports of the fifteen selected listed companies for the years 2017 to 2019, a record of hits and misses in relation to the six capitals in creating value and the eight associated practices were recorded on an Excel spreadsheet. From this, the resulting descriptive statistics were calculated and set out in the form of tables, and a regression analysis was used to support the findings for quality purposes. The chapter revealed, based on the descriptive statistics data, that there is a moderate positive relationship between good performance and the application of the eight practices set out in King IV™, that contribute to the achievement of good performance.

Chapter five addressed the problem statement, research aim, and objectives, in relation to the findings and literature. The findings of the research reflected the responses to the research propositions that were developed. The chapter revealed that a moderate relationship between good performance and the recommend practices exists, based on the data summarised using descriptive statistics. It was, therefore, concluded that the adoption of corporate governance principles and practices has an effect on good performance, although it may not be significant. It is also concluded that application of the practices in terms of principle four as set out in King IV™ is achieving its intended outcome, the creation of value.

6.2 Summary of the Findings

The research aimed to determine whether the principles and practices as set out in King IV^{TM} contribute to the achievement of good performance by an organisation. The research findings were linked to the research objectives and reflected the responses to the research propositions that were developed for the research. A summary of the findings, linked to the research objectives is set out below.

The first research objective was to describe what constitutes good performance. The research indicated that good performance constitutes more than just a company performing financially. Good performance occurs when a company creates sustainable value by focusing on and improving all six capitals that it uses and affects, namely: financial, manufactured, intellectual, human, social and relationship, and natural capital. These six capitals provide a holistic overview of a wide range of business activities that aim to create a variety of different values for the organisation's stakeholders across the capitals. Therefore, good performance is achieved by the transformation of the six different capitals through a wide range of interactions, business activities, and outputs, to satisfy a wide range of stakeholders. While it is understood that economic returns are fundamental to the satisfaction of most stakeholders, other factors are critical to understanding why some organisations create long term value, while others do not.

The second objective was to determine to what extent the application of the King IV^{TM} practices affect good performance of the sample of selected listed South African companies. The research identified a moderate to strong relationship between good performance and the King IV^{TM}. Therefore, there is a positive, but not necessarily perfect, link between the adoption of corporate governance practices, and their effect on the achievement of good performance by an organisation. The performance of organisations may, however, also be affected by other variables, including micro- and macro-economic influences, which were not considered in the research.

The final objective was to conclude whether that application of the practices in terms of principle four as set out in King IV^{TM} is achieving its intended outcome, namely the creation of value. The findings indicate that complying with the King IV^{TM}, and therefore better governed listed companies in South Africa, outperform those organisations that are poorly governed. As a result, the research concludes that that application of the practices in terms of principle four as set out in King IV^{TM} is achieving its intended outcome, the creation of value. King IV^{TM} is a self-regulatory code intended to guide all organisations in achieving good corporate governance, and it is a mandatory requirement for JSE listed companies to apply all the principles and explain the practices. The King IV^{TM} Code, while it is a self-regulatory code designed to guide organisations in achieving good corporate governance, also guides companies on their road to achieving good performance.

6.3 Recommendations

The recommendations provided are to ensure that King IV™ continues to achieve its intended outcomes and to ensure that the application of King IV™ becomes increasingly ingrained within companies.

Firstly, all companies need to comply with the requirements of King IV™. The Code is designed to guide organisations in achieving good corporate governance and it also guides companies on their road to good performance. Therefore, all companies should be encouraged to comply with King IV™, and this should not be viewed as a burden. Governance principles and practices should be adopted in a way that does not unduly constrain them, and that are appropriate to a company's particular circumstances. Complying with corporate governance principles and implementing the recommended practices might not guarantee positive outcomes (good performance), but it will guide the board of directors in the pursuit of ethical and effective leadership, and that of sustainable development in order to meet the needs of all stakeholders. This requires a clear understanding of the contents of King IV™ and how to practically implement and comply with its requirements, moving away from the "tick box" compliance approach to a full understanding of the core principles of King IV™, and how to apply the practices to create sustainable value.

Krige and Orrie (2018) reveal that there has been a definite trend in South African case law to refer to King IV™, and in doing so, it ensures that there is a standard of conduct according to which governing bodies are measured. Making the Code part of company law will also assist the courts to assess whether the company and the board of directors have complied with the principles and practices underpinning King IV™, and whether or not they have discharged their obligations properly. However, laws and codes can be circumvented by people who wish to do so and who feel no moral obligation to do the right thing. By making the Code part of law, if a company is found to be participating in any unethical business practice, the board of directors and everyone involved can be held accountable in law for their actions. The board of directors need to familiarise themselves with the Code and the law, and to act with integrity, to be competent, to have a sense of responsibility, to be fair and transparent, and to be held accountable for their actions.

6.4 Delimitations

The research was conducted on the fifteen JSE-listed companies selected for the 2017, 2018, and 2019 financial years. The sample size was, therefore, limited to the companies selected and for the period under review. The research did not extend beyond the 2019 financial year as, at the time the data were being collected, the integrated reports for later years were not yet published.

6.5 Limitations

This research was limited to fifteen JSE-listed companies and the findings cannot be generalised to other companies listed on the JSE, unlisted companies, non-profit organisations, and state-owned enterprises (SOEs). Furthermore, the research also indicated that randomness is present in the data, affecting the relationship between the propositions, and it is acknowledged that there are many factors in the micro and macro environments that could possibly affect a company's performance. For the purposes of the research, these macro and micro environmental factors were not considered. The fifteen companies' size, workforce complement, resources, and the complexity of the activities were also not considered in this research. The methodology applied in this research was qualitative and the data collection technique was by way of a document analysis. There are inherent limitations in this methodology. Data was collected and extracted from the integrated reports, corporate governance reports, sustainability reports, and King IV compliance statements (where available) of the fifteen selected companies for the period under review. This may not present a complete account of the internal processes of the companies.

6.6 Contribution of the Research

There is currently no academic research that explores the relationship between the principles and practices, as set out in King IV™, and good performance. Limited academic research has also been carried out in relation to King IV™ itself. The present research aimed to address the gaps in the literature, as it investigated the effect of principle four and its recommended practices in the achievement of good performance by listed South African companies. This research will, therefore, contribute to the body of knowledge on corporate governance, more specifically relating to King IV™.

6.7 Recommendations for Further Research

The present research was limited to the fifteen JSE-listed companies, and therefore further research could be much more broadly based and could investigate unlisted companies and state-owned enterprises (SOEs) in South Africa. Further studies could also explore the other outcomes of King IV™ together with good performance. Statistical testing of the relationships could provide more concrete findings. Therefore, a more comprehensive research project, a mixed methodology, using data from documents as well as questionnaires, together with both qualitative data analysis and statistical testing, could be applied.

6.8 Conclusion

In this chapter an overview of the research and its findings was presented. The main finding of the research was that there is a moderate to strong relationship between principle four (the creation of value) and the recommend practices and good performance, based on the data summarised using descriptive statistics and regression analysis. It was also concluded that application of the practices in terms of principle four as set out in King IV™ is achieving its intended outcome, namely the creation of value.

In a world where corporate scandals and corruption are rampant, the importance of the ethical governance of organisations cannot be over-emphasised in creating sustainable value and addressing the needs and expectations of all stakeholders of an organisation.

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APPENDICES

Appendix A: Summary of Performance for Six Capitals (P1)

	Year	Financial		Manufactured		Intellectual		Human		Social		Natural		Totals	
		Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
Barloworld	2017	1.8	60%	1.25	42%	0.75	25%	1.83	61%	2.25	75%	2	67%	1.65	55%
	2018	3	100%	1.25	42%	0.75	25%	2.00	67%	1.75	58%	2	67%	1.79	60%
	2019	0.6	20%	1.5	50%	2.25	75%	1.33	44%	1.25	42%	2	67%	1.49	50%
Distell	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	1.5	50%	2	67%	2	67%	2	67%	2	67%	3	100%	2.08	69%
	2018	3	100%	3	100%	2	67%	3	100%	3	100%	3	100%	2.83	94%
	2019	3	100%	3	100%	2	67%	3	100%	3	100%	3	100%	2.83	94%
Clicks	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	1	33%	1	33%	2	67%	2	67%	2	67%	2	67%	1.67	56%
	2018	2.25	75%	1.25	42%	3	100%	1.5	50%	3	100%	0	0%	1.83	61%
	2019	2.25	75%	1	33%	3	100%	3	100%	3	100%	3	100%	2.54	85%
Naspers	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	3	100%	2	67%	2	67%	2	67%	3	100%	1	33%	2.17	72%
	2018	3	100%	1	33%	2	67%	0	0%	3	100%	2	67%	1.83	61%
	2019	3	100%	2.5	83%	2	67%	3	100%	2	67%	1	33%	2.25	75%
Gold Fields	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	2.4	80%	2	67%	2	67%	1.33	44%	3	100%	1	33%	1.96	65%
	2018	0.8	27%	2.5	83%	2	67%	1.00	33%	3	100%	3	100%	2.05	68%
	2019	2.4	80%	2.5	83%	2	67%	0.00	0%	2	67%	0.5	17%	1.57	52%
Nedbank	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	2.17	72%	2.00	67%	2.00	67%	2.00	67%	2.00	67%	3.00	100%	2.19	73%
	2018	2.50	83%	2.25	75%	2.50	83%	3.00	100%	0.00	0%	2.60	87%	2.14	71%
	2019	1.50	50%	1.75	58%	1.00	33%	3.00	100%	3.00	100%	1.80	60%	2.01	67%
Discovery	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	3.00	100%	2.50	83%	2.00	67%	1.33	44%	2.00	67%	2.75	92%	2.26	75%
	2018	3.00	100%	2.50	83%	2.00	67%	1.00	33%	2.00	67%	2.75	92%	2.21	74%
	2019	1.00	33%	2.50	83%	2.00	67%	1.67	56%	2.00	67%	2.00	67%	1.86	62%
Tiger Brands	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	3.00	100%	1.50	50%	1.67	56%	2.00	67%	2.00	67%	1.00	33%	1.86	62%
	2018	0.20	7%	2.00	67%	2.33	78%	3.00	100%	2.00	67%	3.00	100%	2.09	70%
	2019	0.80	27%	2.50	83%	1.33	44%	3.00	100%	2.00	67%	2.00	67%	1.94	65%
Woolworths	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	1.00	33%	2.00	67%	2.00	67%	2.00	67%	2.00	67%	2.60	87%	1.93	64%
	2018	1.00	33%	3.00	100%	2.00	67%	2.00	67%	2.00	67%	2.40	80%	2.07	69%
	2019	1.00	33%	2.00	67%	2.00	67%	3.00	100%	3.00	100%	2.40	80%	2.23	74%
Tongaat Hulett	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	3.00	100%	2.00	67%	2.00	67%	2.00	67%	2.00	67%	2.00	67%	2.17	72%
	2018	0.00	0%	2.33	78%	2.67	89%	3.00	100%	3.00	100%	3.00	100%	2.33	78%
	2019	0.75	25%	1.33	44%	1.67	56%	3.00	100%	2.00	67%	3.00	100%	1.96	65%
Capitec	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	2.00	67%	3.00	100%	1.00	33%	2.00	67%	2.00	67%	2.20	73%	2.03	68%
	2018	1.50	50%	1.67	56%	1.00	33%	0.00	0%	2.00	67%	2.00	67%	1.36	45%
	2019	1.75	58%	2.00	67%	1.00	33%	3.00	100%	2.00	67%	2.40	80%	2.03	68%
RMB	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	3.00	100%	2.00	67%	2.00	67%	2.00	67%	2.00	67%	3.00	100%	2.33	78%
	2018	3.00	100%	2.00	67%	2.00	67%	2.00	67%	3.00	100%	3.00	100%	2.50	83%
	2019	3.00	100%	2.00	67%	2.00	67%	3.00	100%	3.00	100%	3.00	100%	2.67	89%
Famous Brands	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	3.00	100%	2.00	67%	2.00	67%	2.00	67%	2.00	67%	2.00	67%	2.17	72%
	2018	1.00	33%	3.00	100%	0.75	25%	0.00	0%	2.00	67%	1.50	50%	1.38	46%
	2019	1.00	33%	3.00	100%	2.25	75%	0.00	0%	2.00	67%	1.50	50%	1.63	54%
Steinhoff	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%
	2018	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%
	2019	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%	1.00	33%
AVI	Year	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance	Average	%Performance
	2017	2.80	93%	1.00	33%	1.00	33%	2.00	67%	2.00	67%	3.00	100%	1.97	66%
	2018	3.00	100%	1.00	33%	1.00	33%	3.00	100%	2.00	67%	3.00	100%	2.17	72%
	2019	0.60	20%	1.00	33%	1.00	33%	0.00	0%	2.00	67%	1.00	33%	0.93	31%

