RISK MANAGEMENT PRACTICES IN THE TOP 20 SOUTH AFRICA'S LISTED COMPANIES: AN ANNUAL/ INTEGRATED REPORT DISCLOSURE ANALYSIS

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Abstract

The King III Report on Corporate Governance places risk management at the nerve centre of the company's strategic decision makers. The main objective of this article was to assess the risk management disclosures in the annual (integrated) reports of the top twenty (20) listed companies. The objectives were obtained through a literature review on risk management developments as per the requirements of the King III report on Corporate Governance, and supported by empirical evidence obtained from assessing the 2013 annual/ integrated reports of these top listed companies.
The results obtained indicate that the majority of the JSE's top 20 listed companies adhere to good risk management disclosure practices. However, there are areas in which the non-disclosure of information was prevalent. These areas of non-disclosure were found to be lacking detail on actual risk management practises applied. It was observed that the company accomplishments in these areas could be enhanced.

Keywords: Annual Reports, Disclosures, Governance, Integrated Reports, JSE, King III, Listed Companies, Risk Management

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1 Introduction

Kliem & Ludin (1997) define risk as the occurrence of an event that has a consequence or an impact on a project. In a similar manner, Knight (1999) believes that there are three elements of risk, these being: firstly, the perception that something could happen; secondly, the likelihood of something happening; and lastly the consequences of it happening.

Risk is defined as the possibility that an event will occur, which will impact an organization's achievement of objectives. This definition was formulated by the Institute of Internal Auditors in the Professional Practices Framework as far back as 2004 (IIA 2004), and although refined over the years, the term risk still remains variously defined. Hardaker, Raud and Jock (1997) for instance define risk as imperfect knowledge where the probabilities of the possible outcomes are known, and uncertainty exists when these probabilities are not known. Of the definitions outlined above, the Committee of Sponsoring Organisations of the Treadway Commission (COSO 2004), provides the broadest where risk is defined as a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

The COSO definition indicate that there are many forms of risk can impact the organization which is why risk management should be applied across the enterprise and these risks could include IT risk, financial risk, operational risk, network security risk, and personnel risk. Realization of some of these risks have manifested themselves in major industrial and financial catastrophes such as the sinking of the Titanic, Bhopal, Chernobyl, Three Mile Island, Enron, the BP oil spill, the most recent financial crisis and the London Whale (IBM 2014) which have to the extent contributed to the growing need for a formal strategy to combat and prepare for known and unknown risks. As such, organizations should use a risk management approach that identifies, assesses, manages, and controls potential events or situations (IIA 2004).

Most studies have focussed on assessing the disclosure/ practises in the context of the broader corporate governance by South African companies (KPMG 1997/1998; Deutsche Bank Securities Incorporated 2003; KPMG 2006; Moloi 2009 and Jansen van Vuuren & Schulschenk 2013); as such, it was noted that very little research exists on the topic of risk management practices. This study seeks to assess the extent and level of risk management disclosures in South Africa's top 20 listed companies as per the requirement of King III Report on Corporate Governance.

The King III recommended information for the selected companies was extracted directly from the selected companies 2013 annual/integrated reports obtained from the JSE's top-20 index, based on market capitalization as quoted by Sharenet on the 30th of June 2014 (Sharenet 2014). Investor-Words (2014) defines market capitalization as a measurement of corporate or economic size of a company and is equal to the share price times the number of shares outstanding of a public company. The annual/ integrated report was selected as a unit of extracting information because of its locus as it communicate risk management information that is pertinent to investor's decision making as well as stakeholders' interests. Ponnu and Ramthandin (2008), agrees with this point in stating that annual reports communicates the information which stakeholders find to be important in safeguarding their interests. For Skærbæk (2005), annual reports lend legitimacy to an organisation, mainly for external readers and audiences.

2 Objectives, Scope and Limitations

The objectives of this article are twofold: firstly, to provide a brief overview of the risk management requirements as per the King III directions, and secondly to assess the risk management disclosures in the annual/ integrated reports thereof.

