



## King IV – Principles

### Preamble

The King IV principles on Corporate Governance for South Africa (2016) have been adopted as way of illustrating the company's good intentions to comply with company regulations, good corporate governance principles and ethical leadership. Public disclosure serves as a declaration and pledge by the company, Board and employees to practice ethical governance as a key strategy to enhance public interest and trust and embed ethical values and an ethical business and research culture. An accord with the King IV Code engenders accountability and transparency and speaks to the expressed view that the application of the Code should contribute to the performance and health (sustainability) of the company. As a King IV Code underwriter, the company is operating with a social license that envisions sustainable economic returns and a competitive advantage in the South African market research industry and the rest of Africa.

### Leadership

#### Principle 1

**The governing body should lead ethically and effectively.**

#### 1.1 Integrity

- It is a Companies Act requirement that directors act in the best interests of the BMR (Pty) Ltd at all times;
- Declarations of conflict of interests are submitted at each Board meeting;
- Any conflicts of interest with directors are managed through a board process; and
- The Board leads by example.

#### 1.2 Competence

- The BMR has an induction programme for all new directors as well as information session to ensure continuous learning;
- Directors are kept updated on developments in the business through site visits and exposure to the BMR research infrastructure and operations;
- The mix and skills of the directors are reviewed annually by the Board to ensure rotation and retention of institutional memory;
- All directors receive meeting documents prior to meetings to ensure adequate preparation time; and
- The Board chairperson is entitled to briefings ahead of Board meetings.

#### 1.3 Responsibility

- The Board approves all financial commitments above R2.5 million;
- Management act in accordance with a board approved delegation of authority (DOA) that is reviewed on an annual basis;
- All decisions are debated in detail during Board meetings and taken by consensus;
- Cognisance is taken of risks and unintended consequences when making decisions;
- Absenteeism at meetings is the exception rather than the norm; and
- Business rescue proceedings have not yet arisen, but Board members are aware of their responsibility in terms of the Companies Act.

#### 1.4 Accountability

All directors take accountability for decisions – collectively and individually.

#### 1.5 Fairness

Shareholder and Stakeholder relations are very important to the Board and are closely monitored.

#### 1.6 Transparency

- Comprehensive disclosure is made in the Integrated Report (IR);
- The BMR is a business associate of the Southern African Marketing Research Association (SAMRA)
- Client referrals are shared publically on the BMR website and social media platforms.

## Organisational ethics

## Principle 2

**The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.**

## 2.1

The Board has put in place appropriate structures and processes to ensure that business is conducted in an ethical manner, taking into account the impact of the organisation's business on the economy, society and the environment and balancing the research interest of its diverse stakeholders.

## 2.2

The BMR has implemented a business and research ethics policy inclusive of a code of conduct and research ethics procedures.

## 2.3

The governance of business ethics has been filtered to an operational level where the CEO and Management provide oversight of the business ethics obligations of the company towards clients and staff serves as ethical research champions on a project-by-project basis.

## 2.4

The BMR conducts business and research ethics risk assessments during annual strategic planning meetings and as part of its day-to-day research business.

## 2.5

The BMR code of business conduct and ethical research norms have been communicated to all staff to guide employees on how to implement ethical research business and serve as research 'ethics champions'.

## 2.6

BMR policies, processes and procedures cover a wide range of business and research ethical conducts which emphasise an ethical research and business culture.

## 2.7

The BMR Management Committee provides advice to employees on general ethics topics such as fairness, giving and receiving of gifts, hospitality and potential conflicts of interest.

## 2.8

- A Research Ethics Review Committee has been constituted to review research proposals and to assess research ethics risks.
- BMR researchers act as 'ethics champions' to further raise the profile of the company and encourage adherence to business and research ethics.

## 2.9

The BMR is a corporate member of the Southern African Marketing Research Association (SAMRA) which aims to ensure and maintain quality, professional research practice in Southern Africa amongst SAMRA members and the broader research industry. SAMRA provides guidance and information related to ethics and encourages professional ethos amongst SAMRA members, who all have to adhere to the SAMRA Code of Conduct.