Appendix B: Barloworld Data

Barloworld Leading brands		Data: Good Performance
Capitals	**Year**	**Description of Performance**
Financial	2017	Revenue, operating profit equivalent to 2016, headline earnings per share increased from 2016, Return on invested capital (no data shared), and free cash flow (no data shared).
	2018	Revenue increased, operating profit increased, headline earnings per share increased, return on invested capital increased, and free cash flow increased from 2017.
	2019	Revenue decreased, operating profit decreased, headline earnings per share increased, return on invested capital decreased, and free cash flow decreased from 2018.
Manufactured	2017	Return on net operating assets increased and net debt to equity ratio decreased from 2016. Brand representation and operational footprint (no data shared).
	2018	Return on net operating asset increased and net debt to equity ratio decreased from 2017. Brand representation and operational footprint (no data shared).
	2019	Brand representation and operational footprint no evidence of good performance.
Intellectual	2017	Their unique way of doing business, that includes our worldwide code of conduct, their governance framework and process
	2018	Their unique way of doing business, that includes our worldwide code of conduct, their governance framework and process
	2019	Their unique way of doing business, that includes our worldwide code of conduct, their governance framework and process. Successfully implemented the Barloworld Business System
Human	2017	Number of employees decreased and number of work-related fatalities increased, and lost time injury frequency is equivalent to 2016. Number of employees in young talent pipeline programmes, number of employees in management and leadership development programmes, and number of employees receiving tertiary education support no evidence of performance
	2018	Number of employees decreased, number of work-related fatalities decreased by one from 2017. Lost time injury frequency also decreased. Number of employees in young talent pipeline programmes, number of employees in management and leadership development programmes, and number of employees receiving tertiary education support no evidence of performance.
	2019	Number of work-related fatalities decreased by one from 2018. Lost time injury frequency also decreased. Number of employees in young talent pipeline programmes decreased, number of employees in management and leadership development programmes decreased, and number of employees receiving tertiary education decreased.
Social and relationship	2017	Corporate social investment increased, and B-BBE rating equivalent to 2016. Number of employee volunteers, and taxes paid to central and local government no evidence of performance.
	2018	Corporate social investment decreased, and B-BBE rating equivalent to 2017. Number of employee volunteers equivalent, and taxes paid to central and local government increased from 2017.
	2019	Corporate social investment increased, and B-BBE rating equivalent to 2018. Number of employee volunteers decreased, and taxes paid to central and local government decreased from 2018.
Natural	2017	Water usage decreased, use of non-renewable energy increased, and GHG emissions increased
	2018	Water usage decreased, use of non-renewable energy decreased, and GHG emissions decreased
	2019	Water usage increased, use of non-renewable energy increased, and GHG emissions decreased

Record of Hits and Misses: Good Performance

Revenue	**Operating Profit**	**Headline Earning per Share**	**Return on Invested Capital**	**Free Cash Flow**	**Weighted Average of Performance**	**%PI Performance**	
2	2	3	1	1	1.8	60%	
3	3	3	3	3	3	100%	
0	0	3	0	0	0.6	20%	
Return on Operating Assets	**Net Debt to Equity Ratio**	**Brand Representation**	**Operational Footprint**	**Weighted Average of Performance**	**%PI Performance**		
3	0	1	1	1.25	42%		
3	0	1	1	1.25	42%		
1	1	2	2	1.5	50%		
Business Processes	**Worldwide Code of Conduct**	**Governance Framework**	**Barloworld Business System**	**Weighted Average of Performance**	**%PI Performance**		
1	1	1	0	0.75	0.25		
1	1	1	0	0.75	0.25		
2	2	2	3	2.25	0.75		
Number of employees	**Number of Work-Related Fatalities**	**Lost Time Injury Frequency**	**Number of Employees in Young Talent Programmes**	**Number of Employees in Management and Leadership Programmes**	**Number of Employees Receiving Tertiary Education Support**	**Weighted Average of Performance**	**%PI Performance**
0	3	2	2	2	2	1.83	61%
0	3	3	2	2	2	2.00	67%
3	3	2	0	0	0	1.33	44%
Corporate Social Investment	**B-BBE Rating**	**Employee Volunteers**	**Taxes Paid to Government**	**Weighted Average of Performance**	**%PI Performance**		
3	2	2	2	2.25	75%		
0	2	2	3	1.75	58%		
3	2	0	0	1.25	42%		
Water Usage	**Use of Non-renewable Energy**	**GHG Emissions**	**Weighted Average of Performance**	**%PI Performance**			
3	3	0	2	67%			
3	0	3	2	67%			
0	3	3	2	67%			

Barloworld Leading brands

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		2			2		2	1	1.75	58%	During 2017, Barloworld undertook a systematic and structured strategic review process to identify key determinants that have an impact on their ability to create value. They also worked to align both internal and external stakeholders, including board and management, on their medium-term strategy.
2018		3			2		2	1	2	67%	They forged a new path by explicitly defining their strategic goals and focus areas to sustainably maximise value creation. They began to implement their strategy without delay in 2017, the results of which started to manifest in our 2018 half-year results.
2019		3			2		2	1	2	67%	The effective execution of the groups strategy has also necessitated the design and implementation of a repeatable and scalable high-performance business system to increase the competitive advantage of their portfolio of businesses and enable the achievement of our vision and mission. The board reviewed and approved the group strategy and activities in 2019 and exercised independent, informed and effective judgement to bear on material decisions of the group companies.

Source: Barloworld (2017, 2018, and 2019)

Appendix C: Distell Data

DISTELL		Data: Good Performance
Capitals	**Year**	**Description of Performance**
Financial	2017	Revenue increased, EBITDA increased, operating profit decreased, and headline earnings decreased from 2016.
	2018	Revenue, EBITDA, operating profit, and headline earnings increased from 2017.
	2019	Revenue, EBITDA, operating profit, and headline earnings increased from 2018.
Manufactured	2017	R477,8 million was directed to capacity expansion in their manufacturing and distribution capabilities
	2018	R710,0 million was directed to capacity expansion in their manufacturing and distribution capabilities
	2019	R722,3 million was directed to capacity expansion in their manufacturing and distribution capabilities
Intellectual	2017	Organisational knowledge, systems, protocols and intellectual property, including brands. Intellectual capital forms a key element of their future earnings potential by creating value through combining financial, manufactured and human resources, and is an important source of competitive advantage and innovation. Governance structures entrench intellectual resources by enforcing ethical leadership and value creation. No data availble.
	2018	Organisational knowledge, systems, protocols and intellectual property, including brands. Intellectual capital forms a key element of their future earnings potential by creating value through combining financial, manufactured and human resources, and is an important source of competitive advantage and innovation. Governance structures entrench intellectual resources by enforcing ethical leadership and value creation. No data availble.
	2019	Organisational knowledge, systems, protocols and intellectual property, including our brands, constitute our intellectual resources. Their intellectual resources provide competitive advantage, quality control and innovation. No data availble.
Human	2017	Number of employees decreased from 2016.
	2018	Number of employees decreased from 2017.
	2019	Number of employees increased from 2018.
Social and relationship	2017	Corporate social investment of R19M in 2017.
	2018	Corporate social investment of R24M in 2018
	2019	Corporate social investment of R67M in 2019
Natural	2017	Reduction in electricity and water usage, and reduced GHG emissions from 2017.
	2018	Reduction in electricity and water usage, and reduced GHG emissions from 2017.
	2019	Reduction in electricity and water usage, and reduced GHG emissions from 2018.

Record of Hits and Misses: Good Performance

Revenue	EBITDA	Operating Profit	Headline Earnings	Weighted Average of Performance	%Performance
3	3	0	0	1.5	50%
3	3	3	3	3	100%
3	3	3	3	3	100%
Capacity Expansion	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
3	3	100%			
3	3	100%			
Knowledge	**Systems**	**Protocols**	**Intellectual property**	**Weighted Average of Performance**	**%Performance**
2	2	2	2	2	67%
2	2	2	2	2	67%
2	2	2	2	2	67%
Number of Employees	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
3	3	100%			
3	3	100%			
Corporate Social Investment	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
3	3	100%			
3	3	100%			
Electricity Usage	**Water Usage**	**GHG Emissions**	**Weighted Average of Performance**	**%Performance**	
3	3	3	3	100%	
3	3	3	3	100%	
3	3	3	3	100%	

Record of Hits and Misses: Recommended Practices

DISTELL

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		3			3		3	3	3	100%	In line with the overarching 'apply or explain' principle of King III, the board has, to the best of its knowledge, voluntarily applied this approach in all material respects. The role of the board is especially important in steering the company during times of corporate change, setting the strategic direction for the realisation of Distell's long-term vision. The advent of King IV™ brought further emphasis on the value of good corporate governance. They are in the process of adopting new charters, policies and frameworks to facilitate compliance with King IV™. We are also working with management to lead by example in continuing to create an environment which actively promotes ethical practices within our business, and in all our interactions with suppliers, business partners and customers. The board strives to act in the best interests of the company. It assesses and authorises the plans and strategies submitted by senior management, agrees on key performance indicators, and identifies key risk areas and responses. Executive management is been charged with the detailed planning and implementation of these strategies in accordance with appropriate risk parameters. The Group manages liquidity risk through the compilation and monitoring of cash flow forecasts, as well as ensuring that adequate borrowing facilities are maintained.
2018		3			3		3	1	2.5	83%	The board appreciates that strategy, risk, performance and sustainability are inseparable. It practically affects this by assessing and approving the Group's strategy and empowering top management to implement and to steer Distell into a sustained future. The board assesses and authorises the plans and strategies submitted by the executive team, agrees on key performance indicators, and identifies key risk areas and responses. The board appoints the CEO to appropriately manage the Group on a day-to-day basis, and they are responsible for the implementation of the approved strategy. The board constructively challenges the strategy with reference to the timelines and parameters which determine the meaning of short, medium and long term; availability of resources; relationships connected to the various forms of capital; the expectations of material stakeholders; and the impact on transformation and the environment that may result from the proposed strategy. The board and executive management annually break away for two days to debate, assess and refine the strategy. The board delegates specific responsibilities to committees that operate under board-approved charters or terms of reference (TOR). All committee TOR were re-written during the financial year to adopt the principles of King IV™.
2019		3			3		3	1	2.5	83%	Distell's strategy is owned by the people who execute it. Group strategy is developed centrally, with broad targets and category plans. Using insights gained from customer and consumer interactions and experience in the market, each region then designs its own strategy in support of the Group strategy. The board appreciates that strategy, risk, performance and sustainability are inseparable. To steer Distell into a sustained future, the board assesses and approves the Group's strategy and empowers management to implement it. The board and executive management take two days annually to debate, assess and refine the strategy. The board constructively challenges the strategy with reference to, among other things: the timelines and parameters which determine the meaning of short, medium and long term; availability of resources; relationships connected to the various forms of capital; the expectations of material stakeholders; and the impact on transformation and the environment that may result from the proposed strategy. The board applies integrated thinking as promoted by King IV™, and application is achieved through appropriate policies, processes and controls. The board seeks to enhance the value creation model; align the governance practices with the interests and expectations of our stakeholders; and continue sharing value with all our stakeholders. The board appoints the Group CEO to appropriately manage the Group on a day-to-day basis, and he is responsible for the implementation of the approved strategy.

Source: Distell (2017, 2018, and 2019)

Appendix D: Clicks

CLICKS		Data: Good Performance
Capitals	**Year**	**Description of Performance**
Financial	2017	Revenue, headline earnings per share, dividend, return on equity no evidence of performance.
	2018	Revenue increased, headline earnings per share increased, dividend increased, and return on equity decreased from 2017.
	2019	Revenue increased, headline earnings per share increased, dividend increased, and return on equity decreased from 2018.
Manufactured	2017	Opened 111 Clicks stores, 73 new Clicks pharmacies, 9 distribution centres. R518 million capital investment.
	2018	Opened 41 Clicks stores, 37 new Clicks pharmacies, 9 distribution centres. R671 million capital investment.
	2019	Opened 41 Clicks stores, 35 new Clicks pharmacies, 9 distribution centres. R647 million capital investment.
Intellectual	2017	7 million active Clicks ClubCard loyalty members. New private label products launched reflecting investment in innovation, no evidence of performance.
	2018	7.8 million active Clicks ClubCard loyalty members. Over 700 new private label products launched reflecting investment in innovation.
	2019	8.1 million active Clicks ClubCard loyalty members. Over 1900 new private label products launched reflecting investment in innovation.
Human	2017	In 2017, R126 million was invested in training and 14 673 permanent employees.
	2018	In 2018, R125 million was invested in training and 15 067 permanent employees.
	2019	In 2019, R144 million was invested in training and 15 413 permanent employees.
Social and relationship	2017	R17.8 million invested in socio-economic projects
	2018	R18.4 million invested in socio-economic development projects
	2019	R19.8 million invested in socio-economic development projects
Natural	2017	2 448 tons of recycling in supply chain
	2018	1 980 tons of recycling in the supply chain
	2019	3 568 tons of recycling in the supply chain

Record of Hits and Misses: Good Performance

Revenue	Headline Earnings per Share	Dividend	Return on Equity	Weighted Average of Performance	%Performance
1	1	1	1	1	33%
3	3	3	0	2.25	75%
3	3	3	0	2.25	75%
Clicks Stores Opened	**Clicks Pharmacies Opened**	**Distribution Centres**	**Capital Investment**	**Weighted Average of Performance**	**%Performance**
1	1	100%	1	1	33%
0	0	200%	3	1.25	42%
2	0	200%	0	1	33%
Clicks ClubCard Loyalty Members	**Private Label Brands and Products**	**eighted Average of Performan**	**%Performance**		
3	1	2	67%		
3	3	3	100%		
3	3	3	100%		
Training and Development	**Permaneent Employees**	**eighted Average of Performan**	**%Performance**		
2	2	200%	67%		
0	3	150%	50%		
3	3	300%	100%		
Socio-economic Projects	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
3	3	100%			
3	3	100%			
Recycling	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
0	0	0%			
3	3	100%			