In order to determine the risk management disclosures in the annual reports of the top South African listed companies, the data on the top 100 listed companies based on their market capitalization was obtained from Sharenet (Sharenet 2014). Using the top 100 list from Sharenet, a process was then followed where all the companies with the market capitalization below the top twenty (20) on the list were eliminated from the sample. The effect of the elimination process yielded the top twenty (20) listed companies and they are listed below in order of their market capitalization; British and American Tobacco, SAB Miller, Glencoe Xtrata, BHP Billiton, Richemont, Naspers, MTN Group, Sasol, Anglo American, Standard Bank, First Rand, Vodacom, Old Mutual, Barclays Africa, Aspen, Sanlam, Steinhoff, Anglo Platinum, Nedbank and Remgro.

The study has specific limitations. The assessment was limited to the 2013 published annual/ integrated reports of the top 20 listed companies. Companies not in the top 20 list and those that are not listed on the Johannesburg Securities Exchange (JSE) did not form part of the study and represents a research area to explore in future. The justification for limiting this study to the listed companies' submitted annual/ integrated reports, is that these represent the official reports that companies are liable to submit to their shareholders as part of the companies act as well as the listings requirements.

Further justification for limiting this study to the company's annual/ integrated report is that the annual/ integrated report is the most important stakeholder's document produced by a company on an annual basis. Any organisation committed to promoting and maintaining good corporate governance should use its annual/ integrated report to communicate this to its shareholders and to the public in general. The annual report should provide the first impression of a company's corporate governance compliance.

In addition to the limitations highlighted above, the content analysis methodology used for the purpose of coding information from the relevant reports has its inherent limitations. However, even with its limitations, Unerman (2000) observed that the recent literature still support the content analysis technique as an acceptable research method for analysing annual reports (see Abeysekera 2007; Barac & Moloi 2010; Brennan and Solomon 2008 and Boesso & Kumar 2007). This is because the content analysis technique is particularly useful for extracting information which is not explicitly presented in a quantified and structured format, but is implicit in the information.

The remainder of this article provides an overview on the literature, followed by a section reporting on the findings that resulted from the assessment of risk management disclosures in the twenty (20) top listed South African companies' 2013 annual reports. In the final section, results are summarised, conclusions reached and recommendations made.

3 Review of Relevant Literature

3.1 Overview on Risk Management

It is clear in the risk definitions outlined in section 1 that risk is concerned with the potential opportunity or threat that may impact or disturb an organisation's ability to meet its objective. This observation is also shared by the Government of Ontario in Canada (2000) where they indicate that risks encompasses all potential obstacles, consequences and opportunities impacting on the abilities of an enterprise to meet its objectives. Further to the above, the Government of Ontario in Canada (2000) argues that risks of an organisation can be found internally and externally and as such risk categories and areas are: environmental; operational; financial; strategic and informational.

In South Africa, the King II report (IOD 2002) defines risk management as a process that entails planning, arranging and controlling of activities and sources to minimise the impact of all risks on all levels of organisation. As a result, risk management is thus a process that utilises the internal controls as one of the measures to mitigate and control risk. Risk, for example, political, technological and legislative risks that cannot be mitigated through the traditional internal controls within a company should be dealt with using flexibility as well as forward planning and similar mechanisms. Further, the King II report on Corporate Governance view risk management as the process that ensures the identification and the evaluation of actual and potential risk areas as they pertain to the company as an entity, followed by a process of termination, transfer, tolerance and mitigation of each risk (IOD 2002).

It appears that the King II report (IOD 2002) agrees with the COSOs definition of risk as it states that risk management should be practised throughout the company by all employees of the company in their day-to-day activities. According to the King II report, (IOD 2002) once the risk management process is performed; all forms of risks can be easily identified and managed effectively in an integrated approach. This fact is agreed to by COSO (2004) where it argues that an integrated response to multiple risks is critically important due to the fact that in their analysis, all processes carry inherent risks; therefore organisational risk management should enable integrated solution for addressing these risks.

Further, COSO (2004) indicate that risk management is related to corporate governance as it provides information about risks for the board of directors. The committee stresses that risk management is a continuous process that should be driven by the board of directors and can be used as a tool to verify the effectiveness of internal controls within a company. From this discussion, it is apparent that risk management is not a once off thing; it has to be applied throughout the company in an attempt to understand and achieve the objectives, vision, mission and the company strategy.