Responsible corporate citizen

### Principle 3

**The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.**

Strategy and performance

### Principle 4

**The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.**

#### 3.1

- The BMR has adopted and publically declared its 'Corporate Social Responsibility Statement'; and
- The company 'Corporate Social Responsibility Statement' is transparent and posted on the company website (<https://bmr.co.za>).

#### 3.2

The BMR's leadership on corporate social responsibility and sustainability excellence is driven by a bold and influential approach that encompasses:

- High ethical standards when conducting market research;
- Respect for privacy of researchers, respondents, research clients, community and other stakeholders;
- The promotion of a work and research environment of equal opportunity;
- The commitment to employ a diverse interviewer corps;
- To maintain a safe and healthy research environment; and
- Efficient human and financial resource expenditure.

#### 3.4

The BMR has adopted an accountable stakeholder relations function to proactively manage stakeholder relations. Further details are provided in the 'Strategic Partnership Framework' designed by the BMR and adopted by the Unisa Corporate Group.

#### 4.1

In analysing the strategic direction and objectives of the business, the Board:

- Ensures that the strategy is aligned with the BMR's purpose and value drivers, and takes into account the legitimate interests and expectations of clients;
- Satisfies itself that the strategy and business plan are not encumbered by risks that have not been properly examined; and
- Strives to ensure that the strategy will result in a sustainable outcome.

#### 4.2

- The Board leads and manages the business on a going concern and sustainable basis;
- Long-term plans are developed and reviewed annually;
- The Annual Performance Plan is approved by the Board and shareholder and constantly reviewed by the Board; and
- The company has constructed and maintains a Management Information System that provides open access to all company policies, processes, procedures, strategies and project management, administration and finances. The integrated business information system serves to align business operations and sustainable development through transparent and accountable research conducted on a project-by-project basis.

## Reporting Principle 5

**The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long term prospects.**

## Primary role and responsibilities of the governing body

### Principle 6

**The governing body should serve as the focal point and custodian of corporate governance in the organisation.**

#### 5.1

- Sustainability reporting and disclosure are integrated with the company's financial reporting;
- The company has adopted a selection of Sustainable Development Goals (SDGs) as a blueprint to produce research intelligence aimed to advance the knowledge economy of South Africa and Africa in support of policy and business decision making regarding a more sustainable future.

#### 5.2

- The BMR has implemented a Client Referral Programme inviting client feedback on the value and impact of research products and services. Such assessment is done at the time of the project closure and serves to assess sustainable research business and stakeholder relations over the medium- to longer term; and
- Independently assured sustainability reporting and disclosure has not yet taken place and remains under review by the Board.

#### 5.3

Management reporting to the Board is transparent and includes:

- CEO overview;
- Legal and regulatory;
- Delegation of authority and governance;
- Key strategic risks;
- Strategy formulation and progress;
- Finance reports and budgets;
- Performance overviews and long term plans;
- Client relations; and
- Research Project feedback reporting.

On the above basis, the Board has assurance that reporting to the shareholder is similarly factual and correct.

#### 6.1

A Board Charter has been adopted, detailing the responsibilities of the board.

These include:

- Approving the Annual Performance Plan, Annual Strategic Plan and Annual Budget and its revision;
- Approving the annual and quarterly financial statements and statutory reports;
- Reviewing the performance of Board members and Board committees;
- Appointing the Chief Executive Officer of the BMR;
- Reviewing the Chief Executive performance;
- Reviewing the Chief Executive Officer's remuneration; and
- Reviewing policies and practices.

#### 6.2

- The Board holds four meetings every year; and
- Special Board meetings are convened when necessary.

#### 6.3

- The Board has delegated to management the responsibility of dealing with stakeholder/client relationships in a proactive and constructive manner;
- The Board approved a 'Strategic Partnership Framework' designed by the BMR and also adopted by the Unisa Corporate Group; and
- In support of the collective commercial business drive of both the shareholder and subsidiary, the Board has delegated a public relations function to the UE/BMR business recruitment team to register new and sustainable business in support of financial goals and sustainable development.

## Composition of the governing body

**Principle 7**

**The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.**

**7.1**

The Board elects an independent non-executive director as the Chairman of the Board.