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		3			3		3	3	3	100%	The board, in executing its mandate, is required to approve strategic plans; monitor operational performance; ensure effective risk management and internal controls; monitor regulatory compliance; and promote good governance. The board addressed the transition from King III to King IV™. The board and executive management collectively determine the strategic objectives of the group, the board is responsible for approving the group's strategy and the executive is responsible for executing this strategy and for the ongoing management of the business. The board and executive management work closely in determining the strategic direction and objectives of the group. Annually management formally presents the short, medium and long-term strategy and, if satisfied, formally approves the strategy, budget and targets for the ensuing year. The board also assesses key performance measures. In determining strategy, the resources and various forms of capital are considered, disclosed and linked to value creation. The board recognises the interconnectivity and interdependence of the various forms of capital and assesses strategy in light thereof. Material issues, risks and opportunities, which could impact positively or negatively on the group's ability to create and sustain value, are considered by the board. The board exercises ongoing oversight of the strategy and operational plans against the agreed performance measures and targets. This takes place at quarterly board meetings. The board monitors the ongoing viability and is apprised of the group's going concern status at the board meetings. They formally assesses the group's ability to continue as a going concern at least twice a year along with solvency and liquidity requirements.
2018		3			3		3	1	2.5	83%	The King IV Code of Corporate Principles (King IV) has been applied for the 2018 financial year. The board oversees the implementation and maintenance of a culture of integrity through ensuring that the group's mission, vision and objectives are ethically sound. The group has made pleasing progress over the past year in delivering on its strategy of creating sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. Their strategy is underpinned by the strategic objectives and targets of Clicks and UPD which are reviewed annually by the board and management. The board and executive management collectively determine the strategic objectives of the group, the board is responsible for approving the group's strategy, and the executive is responsible for executing this strategy and for the ongoing management of the business. Regular reporting by the executive on progress made in executing its mandate allows the board to monitor implementation of strategy and to assess the effectiveness thereof. The board discharges its oversight function both directly and through its three committees.
2019		3			3		3	3	3	100%	King IV has been applied for the 2019 financial year. The board determines the group's strategic direction, regularly engaging with executive management to understand the factors that are required to be considered to ensure sustainable strategies for the group's businesses. Decisions, deliberations and actions are taken with cognisance of the group's ethical values and principles. The board is ultimately responsible to ensure that the group's mission, vision and objectives are ethically sound. The board and executive management work closely in determining the strategic direction and objectives of the group. On an annual basis management formally presents the short, medium and long-term strategy to the board which challenges it constructively in respect of its assumptions, time frames and objectives and, if satisfied, formally approves the strategy, budget and targets for the ensuing year. The board also assesses key performance measures. In determining strategy, the resources and various forms of capital are considered, disclosed and linked to value creation in the integrated annual report. The board recognises the interconnectivity and interdependence of the various forms of capital and assesses strategy in light thereof. The board exercises ongoing oversight of the implementation of strategy and operational plans against the agreed performance measures and targets. The board monitors the ongoing viability of the organisation and the effects on the six capitals. The board is apprised of the group's going concern status at the board meetings aligned with the interim and final results, and formally assesses the group's ability to continue as a going concern at least twice a year along with solvency and liquidity requirements.

Source: Clicks (2017, 2018, and 2019)

Appendix E: Naspers

NASPERS		Data: Good Performance
Capitals	**Year**	**Description of Performance**
Financial	2017	Revenue, operating profit and core EPS increased from 2016
	2018	Revenue, operating profit and core EPS increased from 2017
	2019	Revenue, operating profit and core EPS increased from 2018
Manufactured	2017	18% of people globally use products and services of companies that Naspers has built, acquired or invested in. 75m users make use of OLX group's mobile apps monthly on average. More than 1.3bn online users across more than 50 markets. Nearly 12m subscribing households across South Africa and over 50 countries in sub-Saharan Africa. Capex investment US$1084m
	2018	From offices to warehouses to technology, we invest in and maintain a range of infrastructures across the group. Using artificial intelligence and machine learning to reduce delivery times. Capex investment US$138M.
	2019	We invest heavily in technology, notably in machine learning (ML) across our businesses, to improve products and services, enhance the customer experience and increase operational efficiencies. Capex investment US$152M.
Intellectual	2017	MultiChoice's setup box, Explora 2: launched with improved compression technology. Ecommerce: ability to build strong global or regional leaders. Classifieds platform, let go: allowing users to buy from, sell to and chat with others locally.
	2018	OLX rigorously protects its IP, defending the assets across more than 40 countries.
	2019	As a data-rich business we have the fundamental asset, the essential ingredient, to really make the most of this technology's strengths and potential. They use ML to create value in different ways across the group. For example, to increase the trust and safety of interactions between buyers and sellers and to make services simpler and more streamlined.
Human	2017	Number of employees 25000.
	2018	Number of employees 17823.
	2019	Number of employees 20196.
Social and relationship	2017	22% of total wealth created, supports local governments. Corporate citizenship initiatives across the group benefit more than 600 000 people.
	2018	Across their video-entertainment segment they continued to contribute towards various corporate social responsibility (CSR) programmes – from the Magic in Motion Academy to SuperSport's Let's Play initiative. It's all part of their commitment to enriching lives across the continent. Total corporate social investment spend totalled R60m in 2018
	2019	Through Naspers Foundry, they have allocated R1.4bn to South African start-ups over the next three years, and through Naspers Labs they are pioneering an innovative social impact initiative to tackle South Africa's youth unemployment crisis.
Natural	2017	Green building, reselling of second-hand items, and recycling. GHG emissions increased to 184 458 tonnes of CO2.
	2018	GHG emissions decreased to 87 022.47 tonnes of CO2.
	2019	GHG emissions increased to 363485.22 tonnes of CO2. Takealot has introduced 100% recyclable packaging for its deliveries, including the voids that protect products inside the packaging. It has also updated its transport fleet to newer, larger and more energy-efficient vehicles. In addition, more energy-efficient LED lighting is being introduced in the distribution centres. And, where possible, Takealot is using sea freight rather than airfreight – more cost efficient and more environmentally friendly

NASPERS

Data: Good Performance

Record of Hits and Misses: Good Performance

Capitals	Year	Description of Performance	Revenue	Operating Profit	Core Earnings per Share	Weighted Average of Performance	%Performance
Financial	2017	Revenue, operating profit and core EPS increased from 2016	3	3	3	3	100%
	2018	Revenue, operating profit and core EPS increased from 2017	3	3	3	3	100%
	2019	Revenue, operating profit and core EPS increased from 2018	3	3	3	3	100%
			Technological Developments	Capex Investment	Weighted Average of Performance	%Performance	
Manufactured	2017	18% of people globally use products and services of companies that Naspers has built, acquired or invested in. 75 million make use of OLX group's mobile apps monthly on average. More than 1.3bn online users across more than 50 markets. Nearly 12m subscribing households across South Africa and over 50 countries in sub-Saharan Africa. Capex investment US$1 098m	2	2	200	67%	
	2018	From offices to warehouses to technology, we invest in and maintain a range of infrastructure across the group. Using artificial intelligence and machine learning to reduce delivery times. Capex investment US$1 38M	2	0	100	33%	
	2019	We invest heavily in technology, notably in machine learning (ML) across our businesses, to improve products and services, enhance the customer experience and increase operational efficiencies. Capex investment US$1 52M	2	3	250	83%	
			Innovation and Product Development	Weighted Average of Performance	%Performance		
Intellectual	2017	MultiChoice's set-up box, Explora2: launched with improved compression technology. Ecommerce: ability to build strong global or regional leaders. Classifieds platform, let go: allowing users to buy from, sell to and chat with others locally.	2	2	67%		
	2018	OLX rigorously protects its IP, defending these assets across more than 40 countries.	2	2	67%		
	2019	As a data-rich business we have the fundamental asset, the essential ingredient, to really make the most of this technology's strengths and potential. They use ML to create value in different ways across the group. For example, to increase the trust and safety of interactions between buyers and sellers and to make services simpler and more streamlined.	2	2	67%		
			Number of employees	Weighted Average of Performance	%Performance		
Human	2017	[illegible]	2	2	67%		
	2018	[illegible]	0	0	0%		
	2019	[illegible]	3	3	100%		
			Corporate Social Investment	Weighted Average of Performance	%Performance		
Social and relationship	2017	22% of total wealth created, supports local governments. Corporate citizenship initiatives across the group benefit more than 600 000 people.	2	2	67%		
	2018	Across their video-entertainment segment they continued to contribute towards various corporate social responsibility (CSR) programmes – from the Magic in Motion Academy to SuperSport's Let's Play initiative. It's all part of their commitment to enriching lives across the continent. Total corporate social investment spend totalled R80m in 2018	2	2	67%		
	2019	Through Naspers Foundry, they have allocated R1.4bn to South African start-ups over the next three years, and through Naspers Labs they are pioneering an innovative social impact initiative to tackle South Africa's youth unemployment crisis.	2	2	67%		
			GHG Emissions	Reduce Environmental Impact	Weighted Average of Performance	%Performance	
Natural	2017	Green building, reselling of second-hand items, and recycling. GHG emissions increased to 184 458 tonnes of CO2.	0	2	100	33%	
	2018	GHG emissions decreased to 87 022.47 tonnes of CO2	3	1	200	67%	
	2019	GHG emissions increased to 363 485.22 tonnes of CO2. Takealot has introduced 100% recyclable packaging for its deliveries, including the voids that protect products inside the packaging. It has also updated its transport fleet to newer, larger and more energy-efficient vehicles. In addition, more energy-efficient LED lighting is being introduced in the distribution centres. And, where possible, Takealot is using sea freight rather than airfreight – more cost efficient and more environmentally friendly	0	2	100	33%	

NASPERS

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		2			3		2	3	2.5	83%	Naspers is still reporting against **King III**, however, also taking into account the guidelines contained in King IV™. Following the release of the King IV™ report in November 2016, they reviewed and interpreted King IV™ for the Naspers environment. King IV™ awareness initiatives and a review of the Naspers's board policies, charters and governance practices was the starting point. Naspers has a unitary board, which fulfils oversight and controlling functions. The board charter sets out the division of responsibilities. The majority of board members are non-executive directors and independent of management. To ensure that no one individual has unfettered powers of decision-making and authority, the roles of chair and chief executive are separate. The chief executive reports to the board and is responsible for the day-to-day business of the group and implementing policies and strategies approved by the board. The board has adopted a charter setting out its responsibilities to determine the company's purpose and key objectives. To determine the group's values and incorporate these into the code of business ethics and conduct; ensure compliance with these codes is integrated in the operations of the group and provide strategic direction to the company and take responsibility for the adoption of strategic plans. Monitor the company's social, environmental and financial performance. Evaluate the viability of the company and the group as a going concern, and properly record this evaluation. Ensure the company governs risk adequately through risk management systems and processes, which allow the board to set tolerance levels.
2018		3			3		3	3	3	100%	The board is responsible for Naspers's performance by steering and providing strategic direction, and overseeing the adoption of strategy and plans (which originate from management). Annually, the board approves the strategy, objectives and business plans for the ensuing financial year. Management is responsible to implement the plans, and is incentivised to do so through annual performance-related incentives linked to the group's objectives and strategy. In approving the strategy, the board takes into account sustainability aspects in long-term planning, risks and opportunities, and legitimate and reasonable interests of material stakeholders. The board oversees implementation of the strategy and business plan by management against agreed performance measures and targets. Performance is monitored via regular financial updates, business segment progress reports and presentations at board meetings. Risk management is an integral part of the business. In its deliberations the board, assisted by its committees, considers the overall sustainability of the group from a 'people, profit and planet' perspective. The directors believe that the company and group have adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The summarised consolidated annual financial statements support the viability of the company and the group. A resolution has been passed by the board authorising the repurchase, and confirming that the company and its subsidiaries passed the solvency and liquidity test and that, from the time that the test was done, there have been no material changes to the financial position of the group.
2019		3			3		3	3	3	100%	Annually, the board approves the strategy, objectives and business plans for the ensuing financial year. Management is responsible for implementing the plans, and is incentivised to do so through annual performance-related incentives linked to the group's objectives and strategy. In approving the strategy, the board takes into account sustainability aspects in long-term planning, risks and opportunities, and legitimate and reasonable interests of material stakeholders. The business plan covers short-term (one year), medium-term (three years) and longer-term aspects such as investing in technologies of the future. The board regularly assesses the asset portfolio. The board oversees implementation of the strategy and business plan by management against agreed performance measures and targets. Performance is monitored via regular financial updates, business segment progress reports and presentations at board meetings. Risk management is an integral part of the business. In its deliberations the board, assisted by its committees, considers the overall sustainability of the group from a 'people, profit and planet' perspective. The directors believe that the company and group have adequate resources to continue operations as a going concern in the foreseeable future. The summarised consolidated annual financial statements support the viability of the company and the group. A resolution has been passed by the board authorising the repurchase, and confirming that the company and its subsidiaries passed the solvency and liquidity test and that, from the time that the test was done, there have been no material changes to the financial position of the group.