For Kloman (1999), risks are connected and this statement is substantiated by using a piano player parable and Kloman (1999) says "watch a piano player, its keys moving up and down with no visible evidence of control. Risks are like that, they don't appear to be connected, but like piano keys controlled by an unseen paper roll, they produce music when coordinated, and a cacophony when not. Striking a single key produces a single note. Striking several keys blindly means dissonance. However, striking a group of keys in a coordinated manner produces a chord. This is the goal today of managing organisational risks, that is creating harmony other than atonality" (Kloman 1999.)

3.2 King III Risk Management Disclosure Recommendations

The King III places risk management at the nerve centre of the company's strategic decision makers. It makes it the focal point of the board by making risk management the responsibility of the board of directors. Since this study assesses risk management practices by determining the level and the extent of risk disclosures in the annual/ integrated reports of the top 20 South Africa's listed companies, the King III risk management disclosure requirements are briefly outlined in paragraphs that follow.

3.2.1 Responsibility to Govern Risk

According to the King III Report on Corporate Governance, the responsibility to govern risks within the company rests with the board of directors. In governing risks, the King III report on Corporate Governance recommends that the board should:

- develop the policy and plan for system and process of risk management;
- comment on the integrated reporting on the effectiveness of the system and process of risk governance;
- express their responsibility of the risk governance on the charter;
- incorporate the risk governance in their ongoing training;
- the responsibility of risk governance should manifest itself in a documented approved risk management policy and plan which should be widely distributed across the company;
- at least once annually, review the implementation of the risk management plan; and
- Continually monitor the implementation of risk management plan thereof (IOD 2009).

Checklist questions intended to gauge the extent and the level of disclosure of information relating to the board's responsibility to govern risk were formulated. The formulated checklist questions were utilised to code the annual/ integrated report for the information relating to the risk governance and in line with the guiding principle in Table 1.1.

3.2.2 Determination of Tolerance Levels

Accordingly, the King III Report on Corporate Governance recommends that the board should determine the levels of risk tolerance as well as the appetite levels annually. Once the levels of risk tolerance and appetite are determined, the board should monitor that risks taken are within the tolerance and appetite levels (IOD 2009).

To gauge the extent and the level of disclosure of information relating to the tolerance levels, the annual/ integrated report for each relevant top 20 listed company was coded using checklist questions developed and in line with the guiding principle in Table 1.1.

3.2.3 Establishment Of Relevant Committee To Assist The Board

With regards to the establishment of the board committee to assist the board in discharging its duties, the King III Report on Corporate Governance recommends that risk committee or audit committee is established and this committee should assist the board in carrying out its risk responsibilities. Accordingly, the established committee should:

- consider risk management policy and plan and monitor the risk management process;
- have as its members executives and non-executives as well as members of senior management. If deemed necessary, independent risk management experts can be invited;
- have a minimum of three (3) members who meet at least twice per annum; and
- have its performance evaluated by the board once a year (IOD 2009).

Checklist questions intended to gauge the extent and the level of disclosure of information relating to the establishment of a relevant board's committee to assist the board in discharging its responsibilities were formulated. The formulated checklist questions were utilised to code the annual/ integrated report for the information relating to the board committee concerned and in line with the guiding principle in Table 1.1.

3.2.4 Delegation of Responsibilities to Management

According to the King III Report on Corporate Governance, the board is expected to delegate to management the responsibility to design, implement and monitor the risk management plan. To this extent, the committee has recommended the following:

- the board's risk strategy should be executed by management by means of risk management systems and processes;
- management is accountable for integrating risk in the day-to-day activities of the company; and
- the CRO should be a suitably experienced person who should have access and interact regularly on strategic matters with the board and/or appropriate board committee and executive management (IOD 2009).

To gauge the extent and the level of disclosure of information relating to the delegation of responsibilities to management to assist the board in discharging its responsibility to govern risk, the annual/ integrated report for each relevant top 20 listed company was coded using checklist questions developed and in line with the guiding principle in Table 1.1.

3.2.5 Risk Assessments

The board is expected to ensure that risk assessments are performed on a continual basis. In promoting the effective and ongoing risk assessments, the King III Report on Corporate Governance recommends that the board ensures:

- that there is a systematic, documented, formal risk assessment that will ensure that risk assessments are conducted at least once a year;
- that risks should be prioritised and ranked to focus responses and interventions;
- that the risk assessment process should involve the risks affecting the various income streams of the company, the critical dependencies of the business, the sustainability and the legitimate interests and expectations of stakeholders;
- that risk assessments should adopt a top-down approach; and
- That they regularly receive and review a register of the company's key risks (IOD 2009).