**7.2**

The roles of the Board Chairperson and CEO are clearly defined and separate.

**7.3**

- The BMR currently has a board of 3 directors. Two directors are independent non-executive directors; and
- Given the classification of the company as a micro enterprise, the Board is satisfied that the balance of power and objectivity on the Board is sufficient, but the need exists to include an additional non-executive director in support of an additional independent voice.

**7.4**

The Board appointed a Chief Executive Officer (CEO) for a period of five years.

**7.5**

- A Group Company Secretary is functioning in a temporary capacity; and
- Given the micro enterprise classification of the company, economies of scale support a future position where the function of Company Secretary is shared within the corporate shareholder group.

**7.6**

- The low Public Interest Score (PIS) of the company does not require independent Board Committees;
- Board Committee responsibilities are delegated by the Board to the corporate group's Audit, Risk and Compliance, Remuneration, Nomination; and Social and Ethics Committees; and
- All corporate group Board Committees operate under approved terms of references which are reviewed and updated, if necessary, on an annual basis. All terms of references of corporate Board Committees are updated and approved to include King IV recommendations.

**7.7**

The categorisation, qualifications, experience, length of service, age and other professional positions are maintained in the Board Member Registration System and disclosed per Board member in the Integrated report (IR).

**7.8**

- Roles and responsibilities of the Chairperson, Board members and CEO are set out in the Board Charter; and
- The Chairperson is independent and an independent director.

Evaluation of the performance of the governing body

**Principle 9**

**The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.**

Appointment and delegation to management

**Principle 10**

**The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.**

**9.1**

- An independent board evaluation will be conducted in 2020.
- The outcome of this evaluation will be reported in the Integrated Report (IR).

**10.1**

The Board has appointed a CEO who has responsibility for the day-to-day operational requirements and acts within a framework of a Delegation of Authority (DOA) that is reviewed on a regular basis.

**10.2**

The Board has approved a Delegation of Authority (DOA) which includes its holding companies and is reviewed annually by the Board.

**10.3**

The CEO is not a member of the corporate group's Board Committees.

**10.4**

Succession planning for the CFO and senior leadership are discussed by the Board on a regular basis.

Risk governance

**Principle 11**

**The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.**

**11.1**

The risk management process forms an integral component of the company's business operations.

**11.2**

The Board is responsible for the governance of risk and forms part of the Board Charter.

**11.3**

- The Directors and Management consider business risks when setting strategies, approving budgets and monitoring progress against budgets; and
- Management continuously develops and reviews the company Risk Register to improve risk identification, assessment and monitoring.

**11.4**

Risks are managed by the BMR Management Committee and on a project management level.

**11.5**

The BMR annually conducts a risk assessment and compiles a risk register, which is kept updated and regularly monitored.

**11.6**

The level of risk tolerance is reviewed by the Board on an annual basis

## Technology and information governance

**Principle 12**

**The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.**

**12.1**

As a research company, technology also forms part of governance structures, policies and procedures.

**12.2**

- The Board has oversight over information technology governance but given the specialised information technology needs required for the effective operations of a market research business, this function has been delegated to Management who is responsible for the implementation of technology governance;
- The CEO is assigned as main custodian of managing technology governance;
- The CEO, Management and Senior Computer Scientist regularly evaluate, direct and monitor the use of technology and information resources in support of the company's strategic objectives;
- Technology and Information Governance Frameworks and Mechanism are developed annually to align with the business strategy and goals and to ensure compliance with laws relevant to market research business operations, inclusive of the Protection of Personal Information (POPI) and the Promotion of Access to Information (PAIA) Acts; and
- Operating in the South African and Africa market research business environment, the BMR endorses the research codes, guidelines and data protection laws, principles and practices set by the European Society for Opinion and Marketing Research (ESOMAR) and the Organisation for Economic Co-operation and Development (OECD).

**12.3**

IT is embedded in the BMR's Annual Performance Plan (APP) which is reviewed annually and endorsed by the Board.

**12.4**

Technology assets are managed under the auspices of the Financial Officer and Senior Computer Scientist who are mandated by Management to manage technology assets effectively.