Source: Naspers (2017, 2018, and 2019)

Appendix F: Gold Fields

GOLD FIELDS		Data: Good Performance
Capitals	**Year**	**Description of Performance**
Financial	2017	Revenue increased from 2016. Net cash (outflow)/inflow also increased from 2016. Cost of sales before amortisation and depreciation, headline earnings/(loss), and free cash-flow margin (%) were on par with 2016. Net debt was US$1,303M.
	2018	Revenue, net cash (outflow)/inflow and headline earnings/(loss) decreased in performance from 2017. Cost of sales before amortisation and depreciation and free cash-flow margin (%) were equivalent to 2017. Increase in net debt to US$1,612M.
	2019	Revenue, net cash (outflow)/inflow and headline earnings/(loss), free cash-flow margin (%) increased from 2018. Cost of sales before amortisation and depreciation increased from 2018. Decrease in net debt to US$1,331M.
Manufactured	2017	Six open pit or shallow underground mechanised operations in Australia, Ghana and Peru. One deep-level, bulk underground mechanised operation in South Africa. Two development projects. Seven Carbon-in-leach or Carbon-in-pulp processing facilities. Three on-site gas-fired power plants. US$162m investment portfolio
	2018	Eight operating mines (including Asanko JV). Two projects in Australia and Chile.
	2019	Nine operating mines (including our Asanko JV). Invested US$86m in near-mine exploration and Damang Reinvestment project in Ghana nearing completion
Intellectual	2017	Innovation and technology strategy and implementation. Extensive exploration database on our Australian projects. Geological mapping in partnership with technology companies. Partnerships with Original Equipment Manufacturers (OEMs) for efficient use of machinery and mine vehicles. Identification and implementation of low carbon and renewable energy projects
	2018	Fibre networks installed underground in certain operations. Drones deployed at Tarkwa and Damang to conduct remote surveying. Granny Smith, South Deep and St Ives improved their people and equipment tracking systems. Continued investment in South Deep, South Africa's largest bulk, mechanised, underground gold mine
	2019	Renewable energy introduced at Agnew and Granny Smith. Drones deployed at Tarkwa and Damang to conduct remote surveying Granny Smith, South Deep and St Ives improved their people and equipment tracking systems. Continued investment in South Deep, South Africa's largest bulk, mechanised, underground gold mine. Fibre networks installed underground in certain operations
Human	2017	US$20m invested in training. Three fatalities and 2.42 total recordable injuries per million hours worked.
	2018	US$14m spent on training.One fatal incident and improvement in total recordable injury frequency rate (TRIFR) to 1.83.
	2019	US$12m spent on training and development. One fatal incident and an increase in TRIFR to 2.19.
Social and relationship	2017	Gold Fields' spending on SED programmes – US$17m in 2017 (2016: US$16m)
	2018	US$26m invested in projects that directly benefit our host communities
	2019	Gold Fields invested US$21.5m in SED projects in our host communities
Natural	2017	CO2 emissions were equivalent to 2016.Mining waste also increased.
	2018	CO2 emissions and mining waste decreased from 2017.
	2019	CO2 emissions increased from 2018..Mining waste no data.

Record of Hits and Misses: Good Performance

Revenue	Cash Flow	Cost of Sales	Headline Earnings	Net Debt	Weighted Average of Performance	%Performance
3	3	2	2	2.00	2.4	80%
0	2	2	0	0.00	0.8	27%
3	3	0	3	3.00	2.4	80%
Capital Investment	Number of Mines Opened	Weighted Average of Performance	%Performance			
2	2	2.00	67%			
3	2	2.50	83%			
3	2	2.50	83%			
Technological Developments	Weighted Average of Performance	%Performance				
2	2	67%				
2	2	67%				
2	2	67%				
Training and Development	Fatal Incidents	Total Recordable Injury Frequency	Weighted Average of Performance	%Performance		
2	0	2.00	1.33	44%		
0	0	3.00	1.00	33%		
0	0	0.00	0.00	0%		
Corporate Social Investment	Weighted Average of Performance	%Performance				
3	3	100%				
3	3	100%				
2	2	67%				
GHG Emission	Mining Waste	Weighted Average of Performance	%Performance			
2	0	1.00	33%			
3	3	3.00	100%			
0	1	0.50	17%			

Record of Hits and Misses: Recommended Practices

Year	Propositions: Strategy			Performance			ESG	Going Concern			Notes
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		3			3		1	1	2	67%	The Board is committed to upholding the principles and recommended practices of King IV™ and has ensured compliance with the code during 2017. The Board conforms to principle 4. The Board oversees strategy formulation and execution. The Board sets performance targets which are agreed upon with management. On a yearly basis, the Board together with management reviews the strategy. The Board delegates to management, through the CEO, the implementation and execution of the approved strategy, through policy and operational plans. The Board agenda and meeting structure focused on strategy, sustainable development, finance, performance monitoring, governance and other related matters. The Board is responsible for strategy development and monitors performance against the strategy. The Board Charter compels directors to promote the vision of the Company while upholding sound principles of corporate governance. Key focus areas of the board: Rollout of the information and technology strategy, which was approved by the Board in November 2016. Review of the capital allocation and project ranking strategy. Deliberation of the impact on South Deep of the decision by Sibanye-Stillwater to close its Cooke 4 mine. Decision to fully comply with King IV principles and implementation.
2018		3			3		1	1	2	67%	The Board is committed to upholding the principles and recommended practices of King IV™ and has ensured compliance with the code during 2018. The Board conforms to principle 4. The Board oversees strategy formulation and execution. The Board sets performance targets which are agreed upon with management. On a yearly basis, the Board together with management reviews the strategy. The Board delegates to management, through the CEO, the implementation and execution of the approved strategy, through policy and operational plans. The Board agenda and meeting structure focused on strategy, sustainable development, finance, performance monitoring, governance and other related matters. The Board is responsible for strategy development and monitors performance against the strategy. The Board Charter compels directors to promote the vision of the Company while upholding sound principles of corporate governance. Key focus areas of the board: Reviewed Gold Fields' operational plans and strategies. Deliberated on South Deep's restructuring. Oversaw Gruyere's transitioning from project to production roll-out. Approved the Group Water Position Statement and water strategy roll-out and approved Group diversity policy. Approved additional oil price and gold production hedges. Approved debt refinancing and extension of debt maturity and approved sale of non-strategic shareholdings.
2019		3			3		1	1	2	67%	During 2019, they had Board committee attendance of 97%, which reflects our resolute commitment to effective governance and leadership. In February 2019, the Gold Fields Board strengthened its oversight of the Group's TSFs through the introduction of quarterly TSF management reports, progressive implementation of continuous environmental and geotechnical monitoring, and increased external and independent verification. The Board often gets more directly involved. For example, they worked closely with management in ensuring that the governance and management of Gold Fields' 34 tailings facilities are monitored regularly. Key focus areas of the board: Reviewed Gold Fields' operational plans and strategies, deliberated on South Deep's restructuring, approved Salaries Norte's feasibility study (FS) and subsequent construction approval. Oversaw Gruyere's transitioning from project to production roll-out, approved the Group Water Position Statement and water strategy roll-outa and approved Group diversity policy. Approves strategic goals and direction following Exco's presentation of strategy, business plans and risk register for input. Ensures strategy drives a sustainable business agenda and considers the interests of stakeholders by balancing how risks and opportunities might impact the achievement of objectives. Agrees upon performance targets and monitors implementation of strategy through quarterly Board meetings. Quarterly CEO reports on performance against operational targets. Performs on-site visits to operations and projects and, on occasion, interacting with individual executives on strategic and operational performance.

Source: Gold Fields (2017, 2018, and 2019)

Appendix G: Nedbank

	Data: Good Performance	
Capitals	**Year**	**Description of Performance**
Financial	2017	Distributed dividends up 7.1%, cost-to-income ratio no data, NAV per share up by 7.3%, ROE of 16.4%, down from 18.1%, share price up by 7.5%, and headline earnings up 2.1%.
	2018	Distributed dividends up 10.1% to 1 415 cps, cost-to-income ratio down to 57.2%, NAV per share up by 9.2%, ROE of 17.9%, up from 16.4%, share price up by 7.3%, and headline earnings up 14.5%
	2019	Distributed R7,1bn in dividends, cost-to-income ratio improved from 57.2% to 56.5%, NAV per share up by 3.7%, ROE of 15,0%, down from 16,8%, share price down by 22.0%, and headline earnings R12.5bn, down 7.2%.
Manufactured	2017	129 core IT systems, 336 new digitally focused outlets, 3 948 ATMs and 613 outlets and Market-leading digital CVPs.
	2018	114 core IT systems, 363 new digitally focused outlets, 4242 ATMs and 702 outlets and Market-leading digital CVPs.
	2019	117 core IT systems, 692 outlets, and 4 398 ATMs
Intellectual	2017	10th most valuable SA brand. A leader in wholesale banking, commercial-property finance, vehicle finance, and asset and wealth management. Strategic partnerships with Old Mutual, ETI, Bank of China and Deutsche Bank. Nedbank private wealth app, chatbots, online home application process and digital branch. Implementation of 50 software robots to date, with error rates reduced by up to 96%. Implementation of more than 200 software robots
	2018	Ninth most valuable SA brand A leader in wholesale banking, commercial-property finance, vehicle finance, banking apps, and asset and wealth management Managed Evolution and Digital Fast Lane IT capabilities. Through ME and the creation of a DFL capability (intellectual capital) we have fast-tracked innovations, but we have also increased our IT cashflow spend (financial capital), which is significantly more than any new entrant into the market.
	2019	Tenth-most valuable SA brand and fourth-most valuable SA banking brand. Market-leading IT capabilities (Managed Evolution and Digital Fast Lane). IT modernisation programme (Managed Evolution): 70% complete. Implemented a market-leading end-to-end retail digital onboarding capability (Eclipse). First SA bank to launch an open-banking application programming interface (API) platform
Human	2017	Training spend declined in 2017 to R355m.
	2018	Training spend increased to R468m
	2019	Training spend increased to R760m
Social and relationship	2017	R168,4m socioeconomic spend
	2018	R124m socioeconomic spend
	2019	R130m socioeconomic spend
Natural	2017	2017 carbon footprint was 205 569 tCO_2e. This equates to a GHG emission decrease of 1,16% from 2016 to 2017. The carbon emissions per FTE decreased by 2,5% year on year to 6,37 tCO_2e and emissions per square metre of office space decreased by 9,0% to 0,28 tCO_2e a year. Water consumption level of 15,05 kℓ per FTE, represents a good decrease from the 15,78 kℓ per FTE. Paper consumption of 1 306 tonnes in 2017 represents a 23,2% decrease year on year. Waste to landfill decreased from 294 tonnes in 2016 to 220 tonnes in 2017, reflecting a 25,1% reduction. Recycling increased from 620 tonnes to 689 tonnes or 11,09%.
	2018	They closed a further 12 renewable-energy project deals, worth R13bn, under round 4 of the Department of Energy's REIPPPP. With a total carbon footprint of 196 992 tCO_2e for the year, our overall reported greenhouse gas emissions decreased by 4,17% in absolute terms from 2017 to 2018. Water usage, waste to landfill, and recycling increased.
	2019	Carbon footprint more or less equivalent to 2017 at 200 000 tCO_2e. Water usage, waste to landfill, and waste recycled decreased

Record of Hits and Misses: Good Performance

Dividends	Cost to Income Ratio	Net Assets Value per Share	Return on Equity	Share Price	Headline Earnings	Weighted Average of Performance	%Performance
3	1	3	0	3	3	2.17	72%
3	0	3	3	3	3	2.50	83%
3	3	3	0	0	0	1.50	50%

IT Systems	Digital Outlets	ATMs	Branches	Weighted Average of Performance	%Performance
2	2	2	2	2	67%
0	3	3	3	2.25	75%
3	1	3	0	1.75	58%

Brand Performance	IT and Technology	Weighted Average of Performance	%Performance
2	2	2	67%
3	2	2.5	83%
0	2	1	33%

Training and Development	Weighted Average of Performance	%Performance
2	2	67%
3	3	100%
3	3	100%

Corporate Social Investment	Weighted Average of Performance	%Performance
2	2	67%
0	0	0%
3	3	100%

Carbon Footprint	Water Usage	Paper Usage	Waste to Landfill	Recycling	Weighted Average of Performance	%Performance
3	3	3	3	3.00	3.00	100%
3	3	1	3	3.00	2.60	87%
2	3	1	3	0.00	1.80	60%

NEDBANK

Record of Hits and Misses: Recommended Practices

Year	Strategy P2	Strategy P3	Strategy P4	Performance P5	Performance P6	Performance P7	ESG P8	Going Concern P9	Weighted Average Rating	%P2 Performance	Notes
2017		3			3		3	3	3	100%	The board annually approves the strategy of Nedbank Group. The board-approved level 3 Strategy Risk Principles Policy addresses the principles to be taken into account in the development of strategy, in line with our purpose, vision, values, targets and brand. Strategy and performance have always been regarded as primary responsibilities of the board. Risks, opportunities, performance, business model and sustainable development matters, as identified in the strategy development process, are considered in terms of the group's vision, Deep Green aspirations, targets, Long-term Goals and values for annual board approval. The board-approved Strategy Risk Principles Policy addresses the principles to be taken into account in the development of strategy. The board ensures that a robust strategy process is defined and executed. Nedbank has a rolling three-year strategy focused on value creation, with strategic goals that consider the economy, society and the environment. Management initiates the strategy review and business planning process in January with the Group Executive Committee. The effect of these trends on Nedbank's strategic objectives is assessed. Stakeholders include staff, clients, shareholders, regulators and communities. Risks and opportunities arising from the material matters are identified and their impact on both the short- and medium-term strategy is assessed. Strategic portfolio tilt, in the context of scarce capital and liquidity, is a conscious trade-off between business and product opportunities that are highly capital and liquidity consuming with low economic profit. Rank the issues identified according to greatest impact on the viability of the business.
2018		3			3		3	3	3	100%	The board delegates the formulation of strategy to management. The board-approved Strategy Risk Principles Policy addresses the principles to be taken into account in the development of strategy. The board ensures that a robust strategy process is defined and executed. Management initiates the strategy review and business planning process in January with the Group Exco. The effect of these trends on Nedbank's strategic objectives is assessed. Continued engagement with material internal and external stakeholders takes place and their needs and expectations are considered. Stakeholders include staff members, clients, shareholders, regulators and communities. This process highlights any material matters – i.e. issues that have the most impact on Nedbank's ability to create value. The material matters identified are then ranked according to the greatest relevance and highest potential to have a significant impact on the viability of our business and relationships with stakeholders. These material matters are continuously assessed to ensure the strategy remains relevant. Risks and opportunities arising from the material matters are identified and their impact on both the short- and medium-term strategy is assessed. The material matters are also tested against Nedbank's vision, Deep Green aspirations, targets, long-term goals and values. The outcome of this analysis informs the strategic focus areas for the year, which are adjusted in line with changes in material matters. The board annually approves the strategy of Nedbank Group. The board approved level 1 Strategy Risk Principles Policy addresses the principles to be taken into account in the development of strategy, in line with our purpose, vision, values, targets and brand
2019		3			3		3	1	2.5	83%	Strategy and performance have always been regarded as primary responsibilities of the board. Risks, opportunities, performance, business model and sustainable development matters, as identified in the strategy development process, are considered in terms of the group's vision, targets, long-term goals and values for annual board approval. The board delegates the formulation of strategy to management. The board-approved Strategy Risk Principles Policy addresses the principles to be taken into account in the development of strategy. The board ensures that a robust strategy process is defined and executed. The strategy planning timetable entails business planning at Group Exco level and a strategy review by the board, culminating in final approval of the strategy framework by the board in July and final approval of the business plan in November (by both Group Exco and the board). Nedbank has a rolling three-year strategy focused on value creation and underpinned by strategic goals that consider the economy, society and the environment. Management initiates the strategy review and business planning process in January with Group Exco. Risks and opportunities arising from the material matters are identified and their impact on both the short- and medium-term strategy is assessed. The material matters are also tested against Nedbank's vision, Deep Green aspirations, targets, long-term goals and values. The board annually approves the strategy of Nedbank Group. The board-approved level 1 Strategy Risk Principles Policy addresses the principles to be taken into account in the development of strategy, in line with our purpose, vision, values, targets and brand.