Checklist questions intended to gauge the extent and the level of disclosure of information relating to the risk assessments were formulated. The formulated checklist questions were utilised to code the annual/ integrated report for the information relating to the risk assessments and in line with the guiding principle in Table 1.1.

3.2.6 Risk Response and Monitoring

According to the King III Report on Corporate Governance, the board should ensure that management considers and implements appropriate risk responses and that there is continual risk monitoring. To this extent the following the committee recommend that this is to be adhered to:

- management should identify and note in the risk register the risk responses decided upon;
- management should demonstrate to the board that the risk response provides for the identification and exploitation of opportunities to improve the performance of the company; and
- The responsibility for monitoring should be defined in the risk management plan.

Checklist questions intended to gauge the extent and the level of disclosure of information relating to risk response and monitoring were formulated. The formulated checklist questions were utilised to code the annual/ integrated report for the information relating to the risk response and monitoring and in line with the guiding principle in Table 1.1.

3.2.7 Risk Assurance and Disclosure

In promoting appropriate risk disclosure and assurance, the board is charged with ensuring that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders. The King III Report on Corporate Governance further recommends that the board receive assurance regarding the effectiveness of the risk management process. In order to ensure the appropriate risk disclosure and assurance:

- Management should provide assurance to the board that the risk management plan is integrated in the daily activities of the company; and
- Internal audit should provide a written assessment of the effectiveness of the system of internal controls and risk management to the board.

To gauge the extent and the level of disclosure of information relating to the risk assurance and disclosure, the annual/ integrated report for each relevant top 20 listed company was coded using checklist questions developed and in line with the guiding principle in Table 1.1.

4. Research Methodology

In order to determine the level and the extent of information disclosed in each section and to decide if a particular annual/ integrated report carries fully disclosed, not disclosed or obscurely disclosed risk management information as per the recommendations of the King III Report on Corporate Governance, the empirical method known as content analysis was utilised.

According to Ingram and Frazier (1980), the content analysis methodology is a methodology that involves the selection of analytical categories within the context of the content material. For Krippendorff (1980), there are three (3) factors that support the suitability of content analysis that can be used for the purpose of coding information in reports namely; stability, reproducibility and accuracy.

- stability refers to the ability of a researcher to code data the same way over time. Assessing stability of the content analysis methodology involves a test-retest procedure;
- accuracy refers to the reliability of the coded information; and
- Reproducibility refers to the extent to which coding produces the same results when the text is coded once more (for the second time) or by the other researchers.

Hsieh and Shanon (2005) support Krippendorff's view and they further indicate that the content analysis methodology is not a single focused methodology as it has three dimensions namely, conventional, directed and summative. Further, Berelson (1952), Krippendorff (1980) and Weber (1990) all agree that content analysis is a systematic, replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding.

In order to accomplish the objectives of this article, the coding guiding principles that will be utilised in coding relevant information from the annual reports were formulated and they are presented in Table 1 below:

Table 1. Data Extraction and Analysis Tool (Content Analysis)

	Full Disclosure of Recommended Information	**Non-Disclosure of Recommended Information**	**Abstrusely Disclosure of Recommended Information**
Guiding disclosure principles	If the required risk information is disclosed under its category in a paragraph, a few paragraphs or a full page and this information contains all the required information as well as voluntary disclosures for that category, the item is marked as **Yes** in the checklist.	If there is no disclosure at all of the minimum required risk information, the item is marked as **No** in the checklist.	If the minimum required risk information is disclosed, however this risk information is not disclosed separately under its category, and is not disclosed in detail i.e. appears in one sentence that does not give adequate details, the item is marked **Abstrusely** in the checklist.

5 Research Findings and Interpretation

The research findings presented below demonstrate the results of content analyses performed on the twenty (20) annual/ integrated reports that were analysed for their disclosure of risk management information in their annual reports.