## Compliance governance

**Principle 13**

**The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.**

**13.1**

- The Board promotes and monitors adherence with regulations and laws applicable to the market research industry of South Africa and Africa;
- The Board promotes and monitors the protection of personal information of human subjects involved in the company's research projects; and
- Management ensures that the company complies with the required standards when collecting, processing, storing and sharing personal information.

**13.2**

- Functioning in the market research industry of South Africa and Africa, the BMR is a corporate member of the Southern African Marketing Research Association (SAMRA), which is an overarching marketing research body that ensures and maintain quality and professional research practice in Southern Africa.
- The company endorses the SAMRA and international ICC/ESOMAR Code of Conduct and Guidelines on Market, Opinion and Social Research and Data Analytics, which set essential standards of ethical and professional conduct designed to maintain public confidence in research, while also requiring strict adherence to any relevant regional, national and local laws or regulations, and industry/professional codes of conduct that may set a higher standard.

**13.3**

The company has established internal governance mechanisms to ensure compliance with laws such as the Protection of Personal Information (POPI) and the Promotion of Access to Information (PAIA) Acts.

**13.4**

The BMR relies on independent legal advice for research contracts and has access to the corporate group's legal department to assist with legal matters and relevant laws applicable to the market research industry.

## Remuneration governance

**Principle 14**

**The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.**

## Assurance

**Principle 15**

**The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.**

**14.1**

The Board ensures that the group's directors and executives are fairly rewarded for their contribution, in line with the corporate group's remuneration policy.

**14.2**

The BMR discloses the remuneration of each director as contained in the Integrated Report (IR).

**15.1**

The Audit, Risk and Compliance Committee of the corporate group independently deals with the assurance services and functions impacting on all corporate entities.

**15.2**

The Shareholder Board ensures that there is an effective risk-based audit to assess the effectiveness of corporate entities and risk management.

**15.3**

The external auditors for the corporate group, shareholder and subsidiary company is identical which support a consolidated assessment of the efficiency of assurance service and functions within the corporate group.

**15.4**

The external auditor has unrestricted access to the shareholder, the CEO and Financial Office.

## Stakeholders

## Principle 16

**In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.**

## 16.1

- The BMR's brand and reputation is of paramount importance to the Board.
- The CEO, Management, Public Relations Officer and Marketing and Communication Committee focus on efforts relating to:
  - ❖ Maintaining good relations with clients;
  - ❖ Seeking client inputs in research products and services;
  - ❖ Generating frequent opportunities for client liaison;
  - ❖ Maintaining good relations with fieldworkers and employees;
  - ❖ Protecting the environment and promotion of health and safety in the workplace and research environment; and
  - ❖ Preventing and combating unethical research practices, which could be damaging to the brand image and reputation of the company.
  - ❖ Presenting a platform for clients to access the products and services of the company via reference letters.

## 16.2

- The Public Relations Officer and Brand and Marketing Communication team of the company is delegated by the Board to take responsibility for development, protection and marketing of the brand image and reputation of the company;
- The shareholder has made available its Head of Sales to support the membership drive of Brand and Marketing Communication team

## 16.3

- The Board has endorsed the BMR independent website, Facebook and Twitter page managed by a professional webmaster.

## 16.3

- The company has a formal Market and Communication strategy to market research products and services to existing and prospective clients;
- The Board has adopted corporate identity guidelines and a brand architecture to secure the development of standardized communication and marketing pieces and the delivery of a consistent brand.
- The company has designed a professional Company Profile brochure for advertising and promotion purposes.
- The CEO and Management regularly review its brand and marketing, corporate communications, media engagement and social media strategies.

## 16.4

The CEO has responsibility for the management and implementation of the stakeholder framework.

## 16.5

The Board strives to achieve the appropriate balance between the various stakeholder groupings, in the best interest of the company.

## 16.6

Every effort is made to comply with the SAMRA and ESOMAR requirements to ensure the equitable treatment of fieldworkers and research clients.

## 16.7

- The Board makes every effort to ensure transparent and effective communication with stakeholders that is essential for building and maintaining their confidence.
- The Integrated Report (IR) reflects on the stakeholder relationships and co-operative governance practices of the company.