Source: Nedbank (2017, 2018, and 2019)

Appendix H: Discovery

Discovery	Data: Good Performance	
Capitals	**Year**	**Description of Performance**
Financial	2017	Normalised headline earnings, embedded value, return on capital, and value of new business and growth in normalised profit increased from 2016
	2018	Normalised headline earnings, embedded value, return on capital, and normalised profit increased from 2017
	2019	Normalised headline earnings decreased by 7% and normalised profit decreased by 3% from 2018. Embedded value increased from 2018
Manufactured	2017	New products launched in all business during 2017 and present in 16 countries which has increased from 2016
	2018	New products launched in all business during 2018 and present in 19 countries which has increased from 2017
	2019	Present in 20 countries which has increased from 2018
Intellectual	2017	Vitality active rewards, mental wellbeing, nutrition, weight loss, smoking cessation, and healthy ageing programmes.
	2018	Vitality active rewards, mental wellbeing, nutrition, weight loss, smoking cessation, and healthy ageing programmes.
	2019	Discovery is the world's second strongest insurance brand. Vitality active rewards, mental wellbeing, nutrition, weight loss, smoking cessation, and healthy ageing programmes.
Human	2017	Employee turnover on par with 2016. Employee engagement decreased from 2016. 406 employees completed leadership and development programmes and 5289 employees participated in wellness days
	2018	Employee turnover increased from 2017. Employee engagement decreased from 2017. 854 employees completed leadership and development programmes and 5556 employees participated in wellness days
	2019	Employee turnover increased from 2018. Employee engagement increased from 2018. 649 employees completed leadership and development programmes. 517 jobs have been created.
Social and relationship	2017	During 2017 financial year, the Discovery Fund supported 57 projects with a total contribution of R32 million
	2018	The Discovery Fund supported 46 projects worth R31,8 million in 2018
	2019	The Discovery Fund supported 36 projects worth R20 million in 2019
Natural	2017	Discovery currently recycles 80% if its waste. Energy consumption, weight of waste, tones of CO2 reduced. Water usage has dencreased from 2016.
	2018	Discovery currently recycles 80% if its waste. Energy consumption, weight of waste, tones of CO2, and water usage decreased from 2017.
	2019	Discovery currently recycles 80% if its waste. Energy consumption, weight of waste, tones of CO2 reduced. Water usage has increased from 2018.

Record of Hits and Misses: Good Performance

Normalised Headline Earnings	**Embedded Value**	**Return on Capital**	**Normalised Profit**	**Weighted Average of Performance**	**%Performance**
3	3	3	3	3	100%
3	3	3	3	3	100%
0	3	1	0	1	33%
New Products Launched	**Business Growth**	**Weighted Average of Performance**	**%Performance**		
2	3	2.5	83%		
2	3	2.5	83%		
2	3	2.5	83%		
Vitality Active Rewards	**Programmes**	**Weighted Average of Performance**	**%Performance**		
2	2	2	67%		
2	2	2	67%		
2	2	2	67%		
Employee Turnover	**Employee Engagement**	**Training and Development**	**Weighted Average of Performance**	**%Performance**	
2	0	2.00	1.33	44%	
0	0	3.00	1.00	33%	
0	3	2.00	1.67	56%	
Corporate Social Investment	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
2	2	67%			
2	2	67%			
Recycling	**Energy Consumption**	**GHG Emissions**	**Water Usage**	**Weighted Average of Performance**	**%Performance**
2	3	3	3	2.75	92%
2	3	3	3	2.75	92%
2	3	3	0	2.00	67%

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		3			2		1	3	2.25	75%	Applying **King III**. The Board formally meets six times a year to discuss and review a relevant schedule of matters. At these meetings the directors discuss the development and implementation of the previously approved long- and short-term strategies of the Group, and engage with executive management on the implementation of Group strategies. They have reviewed their existing Governance Framework to identify areas where they would be required to align to the recommended practices of King IV™. Most of this has been completed and they have finalised the delegated authorities and terms of reference of a number of Board committees. During 2017, the Board finalised a new set of administration and managed care agreements with our Administrator and Managed Care Provider, Discovery Health (Pty) Ltd (Discovery Health), for implementation in January 2018. To fulfil its fiduciary and oversight duties effectively, the Board is assisted by ten Committees that are established according to governance best practice and the requirements of legislation. The business continues to meet solvency requirements against Solvency II, with cash flow requirements on track. Review and approve all short- and long-term incentive structures and monitor overall liability
2018		3			3		3	3	3	100%	The Board and the executive management perform an annual assessment of the Group's strategy, business model, performance and sustainable development as it applies to the core purpose. The Board has a clearly set out strategy and meets at least annually with the Executive Team and heads of Control Functions to review the strategy and proposals in any acquisitions, investments, disposals, products or services, taking the associated risks into account. The Board approves the strategy, key performance measures and targets of all Executives and oversees the implementation of the strategy plans. The Risk and Compliance Committee assists the Board with the governance of the operational and legislative risks and monitors the effect of the implementation. Regular reports are provided to the Board concerning the sustainability of Discovery's business and its impact on the environment, communities and other stakeholders through the implementation of Board-approved policies. SAM came into effect on 1 July 2018. Discovery we compliant for the go-live as the requirements of both SAM and Solvency II were largely already firmly embedded in the business. All relevant businesses went through at least three full solvency assessment cycles (most of them four), including the full Own Risk and Solvency Assessment (ORSA) process and reporting.
2019		3			3		3	1	2.5	83%	The Board has a clear strategy and meets at least annually with the executive team and the heads of control functions to review the strategy and proposals in any acquisitions, investments, disposals, products or services, taking the associated risks into account. The Board approves the strategy, key performance measures and targets of all executives, and oversees the implementation of the strategy plans. The Risk and Compliance Committee assists the Board with the governance of the operational and legislative risks and monitors the effect of the implementation. The Board and executive management also perform an annual assessment of the Group's strategy, business model, performance and sustainable development as it applies to the core purpose. Regular reports are provide to the Board concerning the sustainability of Discovery's business and its impact on the environment, communities and other stakeholders through the implementation of Board-approved policies. In conjunction with the interim and full-year financial results and, if necessary at other times, review the basis on which the Discovery Group has been determined to be a going concern.

Source: Discovery (2017, 2018, and 2019)

Appendix I: Tiger Brands

Data: Good Performance

Capitals	Year	Description of Performance
Financial	2017	Group operating income up 11% to R4,6 billion. Group operating margin up 110 basis points to 14,8%. Cash from operations up 43% to R6,1 billion. HEPS up 2% to 2 155 cents. Revenue up from 2016.
	2018	Revenue declined by 9% to R28,4 billion. Group operating income decreased 28% to R3,3 billion. Group operating margin down 310 basis points to 11,7%. Heps down 26% to 1 587 cents.
	2019	Revenue R29,2 billion up 3%. Group operating income R2,6 billion down 20%. Group operating margin 9,0% down 260 basis points. Total dividend 1 061cps down 2% and HEPS 1349cps down 17%.
		,
Manufactured	2017	Invested in facilities R919 million up from 2016.
	2018	Production facilities: 44 manufacturing facilities. Capital expenditure: R720 million.
	2019	Production facilities: 44 manufacturing facilities, 160 packing lines, and 24 distribution centre. R1,1 billion capital expenditure in manufacturing and distribution capability and technology
		,
Intellectual	2017	Innovation as % of revenue 4,3% on par with 2016
	2018	Marketing investment of R845 million. Innovation, 5,3% of net sale
	2019	Strong brand and reputation, unique product formulations and trusted recipes, research and development capacity, and governance and business systems.
		,
Human	2017	R57 million invested in employee training and development
	2018	R61 million invested in employee training and development
	2019	R127 million invested in employee training and development
		,
Social and relationship	2017	Invested in communities R35 million.
	2018	R32 million total socio-economic development spend.
	2019	R27,4 million total socio-economic development spend.
		,
Natural	2017	CO2 emissions water consumption no data for 2016
	2018	CO2 emissions down 4,17% and water consumption down 19,3%
	2019	CO2 emissions down and water consumption no data.
		,

Record of Hits and Misses: Good Performance

Operating Margin	Headline Earnings per Share	Operating Income	Cash from Operations	Revenue	Weighted Average of Performance	%Performance
3	3	3	3	3	3.00	100%
0	0	0	1	0	0.20	7%
0	0	0	1	3	0.80	27%

Number of Facilities	Capital Expenditure	Weighted Average of Performance	%Performance
1	2	1.5	50%
2	2	2	67%
2	3	2.5	83%

Innovation as a % of Revenue	Marketing Investment	Brand and Reputation	Weighted Average of Performance	%Performance
2	1	2	1.67	56%
3	2	2	2.33	78%
1	1	2	1.33	44%

Training and Development	Weighted Average of Performance	%Performance
2	2	67%
3	3	100%
3	3	100%

Corporate Social Investment	Weighted Average of Performance	%Performance
2	2	67%
2	2	67%
2	2	67%

GHG Emissions	Water Consumption	Weighted Average of Performance	%Performance
1	1	1	33%
3	3	3	100%
3	1	2	67%

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		3			3		3	3	3	100%	The board is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations, in line with the legitimate expectations of its stakeholders. The group strategy for the next five years is built around a clear purpose: to nourish and nurture more lives everyday. Our vision sets out how we will achieve that purpose. This illustrates the integrated thinking that their executive team, headed by CEO Lawrence Mac Dougall, has introduced. In 2017 the board approved a group strategy, with associated risks, that seeks to achieve the company's true potential, with a resounding operating model. The company' strategic imperatives are the drivers for sustainable and profitable growth. The board has approved key performance measures and targets for management. With the support of its committees, the board monitors the implementation and execution of the strategy by management. The board of directors is ultimately responsible for oversight of the group's risk management processes. The risk and sustainability committee assists the board by ensuring that the risk management process complies with the relevant standards and governance requirements in all the group's operating territories. Senior management in each division and business unit is responsible for managing risks in its area. Considered the basis on which the company and group were determined to be a going concern and reviewed the group's policies on risk assessment and management, including fraud risks and information technology risks as they relate to financial reporting and the going concern assessment, and found them sound
2018		3			3		3	3	3	100%	The board is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations, in line with the legitimate expectations of its stakeholders. In September, the board spent two days with the executive team reviewing the company's updated strategic roadmap. In 2018 the board approved a group strategy, in line with the priorities of operating model and associated risks agreed in the 2017 transformation. The board also approved a new Africa strategy that seeks to deliver on the growth opportunity across the continent. The strategic imperatives are the drivers for topline growth, margin improvement and a sustainable company. The board has approved key performance measures and targets for management. With the support of its committees, the board monitors the implementation and execution of the strategy by management. The board of directors is ultimately responsible for oversight of the group's risk management processes. The risk and sustainability committee assists the board by ensuring that the risk management process complies with the relevant standards and governance requirements in all the group's operating territories. Senior management in each division and business unit is responsible for managing risks in its area. Oversight of risk management at divisional level rests with the relevant executive committees. Divisional and business unit risk registers are updated quarterly and the risk and sustainability committee meets three times a year. Confirmed the going concern requirement as the basis of preparing interim and annual financial statements. Only once this order is granted will the class action commence, beginning with determining the company's liability, and, if liable, establishing the extent of damages due to claimants.
2019		3			3		3	1	2.5	83%	The board is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations, in line with the legitimate expectations of its stakeholders. In 2019, the board approved the Group Strategy to address key changes in the operating environment, meet new consumer needs, with a specific emphasis on driving margin improvement. While the strategy remains relevant and compelling, revised execution plans against each pillar of the strategy were presented to the board and accepted in September 2019. The board has approved key performance measures and targets for management. With the support of its committees, the board monitors the implementation and execution of the strategy by management. The board is assisted by the risk and sustainability committee who are responsible for ensuring that the risk management process complies with relevant standards and governance requirements. This is done annually. The board deep dived into challenges affecting the business operating environment, tracked the business performance against the group's strategy and monitored milestones of group strategic pillars aimed at driving the 2022 strategy. Conducted performance assessment of chairman and CEO and monitored the succession plans for chairman, CEO and key executives. Reviewed business and group risks and ensured management actions are implemented