Table 2 shows the categories and disclosed topics (number 1 to 16) relating to the responsibility to govern risk, determination of tolerance levels, relevant committee to assist the board discharge its responsibilities and the delegation of responsibilities by the board to management. On the responsibility to govern risk, assessed information revealed that all listed companies fully disclosed the information relating to the commentary on the effectiveness of the system and process of risk management, expression of board's responsibility for governance on the charter and continual monitoring of implementation of risk management plans. Disclosure of information relating to the company wide distribution of the approved risk management policy and plan as well as that relating to the incorporation of risk governance training were concerning. For instance, of the twenty (20) assessed annual/ integrated reports, only ten (10) companies disclosed that it widely distributes the approved risk management policy and plan whilst nine (9) other listed companies did not disclose this information at all. In a similar way, eleven (11) top 20 listed companies abstrusely disclosed the information relating to the incorporation of risk management training on the ongoing board training programmes.

Of the twenty (20) listed companies assessed for the disclosure of information relating to the tolerance levels, only eight (8) fully disclosed that they have determined the level of risk tolerance and appetite, whilst only seven (7) indicated that the risk taken during the 2013 financial year was within the defined tolerance and appetite levels. The top listed companies displayed the high level of disclosure with regards to the information relating to the relevant committee to assist the board in discharging its responsibilities. All companies fully disclosed the information relating to consideration of risk management policies and plans, the constitution of the committees as well as the attendance of meetings.

Table 2. Governance of Risk, Tolerance Levels, Board Committee and Delegation

№	Category and disclosed item	Full disclosed	Not disclosed	Abstrusely disclosed	Total
Responsibility to govern risk					
1	Policy and plan for system and process of risk management	20	0	0	20
2	Comment on the integrated reporting on the effectiveness of the system and process of risk governance	20	0	0	20
3	Board express their responsibility of the risk governance on the charter	20	0	0	20
4	Risk governance incorporated in the boards ongoing training	9	0	11	20
5	Documented, approved risk management policy and plan widely distributed across the company	10	9	1	20
6	Implementation of the risk management plan at least once, annually	20	0	0	20
7	Continually monitor the implementation of risk management plan	20	0	0	20
Determination of tolerance levels					
8	Determination of the levels of risk tolerance as well as the appetite levels annually	8	0	12	20
9	Risks taken are within the tolerance and appetite levels	7	1	12	20
Relevant committee to assist the board					
10	Committee consider risk management policy and plan and monitor the risk management process	20	0	0	20
11	Membership consists of executive, non-executive and senior management. Committee has access to independent experts.	20	0	0	20
12	Committee have a minimum of three (3) members who meet at least twice per annum	20	0	0	20
13	Performance of risk committee evaluated by the board once a year	5	0	15	20
Delegation of responsibilities to management					
14	Management has risk management systems and processes to execute the board risk strategy	20	0	0	20
15	Management ensures that risk is integrated on day to day activities of the company	20	0	0	20
16	CRO is experienced on strategic matters and has access to the board or its committee and executive management	9	5	6	20

(Source: 2013 annual report disclosure)

The information relating to the evaluation of the performance of the relevant committees could be enhanced. It was noted during the assessment that only five (5) of the twenty (20) listed companies had fully disclosed the fact that the performance of the committee that assist the board in discharging its risk responsibilities is evaluated annually. Fifteen (15) of the listed companies abstrusely disclosed this fact for instance some companies indicated that they only evaluate members for their independence after they had been an independent non-executive in a company for a certain time period. Few assessed companies had the stand-alone risk committees as the committee of the board. Most of the top listed companies had the hybrid of audit and risk committees.

On the delegation of responsibilities to management, all companies fully disclosed the information relating to the integration of risk on the day to day activities of the company by management as well as the information relating to the formulation of systems and processes for the purpose of executive the board risk strategy.

A weak disclosure of information was observed in the disclosure of information relating to the Chief Risk Officers (CRO). Of the twenty (20) assessed annual/ integrated reports, only 9 (nine) companies disclosed the information relating to the CRO and that the CRO had unhindered access to the executive committee, the board or its relevant committee. Five (5) other companies did not disclose this fact at all whilst six (6) other companies abstrusely disclosed this information. For the companies that abstrusely disclosed this information, it emerges that the risk management is either part of the Chief Executive Officer (CEO) or the Chief Financial Officer (CFO) function. The board or the relevant committee of the board gains access to the risk management information through these executives.

Based on the result displayed in Table 2, it is clear that generally disclosures relating to the experience and the influence of the CRO, evaluation of the relevant committees performance, annual determination of risk tolerance and appetite including the indication as to whether the risks taken in that particular year are within the defined levels, wide distribution of risk management plan and policy across the company and the incorporation of risk governance training in the ongoing board trainings could be improved.