Source: Tiger Brands (2017, 2018, and 2019)

Appendix J: Woolworths

WOOLWORTHS — **Data: Good Performance**

Capitals	Year	Description of Performance
Financial	2017	Turnover increased. Operating profit and headline earnings down from 2016.
	2018	Turnover increased. Operating profit and headline earnings down from 2017.
	2019	Turnover increased. Operating profit and headline earnings down from 2018.
Manufactured	2017	Enhancing our customers' in-store experience through investing in new stores and store refurbishments and developments, including opening new store locations throughout sub-Saharan Africa, Australia and New Zealand. Capital investments of R1.2 billion in sub-Saharan Africa and A$132 million in Australia and New Zealand
	2018	R1.1 billion capital investments and A$150 million capital investments in sub-Saharan Africa, Australia and New Zealand.
	2019	Capital investment in the regions in which we operate of R1076m in sub-Saharan Africa and A$161m in Australia and New Zealand
Intellectual	2017	Development and design capability of our private label brands. This includes customer database management, cross-selling, customer segmentation and business planning abilities
	2018	Development and design capability of our private label brands. This includes customer database management, cross-selling, customer segmentation and business planning abilities
	2019	Development and design capability of our private label brands. This includes customer database management, cross-selling, customer segmentation and business planning abilities
Human	2017	Invested over R116 million in their employees' training and development
	2018	Invested R114 million in their employees' training and development
	2019	Training and development investment of R121.6 million
Social and relationship	2017	Enriching the lives of those less privileged members of the community with R757 million social contribution across the Group
	2018	Over this period, they raised and delivered over R500 million in essential funding to schools and charities to improve education and social development in South Africa. R817m raised and distributed for social development causes across the Group
	2019	R852m raised and distributed across the Group for social developmental causes
Natural	2017	Actively managing the environmental footprint of all our direct and indirect business operations, saving 14% water and 13% electricity in the current year. 1512 MWH of solar power generation, 283040 tons of waste diverted from landfill and 11% reduced carbon emissions.
	2018	2211 MWH of electricity generated from solar power. 13% reduced carbon emissions. Reducing waste to landfill, 292831 tons diverted.
	2019	10686 MWH of solar power generation and 18% reduced carbon emissions.

Record of Hits and Misses: Good Performance

Turnover	Operating Profit	Headline Earnings	Weighted Average of Performance	%Performance		
3	0	0	1	33%		
3	0	0	1	33%		
3	0	0	1	33%		
Capital Investment into Stores	**Weighted Average of Performance**	**%Performance**				
2	2	67%				
3	3	100%				
2	2	67%				
Brand	**Weighted Average of Performance**	**%Performance**				
2	2	67%				
2	2	67%				
2	2	67%				
Training and Development	**Weighted Average of Performance**	**%Performance**				
2	2	67%				
2	2	67%				
3	3	100%				
Corporate Social Investment	**Weighted Average of Performance**	**%Performance**				
2	2	67%				
2	2	67%				
3	3	100%				
Water Usage	**Electricity Usage**	**Solar Power**	**Waste Diverted from Landfill**	**Carbon Emissions**	**Weighted Average of Performance**	**%Performance**
3	3	2	2.00	3.00	2.60	87%
2	2	3	2.00	3.00	2.40	80%
2	2	3	2.00	3.00	2.40	80%

WOOLWORTHS

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		3			3		2	1	2.25	75%	King IV™ was released on 1 November 2016 and a self-assessment was conducted against the relevant principles as well as the related recommended practices. The Board is satisfied that the Group is already in substantive alignment with the principles and are mindfully overseeing the adaptation of relevant practices. The Board is the custodian of corporate governance within the Group and leads by setting the tone at the top. Its role and responsibilities include steering the business and determining the Group's strategic direction. It interrogates and approves the strategy developed by management as well as the policies and plans which give effect to the strategy. The activities and matters discussed at Board and committee meetings are guided by annual work plans which balance relevant reviews over the course of a financial year. The charter and terms of reference are reviewed and updated on an annual basis to adopt best practice, and include specific statutory requirements. This year, the review focused on alignment with King IV™. The Board oversees and monitors implementation and execution by management in terms of the delegation of authority. Finally, the Board ensures accountability for the Group's performance through, among others, reporting and disclosure. The Board recognises that risk management is an integral part of sound corporate governance.
2018		3			3		2	1	2.25	75%	The Board steers and sets the direction, purpose, and strategy of the Group. The implementation of the approved strategic plans is delegated to management. This implementation and value creation is measured against the agreed performance targets. The Group has a well-established annual strategy process. The three-year Medium-Term financial Plan (MTP) is updated annually and is aligned with the Group's strategy. The Board approves strategic initiatives and considers the performance against strategy at dedicated strategy sessions which also include an assessment of the risks and opportunities based on the operating context and the needs and expectations of stakeholders. The Group CEO and his executive team report to the Board on the performance against the strategy on a quarterly basis, with an analysis of targets achieved against the Group's balanced scorecard. Medium-term targets are communicated to shareholders and other stakeholders and are incorporated into the short- and long-term remuneration incentive schemes. A quarterly robust risk assessment and monitoring process is undertaken by the Risk and Compliance Committee for the Group and at each of the operating subsidiaries. All directors are members of the Risk and Compliance Committee so as to ensure that they have a good understanding and knowledge of the risks and opportunities that may influence and impact the strategy.
2019		3			3		2	1	2.25	75%	The Board acknowledges the inseparability of the elements of the value creation process and ensures that risks and opportunities, strategy, the business model, performance, and sustainable development receive the necessary level of attention in all components of the governance framework. Two separate strategy meetings are held each year at which Group Exco and, in particular, the Chief Executive Officers of each operating subsidiary, present the subsidiary's strategy, together with budgets. Business plans supporting strategy implementation are also considered. The Board critically evaluates such strategies, including, inter alia, the positioning of assets to meet future demands, real estate requirements for a future-fit business, on-line and digital disruption as well as the quality of data available to identify customer preferences across the omni-channel shopping experience. The three-year medium-term financial plan is updated annually and aligned to the Group strategy. Material risks and opportunities, based on the operating context and the needs and expectations of stakeholders, are reviewed and mitigation measures considered. The Group Chief Executive Officer reports to the Board quarterly on performance against the strategy, providing an analysis of targets achieved against the Group's balanced scorecard. The governance framework and practices incorporating the various Board committees all assist the Board in its role and contribute to the creation of value by: Effectively governing risk and setting the direction for enterprise risk management throughout the Group, which includes deliberating on the opportunities that may be associated with strategic risk governance. Overseeing performance of the Group and driving a culture of high performance

Source: Woolworths (2017, 2018, and 2019)

Appendix K: Tongaat Hulett

TongaatHulett (Est. 1892)		Data: Good Performance
Capitals	**Year**	**Description of Performance**
Financial	2017	Revenue R17,915 billion, increased 7,4% from 2016. Operating profit R2333 billion, increased 39,8% from 2016. Headline earning R982 million, increased 70,5% from 2016. Annual dividend 300 cents per share increased by 30,4% from 2016.
	2018	Revenue R16,982 billion, decreased 5,2% from 2017. Operating profit R1 billion, decreased 16,1% from 2017. Headline earning R617 million, decreased 37,2% from 2017. Annual dividend 160 cents per share decreased from 2017.
	2019	Revenue R17,069 billion (revenue 2018: R17,505billion). Operating profit R1,207 billion (operating profit 2018: R142m). Headline earning R923 million (headline earnings 2018: R947m)
Manufactured	2017	630000 tons of maize converted to starch and glucose per annum. 2 million tons installed sugar milling capacity, and 7709 hectares of developable land identified for conversion
	2018	670000 tons of maize converted to starch and glucose per annum. 2 million tons installed sugar milling capacity, and 7612 hectares of developable land identified for conversion
	2019	656000 tons of maize converted to starch and glucose per annum.
		,
Intellectual	2017	14 registered patents, 369 registered trademarks, and 50 registered domains.
	2018	15 registered patents, 369 registered trademarks, and 51 registered domains.
	2019	14 registered patents, 369 registered trademarks, and 89 registered domains.
Human	2017	The business invested R45,8 million on 31 284 training programmes.
	2018	R57,1 million spent on training and development.
	2019	R59,7 million spent on training and development.
		,
Social and relationship	2017	R186,3 million spent on SED Initiatives
	2018	R217,6 million spent on SED Initiatives
	2019	R197,8 million spent on SED Initiatives
Natural	2017	535248 tons of CO_2
	2018	7% decrease in scope 1 emissions, 174228 metric tons of carbon dioxide sequestered in 2018.
	2019	30% decrease in scope 1 emissions
		,

Record of Hits and Misses: Good Performance

Revenue	Operating Profit	Headline Earnings per Share	Dividend	Weighted Average of Performance	%Performance
3	3	3	3	3.00	100%
0	0	0	0	0.00	0%
2	0	0	1	0.75	25%
Production	**Capacity**	**Land Conversion**	**Weighted Average of Performance**	**%Performance**	
2	2	2.00	2.00	67%	
3	2	2.00	2.33	78%	
2	1	1.00	1.33	44%	
Registered Patents	**Registered Trademarks**	**Registered Domains**	**Weighted Average of Performance**	**%Performance**	
2	2	2.00	2	67%	
3	2	3.00	2.67	89%	
0	2	3.00	1.67	56%	
Training and Development	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
3	3	100%			
3	3	100%			
Corporate Social Investment	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
3	3	100%			
2	2	67%			
GHG Emissions	**Weighted Average of Performance**	**%Performance**			
2	2	67%			
3	3	100%			
3	3	100%			

Record of Hits and Misses: Recommended Practices

TongaatHulett

Year	Strategy P2	Strategy P3	Strategy P4	Performance P5	Performance P6	Performance P7	ESG P8	Going Concern P9	Weighted Average Rating	%P2 Performance	Notes
2017		2			1		1	2	1.5	50%	Tongaat Hulett is fortunate to have a competent Board that provides ethical leadership. The guidance and value-driven strategic direction that we have received from the Board and the Chairman are highly valued. Tongaat Hulett has commenced with the process of ensuring compliance with King IV which is applicable from April 2017, and will disclose as such in the 2018 integrated annual report. Tongaat Hulett has adopted a combined assurance strategy and framework to provide assurance to the Board on the company's performance in the context of material matters in its operating environment. The directors confirm that they are satisfied that the company has adequate strategic, financial and operational resources to continue in business for the foreseeable future. The basis upon which this assessment is made is recorded at the time of approval of the annual financial statements. The Board continues to adopt the going concern basis for preparing the financial statements.
2018		3			2		1	2	2	67%	The Board Charter outlines the Board's responsibility for organisational performance by steering and setting the direction for the realisation of the organisations core purpose and values through its strategy. The Board constructively deliberates the formulated strategy once a year, taking into account various elements such as risks, opportunities, timelines and parameters and approves the company's strategy at each September Board meeting. The delegation of authority document delegates to management the responsibility to implement and executive approved policies and operational plans. The Board continues to adopt the going concern basis for preparing the financial statements.
2019		3			3		1	1	2	67%	The Board Charter outlines the Board's responsibility for organisational performance by steering and setting the direction for the realisation of the organisations core purpose and values through its strategy. The Board constructively deliberates the formulated strategy once a year, taking into account various elements such as risks, opportunities, timelines and parameters and approves the company's strategy annually. The delegation of authority document delegates to management the responsibility to implement and executive approved policies and operational plans

Source: Tongaat Hulett (2017, 2018, and 2019)

Appendix L: Capitec Bank

Data: Good Performance

Capitals	Year	Description of Performance
Financial	2017	Earnings up 18% and operating costs increased by 18%. The return on equity for the year was 27%. The total annual dividend increased by 18% from 1 055 cents per share to 1 250 cents per share, in line with the increase in earnings
	2018	Earnings up 18%, Operating costs increased with 17% for the year in line with earnings growth. The return on equity for the year was 25%. The dividend cover remained at 2.6 resulting in a total dividend declared for the year of 1 470 cents compared to 1 250 cents in the prior year, an 18% increase.
	2019	Earnings up by 19% and Operating costs have increased by 18%. The total dividends for the 2019 financial year to 1 750 cents per share (February 2018: 1 470 cents per share).
		,
Manufactured	2017	4 024 ATMs, 796 branches, 5,8million cell phone clients which has all increased from 2016.
	2018	826 branches, 4 645 ATMs, and 3 million activated banking app clients
	2019	840 branches, 5011 ATMs, and 2.2 million activated banking app clients
		,
Intellectual	2017	No evidence of performance in relation to intellectual capital
	2018	No evidence of performance in relation to intellectual capital
	2019	Employees are valued for their unique potential and talent, as they represent the face of the business and maintain the client relationships that we value. They are also our main source of intellectual capital and innovation.
		,
Human	2017	Learning interventions 55207, number of employees attending courses 5228, and the number of completed distance learning initiatives 45 656
	2018	48 497 learning interventions, 41 780 completed distance learning initiatives, and 3 766 employees attended courses
	2019	59 716 learning interventions, 49 710 completed distance learning initiatives, and 10006 employees attended courses
		,
Social and relationship	2017	Our CSI programmes include support for Grade 10 to 12 learners with mathematics as a Grade 12 subject, and holistic support through tutoring and school management support for principals and teachers. Capitec Foundation's sponsorship enabled 6 118 learners from 116 public schools participation in the programme
	2018	R490000 donated to 41 organisations, 676 learners from 9 schools were reached, In the 2018 calendar year it is supporting 2 400 learners across 16 branches. R1,5M raised to benefit 56 schools with 15000 learners in 7 provinces
	2019	Our strategy towards various Socio Economic, Enterprise Development and Consumer Finance programmes led to a spend of more than R60 million, as well as investment in excess of R90 million, on Supplier Development programmes.
		,
Natural	2017	During the year, 10 387 kg (2016: 6 792 kg) paper and 1 110 kg (2016: 1 498 kg) tins were recycled. Electronic equipment is disposed of and recycled by accredited third parties. In total 10 730 kg (2016: 6 372 kg) of electronic equipment was recycled during the year. Electricity consumed was 29616 MWh which was on par with their 2016 consumption. Although there was a 55% increase in the overall footprint between the baseline and current year emissions, there was a 33% (for scope 1 and 2 emissions) reduction in the footprint measured according to the intensity Footprint per full-time employee.
	2018	Capitec relies on Eskom for all its electricity requirements. During the year, 30 407 MWh of electricity was consumed. Altogether 11 948 kg paper and 1 179 kg tins were recycled. Although there was a 58% increase in the overall footprint between the baseline and current year emissions, there was a 34%(for scope 1 and 2 emissions) reduction in the footprint measured according to the intensity footprint per full-time employee. 12678kg of electronic equipment was recycled
	2019	Capitec relies on Eskom for all its electricity requirements. During the year, 30 193 MWh of electricity was consumed. Altogether 13 368 kg paper and 1 357 kg tins were recycled. Although there was a 40% increase in the overall footprint between the baseline and the current year emissions, there was a 31% (for scope 1 and 2 emissions) reduction in the footprint measured according to the intensity footprint per full-time employee.
		,

Record of Hits and Misses: Good Performance

Revenue	Operating Costs	ROE	Dividend	Weighted Average of Performance	%Performance	
3	0	2	3	2.00	67%	
3	0	0	3	1.50	50%	
3	0	1	3	1.75	58%	
Branches	ATMs	Banking App Clients	Weighted Average of Performance	%Performance		
3	3	3.00	3.00	100%		
2	3	0.00	1.67	56%		
3	3	0.00	2.00	67%		
No Measure in Place	Weighted Average of Performance	%Performance				
1	1	33%				
1	1	33%				
1	1	33%				
Learning Interventions	Number of Employees Attending Courses	Number of Completed Distance Learning Initiatives	Weighted Average of Performance	%Performance		
2	2	2.00	2.00	67%		
0	0	0.00	0.00	0%		
3	3	3.00	3.00	100%		
Corporate Social Investment	Weighted Average of Performance	%Performance				
2	2	67%				
2	2	67%				
2	2	67%				
Recycled Paper	Recycled Tins	Recycled Electronic Equipment	Electricity Usage	GHG Emissions	Weighted Average of Performance	%Performance
3	3	3.00	2.00	0.00	2.20	73%
3	3	1.00	0.00	3.00	2.00	67%
3	3	1.00	2.00	3.00	2.40	80%

CAPITEC BANK

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		3			3		1	2	2.25	75%	Virtually all the key principles set by **King III** have been applied during the reporting period, with minor exceptions. The board remains ultimately responsible for ensuring that risks are adequately identified, measured, managed and monitored and that good governance is maintained. The board of directors is responsible for the organisation in its entirety. It functions within the ambit of an annually reviewed charter and instructs and oversees a management and control structure that directs and executes all functions within the organisation. The board meets six times a year. The board risk and capital management committee oversees risk management in the organisation. Liquidity risk is managed by the asset and liability committee that oversees the activities of treasury which operates in terms of an approved asset and liability management policy. Daily operational assessment of performance against the operational plan a monthly assessment of performance against strategic plan development. Strategy and reporting on these activities is focused around addressing the impact of applying key business drivers thereon, the drivers being: service, people, and business optimisation. The board manage strategy and the implementation thereof. The directors have no reason to believe that the group or any company in the group will not continue as a going concern in the foreseeable future. The viability of the group is supported by the annual financial statements. The board performed a solvency and liquidity test in accordance with section 4 of the Companies Act (Act 71 of 2008) when dividends were declared
2018		3			3		3	3	3	100%	The board approves the business plan for each year and tracks performance against indicators at each board meeting. Management is enabled to identify issues quickly and act accordingly. The board of directors is responsible for risk management and views it as an integral part of providing a responsible return on shareholders' equity. The board remains ultimately responsible for ensuring that its approved strategy is implemented and that the group's purpose is fulfilled. The CEO is accountable and reports to the board on the progress made on the approved business plan at every board meeting. The board meets 6 times a year. The board remains ultimately responsible for risk. They set the strategy and provide the governance framework in which risk can be managed. Capitec has adopted a board-approved strategy to focus on efficient electricity management, as this is the single-largest contributor to our carbon footprint. The directors have no reason to believe that the group or any company in the group will not continue as a going concern in the foreseeable future. The viability of the group is supported by the consolidated annual financial statements. Liquidity risk is managed by the asset and liability committee that oversees the activities of treasury which operates in terms of an approved asset and liability management policy. The board performed a solvency and liquidity test in accordance with section 4 of the Companies Act (Act 71 of 2008) when dividends were declared
2019		3			3		2	3	2.75	92%	The board approves the business plan for each year and tracks performance against key indicators at each board meeting. The board remains ultimately responsible for ensuring that its approved strategy is implemented, and that the group's purpose is fulfilled. The board also accepts its responsibility to ensure that risks are adequately identified, measured, managed and monitored and that good governance is maintained. The CEO chairs the EXCO, thereby leading the implementation and execution of approved strategy, policy and operational planning. The CEO is accountable and reports to the board on the progress made on the approved business plan at every board meeting. The board meets 6 times a year. The board monitors the implementation of the risk strategy, approves the risk appetite and ensures that risks are managed within tolerance levels. The board monitors that risk is governed holistically and in such a way that it supports Capitec in achieving its strategic objectives. The board performed a solvency and liquidity test in accordance with section 4 of the Companies Act (Act 71 of 2008) when dividends were declared, Every year the Exco has strategic workshops and these plans are meticulously measured through a series of integrated KPIs on both a team and individual level, as this is linked to our remuneration strategy. This ensures that the organisation aligns with strategy and everyone knows exactly what is expected of them.

Source: Capitec Bank (2017, 2018, and 2019)

Appendix M: Rand Merchant Bank

RMB	Data: Good Performance

Capitals	Year	Description of Performance
Financial	2017	Intrinsic value up 6%, net income up 9%, headline earning up 5%, normalised earnings up 7% and dividend per share up 11% from 2016.
	2018	Intrinsic value up 37%, net income up 5%, net assets value up 12%, headline earning up 12%, normalised earnings up 8% and dividend per share up 7% from 2017.
	2019	Intrinsic value up 7%, net income up 18%, headline earning up 6%, normalised earnings up 7% and dividend per share up 7% from 2018.
		,
Manufactured	2017	RMB has offices in South Africa, Namibia, Botswana and Nigeria, and manages FirstRand Bank's representative offices in Kenya and Angola. It also operates in the UK, India, China and the Middle East (through FirstRand Bank branches and representative offices), and in Zambia, Tanzania, Mozambique, Swaziland, Lesotho through FNB's subsidiaries.
	2018	RMB has offices in South Africa, Namibia, Botswana and Nigeria, and manages FirstRand Bank's representative offices in Kenya and Angola. It also operates in the UK, India, China and the Middle East (through FirstRand Bank branches and representative offices), and in Zambia, Tanzania, Mozambique, Swaziland, Lesotho through FNB's subsidiaries.
	2019	RMB has offices in South Africa, Namibia, Botswana and Nigeria, and manages FirstRand Bank's representative offices in Kenya and Angola. It also operates in the UK, India, China and the Middle East (through FirstRand Bank branches and representative offices), and in Zambia, Tanzania, Mozambique, Swaziland, Lesotho through FNB's subsidiaries.
		,
Intellectual	2017	This includes knowledge-based intangible assets, such as the RMH brand and the brands of investees, the capacity to innovate and our strong entrepreneurial reputation, which is leveraged in our activities.
	2018	This includes knowledge-based intangible assets, such as the RMH brand and the brands of investees, the capacity to innovate and our strong entrepreneurial reputation, which is leveraged in our activities.
	2019	This includes knowledge-based intangible assets, such as the RMH brand and the brands of investees, the capacity to innovate and our strong entrepreneurial reputation, which is leveraged in our activities.
		,
Human	2017	R810 million spent on skills development by investees in 2017
	2018	A score of 17.04 out of 20 achieved on the skills development element in 2018
	2019	A score of 17.35 out of 20 achieved on the skills development element in 2019
		,
Social and relationship	2017	CSI spend amounted to R254 million.
	2018	CSI spend amounted to R342 million
	2019	CSI spend amounted to R428 million
		,
Natural	2017	Carbon emissions decreased by 8% to 258 878 tonnes
	2018	Carbon emissions decreased by 13% to 224 190 tonnes.
	2019	Carbon emissions decreased by 10% to 201 151 tonnes.
		,

Record of Hits and Misses: Good Performance

Intrinsic Value	Net Income	Headline Earnings	Normalised Earnings	Dividend	Weighted Average of Performance	%Performance
3	3	3	3	3.00	3.00	100%
3	3	3	3	3.00	3.00	100%
3	3	3	3	3.00	3.00	100%
RMB Footprint	**Weighted Average of Performance**	**%Performance**				
2	2	67%				
2	2	67%				
2	2	67%				
RMB Brand	**Weighted Average of Performance**	**%Performance**				
2	2	67%				
2	2	67%				
2	2	67%				
Corporate Social Investment	**Weighted Average of Performance**	**%Performance**				
2	2	0.67				
2	2	0.67				
3	3	1.00				
Training and Development	**Weighted Average of Performance**	**%Performance**				
2	2	67%				
3	3	100%				
3	3	100%				
GHG Emissions	**Weighted Average of Performance**	**%Performance**				
3	3	100%				
3	3	100%				
3	3	100%				

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		3			3		3	3	3	100%	The Board partners with management in formulating a long-term strategy and capital allocation plan and providing the necessary stability in the shareholder base of investee companies. Their purpose, strategy, values and principles form our culture. Management is empowered to execute on strategy. The board's paramount responsibility is to ensure that RMH creates value for its shareholders. In so doing, it takes into account the legitimate interests and expectations of stakeholders, which include the present and potential future investors in RMH. This annual integrated report demonstrates how performance is achieved through the strategic initiatives. RMH sets and achieves its strategic initiatives with reference to its risks and opportunities. The board assesses both the positive and negative outcomes resulting from its business model continuously and responds to it. The Board continuously monitors risks and ensure timeous value creation by approving the risk management strategy. At their meetings, the board considers both financial- and non-financial, or qualitative, information that might have an impact on stakeholders. The board and those delegated to management. The board is satisfied that RMH is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. Liquidity risk is the risk that RMH will encounter difficulty in meeting obligations associated with financial liabilities. RMH's liabilities are matched by appropriate assets and it has significant liquid resources to cover its obligations. The group's liquidity and ability to meet cash calls are monitored quarterly at the board meeting
2018		3			3		3	3	3	100%	The Board partners with management in formulating a long-term strategy and capital allocation plan and providing the necessary stability in the shareholder base of investee companies. Their purpose, strategy, values and principles form our culture. Management is empowered to execute on strategy. The board's paramount responsibility is to ensure that RMH creates value for its shareholders. In so doing, it takes into account the legitimate interests and expectations of stakeholders, which include the present and potential future investors in RMH. This annual integrated report demonstrates how performance is achieved through the strategic initiatives. RMH sets and achieves its strategic initiatives with reference to its risks and opportunities. The board assesses both the positive and negative outcomes resulting from its business model continuously and responds to it. The Board continuously monitors risks and ensure timeous value creation by approving the risk management strategy. At their meetings, the board considers both financial- and non-financial, or qualitative, information that might have an impact on stakeholders. The board and those delegated to management. The board is satisfied that RMH is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. Liquidity risk is the risk that RMH will encounter difficulty in meeting obligations associated with financial liabilities. RMH's liabilities are matched by appropriate assets and it has significant liquid resources to cover its obligations. The group's liquidity and ability to meet cash calls are monitored quarterly at the board meeting
2019		3			3		3	3	3	100%	The board's paramount responsibility is to ensure that RMH creates value for its shareholders. In so doing, it considers the legitimate interests and expectations of stakeholders, which include the present and potential future investors in RMH. The strategy is approved by the board and reporting back on the execution of strategy is on every board meeting agenda. The board assesses both the positive and negative outcomes resulting from its business model continuously and responds to it. The board is satisfied that RMH is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. The CEO, together with senior investment executives, is responsible for setting and executing the strategy under the guidance of the board. Liquidity risk is the risk that RMH will encounter difficulty in meeting obligations associated with financial liabilities. RMH's liabilities are matched by appropriate assets and it has significant liquid resources to cover its obligations. The group's liquidity and ability to meet cash calls are monitored quarterly at the board meeting. The board assisted by the audit and risk committee continuously monitors the top risks to ensure timeous value creation or preservation action in line with its approved risk appetite and risk management strategy. The risk management strategy is linked to the business strategy it is based on the principle that risk assumed, within a set risk appetite, which ultimately lead to value creation. Risk management can be divided between strategies which will lead to value creation (diversify and modernise) and value protection (optimise).