Table 3. Risk Assessments, Response And Monitoring, Assurance And Disclosures

№	Category and disclosed item	Full disclosed	Not disclosed	Abstrusely disclosed	Total
Risk assessments					
1	A process that is systematic, ensures risks are documented, and that there is formal risk assessment at least once annually	20	0	0	20
2	Risks are prioritized and ranked	20	0	0	20
3	Divergence risks are raised	20	0	0	20
4	Top down approach in risk assessments	0	0	20	20
5	Board regular receives and reviews risk register	20	0	0	20
Risk response and monitoring					
6	Noting of risk responses to the risk register	20	0	0	20
7	Risk response leads to identification and exploitation of opportunities to improve the performance of the company	18	2	0	20
8	Responsibility for monitoring risks is defined in the risk management plan	17	3	0	20
Assurance and disclosures					
9	Management assurance that risk management is integrated in the company's daily activities	20	0	0	20
10	Internal audit's written assessment on the effectiveness of the system of internal controls and risk management	20	0	0	20

(Source: 2013 annual report disclosure)

Table 3 shows the categories and disclosed topics (number 1 to 10) relating to risk assessments, risk response and monitoring as well as the risk assurance and disclosures.

During the assessment of disclosure of risk management practices in the annual/ integrated reports of selected companies, it was noted that all assessed top 20 listed companies fully disclosed the fact that they have a process that systematically ensures that risks are documented and that formal assessments are held annually, risks are prioritized and ranked, different types of risks are raised and that boards regularly receive and review the risk registers. However, all twenty (20) companies abstrusely disclosed the information relating to the risk assessment approach. It was noted during the assessment that some companies had indicated in their reports that they used both "the top down" and "the bottom up" approaches when they assess their risks.

There was full disclosure on the information relating to the noting of the risk responses in the annual/ integrated reports. Eighteen (18) listed companies fully disclosed the fact that the manner in which they respond to risks in the form of risk responses or mitigations leads to the exploitation of opportunity whilst two of the listed companies did not disclose this fact at all. Seventeen (17) top listed companies fully disclosed the fact that their risk management plans apportioned the responsibility for monitoring, whilst three (7) did not disclosed this information at all.

In contrast to the risk response and monitoring where some of the information was not disclosed, disclosures relating to management assurance that risk is integrated to the company activities and internal auditors written assessment on the effectiveness of the system of internal controls and risk management were comprehensively disclosed by the top listed companies.

6 Conclusion and Areas for Future Research

In conclusion, the paper observed that the King III Report on Corporate Governance places risk management at the nerve centre of the company's strategic decision makers. It makes it the focal point of the board by making risk management the responsibility of the board of directors. The idea behind placing risk management at the centre of strategic decision making is based on the idea that adherence to sound risk management practices is essential so that proper scenarios can be developed to either control or mitigate the effect of uncertainties.

The study found that according to the risk management disclosures in the Annual Reports, the top twenty (20) listed companies in South Africa are widely adhering to sound risk management practices as recommended by the King III Report on Corporate Governance. Of concern, however, was the finding that there were certain disclosures that lacked details on the actual practices applied in some respect such as in the disclosure of information relating to the approach to risk assessments, identification and exploitation of opportunities arising from proper risk response, incorporation of risk governance in the ongoing boards trainings, company wide distribution of the approved risk management policy and plan, annual determination of risk tolerance levels and appetite, indication of whether the risk in that particular year was within the define tolerance and appetite levels, the CROs experience as well access to the board, its committees executives and performance evaluation of the relevant committee responsible for risk.

The non-disclosures of recommended information with no explanations from the annual/ integrated reports as to why the recommendations were not implemented by companies that did not comply cast doubt on the true state of the risk management capabilities and whether some of these companies have resilient risk management programmes that can help the company navigate through when the uncertainties occur.

As indicated in section 2 of the study, the assessment was limited to the published annual/ integrated reports of the top twenty (20) South African listed companies which are part of the top 100 listed companies based on their market capitalization. Other companies not in the top 100 list and those that are not listed on the Johannesburg Securities Exchange (JSE) did not form part of the study and represents a research area to explore in future. There is value in undertaking such a study to determine the level of compliance of South African listed companies as the King III report on Corporate Governance applies to all forms of companies in South Africa.

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