Source: Rand Merchant Bank (2017, 2018, and 2019)

Appendix N: Famous Brands

Data: Good Performance

Capitals	Year	Description of Performance
Financial	2017	Revenue up 33%, operating profit up 18%, headline earnings per share up 13% from 2016
	2018	Revenue up 23%, operating profit down 5%, headline earnings per share down 8% from 2017
	2019	Revenue up, operating profit down, headline earnings per share down from 2018
		,
Manufactured	2017	Total restaurants in 2017: 2 782
	2018	Total restaurants in 2018: 2 853.
	2019	Total restaurants in 2018: 2 871.
		,
Intellectual	2017	14602 franchise workshops, 13578 brand and product training, 1353 restaurant management training, and 537 other ad-hoc training
	2018	8424 franchise workshops, 8057 brand and product training, 1336 restaurant management training, and 7073 other ad-hoc training
	2019	23424 franchise workshops, 8415 brand and product training, 1156 restaurant management training, and 7265 other ad-hoc training
		,
Human	2017	Famous Brands employees 5 618 across the business
	2018	Direct employees: 4 708
	2019	Direct employees: 3213
		,
Social and relationship	2017	R14 million sport sponsorships, R 380 thousand food donations, and R4million in other CSI initiatives
	2018	Charitable fundraising and other CSI initiatives: R1.5 million, sports sponsorships R20.4 million, and donation of product:R1.1 million
	2019	R18 million sport sponsorships and R2million in donation of product
		,
Natural	2017	Packaging waste recycled 2339 tons. Total carbon emissions increased to 35362 tons from 25382 tons
	2018	Packaging waste recycled 6565 tons. Total carbon emissions increased to 69774 tons from 25382 tons
	2019	Packaging waste recycled 2247 tons. Total carbon emissions decreased to 58319 tons from 69774 tons
		,

Record of Hits and Misses: Good Performance

Revenue	Operating Profit	Headline Earnings per Share	Weighted Average of Performance	%Performance	
3	3	3	3	100%	
3	0	0	1	33%	
3	0	0	1	33%	
Number of Restaurants	Weighted Average of Performance	%Performance			
2	2	67%			
3	3	100%			
3	3	100%			
Franchise Workshops	Brand and Product Training	Restaurant Management Training	Ad-hoc Training	Weighted Average of Performance	%Performance
2	2	2.00	2	2	67%
0	0	0.00	3.00	0.75	25%
3	3	0.00	3.00	2.25	75%
Number of Employees	Weighted Average of Performance	%Performance			
2	2	67%			
0	0	0%			
0	0	0%			
Corporate Social Investment	Weighted Average of Performance	%Performance			
2	2	67%			
2	2	67%			
2	2	67%			
Recycling	GHG Emissions	Weighted Average of Performance	%Performance		
2	2	2.00	67%		
3	0	1.50	50%		
0	3	1.50	50%		

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		2			2		1	3	2	67%	Applying **King III**. Management, together with the Board, has resolved to refine the 2017 strategic intent to better reflect the Group's evolving business model, its related goals and the dynamic global trading landscape. The Board meets at least four times per year. The board ensured that risk assessments are performed on a continual basis. The board ensured that management considers and implements appropriate risk responses. The board delegated to management the implementation of an effective compliance framework and processes. The Board was satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in section 4 of the Act). The committee concurs that the adoption of the going concern premise in the preparation of the financial statements is appropriate. The primary functions of the Board was to review and approve corporate strategy, determine the Group's purpose and values, approve and oversee major capital expenditures, monitor operational performance and management, regularly identify and monitor key risk areas, and to ensure that enlightened practices are in place to attract talent and provide meaningful employment in a transforming society.
2018		2			2		2	1	1.75	58%	The Board is responsible for the strategic direction of the Group, to oversee and monitor performance and compliance, and ensure that there is appropriate accountability by executive management and non-executive directors. The Board sets the direction, purpose and strategy of the organisation and delegates to management the responsibility for the formulation and the approval of the strategy. The Board approves operational strategic plans including key performance measures and targets as proposed by executive management and oversees the implementation and reporting on such plans. The Board is aware on an ongoing basis of the need to ensure the Company is viable, the reliance on its six capitals and its going concern status. The Board sets aside one day each year to focus on and approve the strategy for the following five years. During the year executive management reports to the Board on the implementation of strategy and the meeting of targets outlined in the strategic plan. The Board and executive management are now sensitive to the six capitals and the need to oversee an ongoing assessment of the business in the context of the six capitals. The Board accepts the responsibility for the governance of risk
2019		2			2		2	1	1.75	58%	The Board sets the direction, purpose and strategy of the Company and delegates to management the responsibility of formulating and implementing the strategy. The Board approves the overall strategy and operational strategic plans. The plans include key performance measures and targets approved by the Board and it oversees the reporting on and implementation of the plans. The Board thus plays a key role in the oversight of strategy implementation. In assessing and approving the strategy, the Board takes into account risks and opportunities relating to the strategy and its implementation. The Board is required to satisfy itself that the business model is appropriate for the strategy implementation and that sustainable development is an important factor in the strategy. The Board annually sets aside a day to review the progress on the strategy implementation and to review and approve the strategy for the following five years. At each Board meeting, management reports on progress with regard to its implementation of the approved strategy and whether targets that had been set were met. Enhanced focus has been given to the assessment and mitigation of risk, which is reported on elsewhere in this report.

Source: Famous Brands (2017, 2018, and 2019)

Appendix O: Steinhoff

STEINHOFF INTERNATIONAL HOLDINGS LTD		**Data: Good Performance**
Capitals	**Year**	**Description of Performance**
Financial	2017	No integrated reports published
	2018	No integrated reports published
	2019	No integrated reports published
	,	
Manufactured	2017	No integrated reports published
	2018	No integrated reports published
	2019	No integrated reports published
	,	
Intellectual	2017	No integrated reports published
	2018	No integrated reports published
	2019	No integrated reports published
	,	
Human	2017	No integrated reports published
	2018	No integrated reports published
	2019	No integrated reports published
	,	
Social and relationship	2017	No integrated reports published
	2018	No integrated reports published
	2019	No integrated reports published
	,	
Natural	2017	No integrated reports published
	2018	No integrated reports published
	2019	No integrated reports published
	,	

Record of Hits and Misses: Good Performance	
No Reports	**%Performance**
1	33%
1	33%
1	33%
No Reports	**%Performance**
1	33%
1	33%
1	33%
No Reports	**%Performance**
1	33%
1	33%
1	33%
No Reports	**%Performance**
1	33%
1	33%
1	33%
No Reports	**%Performance**
1	33%
1	33%
1	33%
No Reports	**%Performance**
1	33%
1	33%
1	33%

Record of Hits and Misses: Recommended Practices

Year	Propositions: Strategy (P2, P3, P4)	Performance (P5, P6, P7)	ESG (P8)	Going Concern (P9)	Average Rating	%P2 Performance	Notes
2017	2	2	2	1	1.75	58%	In determining the strategy for the Group, the Board recognises the necessity to ensure sustainability of the Group's operations by taking due cognisance of all related and interrelated factors. There are defined reporting lines from divisional level to the Board to ensure that the decentralised approach to managing risks and opportunities remains in line with Group policies, business model, core purpose and values. The ultimate responsibility for ensuring a sustainable strategy for the Group's businesses rests with the Board, which has the responsibility of considering and approving the strategy proposed by divisional management, taking into account timelines, risks, opportunities, the availability of capital and resources, sustainability and stakeholder interests. Detailed divisional annual budgets incorporating these criteria, together with longer-term projections to aid ongoing planning, are prepared by divisional management. The responsibility for implementing and executing the approved divisional budgets, strategies and project plans is delegated to management. Divisional management reports on a regular basis to the Company's executive committee on their division's performance and to the Board on a quarterly basis. Material matters that could impact the implementation of the Board's strategy are reserved for the Board, including but not limited to, decisions on the allocation of capital resources to ensure an optimal return on shareholders' funds and the authorisation of procurement capital expenditure, property transactions, borrowings and investments, save where pre-approved materiality levels apply.
2018	1	1	1	1	1	33%	A search on Steinhoff's integrated report shows that their 2016 to 2019 annual reports have been removed/are not published, while their 2015 integrated report is still available but has been annotated with "Information can no longer be relied upon" in bold, red letters on every page (Steinhoff, 2015)
2019	1	1	1	1	1	33%	A search on Steinhoff's integrated report shows that their 2016 to 2019 annual reports have been removed/are not published, while their 2015 integrated report is still available but has been annotated with "Information can no longer be relied upon" in bold, red letters on every page (Steinhoff, 2015)

Source: Steinhoff (2017, 2018, and 2019)

Appendix P: AVI

Data: Good Performance

Capitals	Year	Description of Performance
Financial	2017	Revenue up 8,2%, operating profit up 10,7%, cash from operations up 8,4%, headline earnings per share up 9,4%, final dividend of 243 cents per share from 2016
	2018	Revenue up 1,9%, operating profit up 7%, cash from operations up 16,1%, headline earnings per share up 7%, final dividend of 260 cents per share up 7,4% from 2017
	2019	Revenue up 1,2%, operating profit decreased 3%, cash from operations decreased 1,8%, headline earnings per share decreased 4,9%, final dividend of 250 cents decreased from 2018
		,
Manufactured	2017	No evidence of performance in relation to manufactured capital
	2018	No evidence of performance in relation to manufactured capital
	2019	No evidence of performance in relation to manufactured capital
		,
Intellectual	2017	No evidence of performance in relation to intellectual capital
	2018	No evidence of performance in relation to intellectual capital
	2019	No evidence of performance in relation to intellectual capital
		,
Human	2017	The amount spent on recorded skills development initiatives in FY17 was R35,2 million, an amount equivalent to 1,6% of leviable amount.
	2018	The amount spent on recorded skills development initiatives in FY18 was R75,2 million.
	2019	The amount spent on recorded skills development initiatives in FY19 was R64,87 million.
		,
Social and relationship	2017	During the year under review R23,2 million was available to the Company's CSI programmes
	2018	During the year under review R21,6 million was available to the Company's CSI programmes.
	2019	During the year under review R22,3 million was available to the Company's CSI programmes.
		,
Natural	2017	Use of municipal water decreased, purchased electricity decreased, and total carbon emissions decreased from 2016
	2018	Use of municipal water decreased, purchased electricity decreased, and total carbon emissions decreased from 2017
	2019	Use of municipal water decreased, purchased electricity increased, and total carbon emissions increased from 2018
		,

Record of Hits and Misses: Good Performance

Revenue	Operating Profit	Cash Flow from Operations	Headline Earnings per Share	Dividend	Weighted Average of Performance	%Performance
3	3	3	3	2	2.80	93%
3	3	3	3	3	3.00	100%
3	0	0	0	0	0.60	20%
No Measure	%Performance					
1	33%					
1	33%					
1	33%					
No Measure	%Performance					
1	33%					
1	33%					
1	33%					
Training and Development	Weighted Average of Performance	%Performance				
2	2.00	67%				
3	3.00	100%				
0	0.00	0%				
Corporate Social Investment	Weighted Average of Performance	%Performance				
2	2.00	67%				
2	2.00	67%				
2	2.00	67%				
Water Usage	Electricity Usage	GHG Emissions	Weighted Average of Performance	%Performance		
3	3	3	3.00	100%		
3	3	3	3.00	100%		
3	0	0	1.00	33%		

Record of Hits and Misses: Recommended Practices

Year	Propositions										Notes
	Strategy			Performance			ESG	Going Concern			
	P2	P3	P4	P5	P6	P7	P8	P9	Weighted Average Rating	%P2 Performance	
2017		2			2		1	2	1.75	58%	Applying **King III.** During the year under review the Board met formally on four occasions to conduct the normal business of the Company. The Board monitors the Company's solvency and liquidity and is aware of and understands its responsibilities regarding business rescue proceedings. Risks are reviewed and prioritised by the Board on a regular basis and as part of normal operational management processes. The Board annually reviews the Company's objectives, strategies, risks and performance. Management has responsibility for the risk management plan in accordance with the Board approved policy and framework
2018		3			2		1	2	2	67%	During the year under review the Board met formally on four occasions to conduct the normal business of the Company. In addition to these formal meetings and as a prelude to the Board meeting of 13 June 2018, the Board met with the executive management of the Company's subsidiaries and major divisions on 12 June 2018, reviewed their performance for the past year and considered their objectives, strategies and budgeted performance for the year ahead. The Board determines the strategy and long-term direction of the Company necessary to achieve its objectives as a business enterprise while satisfying itself that the strategy and business plans are aligned with the purpose of the Company, the value drivers of the Company's business and the legitimate interests and expectations of the Company's stakeholders and do not give rise to risks that have not been thoroughly assessed by management. The Board annually reviews the Company's objectives, strategies, risks and performance. The Board of directors has passed a resolution authorising the repurchase and confirming that the Company and its subsidiary/is have passed the solvency and liquidity tests and that, since the tests were performed, there have been no material changes to the financial position of the Group;
2019		3			2		1	2	2	67%	The Board determines the strategy and long-term direction necessary to achieve its objectives as a business enterprise while satisfying itself that the strategy and business plans are aligned with the purpose of the Company, the value drivers of the Company's business and the legitimate interests and expectations of the Company's stakeholders and do not give rise to risks that have not been thoroughly assessed by management. The Board annually reviews the Company's objectives, strategies, risks and performance. During the year under review the Board met formally on four occasions to conduct the normal business of the Company. The Board of directors has passed a resolution authorising the repurchase and confirming that the Company and its subsidiary/is have passed the solvency and liquidity tests and that, since the tests were performed, there have been no material changes to the financial position of the Group.

Source: AVI (2017, 2018, and 2019)